GEORGE H. W. BUSH ORAL HISTORY PROJECT

FINAL EDITED TRANSCRIPT

INTERVIEW WITH RICHARD DARMAN

July 19, 2000
Charlottesville, Virginia

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Zelikow: On the record, the date is Wednesday, July 19, 2000. This is Philip Zelikow in an oral history session with Richard Darman, and let me just take a moment to review the ground rules with you. The ground rules are that we will prepare a draft transcript of this session. The draft will be furnished to you with an opportunity for you to correct and edit that transcript to your satisfaction and also to discuss with us any restrictions you wish to place on the timing and nature of the public disclosure of that material. And that the transcript remains entirely confidential until these matters have been worked out with you. Is that satisfactory?

Darman: It's consistent with what you wrote on July 18th and totally satisfactory.

Zelikow: Let me start then. Let's skip over your public career up to about late 1987, early 1988. So, at that time I think you were managing director of Shearson-Lehman and working in Washington or New York.

Darman: Both.

Zelikow: And you get involved in the 1988 campaign. That's kind of where I want to try to pick up the thread, is when you get involved in the '88 campaign. I know that at some point you were a member of Vice President Bush's economic advisory team, in the '88 campaign. I just kind of want to trace the roots of how you became involved with the campaign.

Darman: Before then Vice President Bush brought Jim Baker in to head up the campaign, he was consulting with Baker a good deal about it. Baker was Treasury Secretary. I, as you know, had been his deputy for seven years, and was in the private sector. But Baker fairly routinely consulted me about a lot of things. He would invite me over for lunch, one-on-one or with him and Margaret Tutwiler, and we would discuss miscellaneous matters of interest to him and, as the election year was approaching—It seems to me it would have been late in '87 but I'm not sure about that—he was increasingly concerned about whether he would be asked to head up the Bush campaign. He wasn't seeking that role. And Nick Brady was in the role at the time, at least the titular role of head of the campaign. And Baker assumed at the time, I think—I'd have to check my notes on this—that it was more or less inevitable that he would be asked and he was interested in things like when should he get involved, how should he do it, and so he tended to consult me and Margaret.

In the course of various discussions about his possible involvement, we also would discuss how the campaign itself was going, or not going. So, I was involved as an informal, unofficial,

personal advisor to Baker before Baker became involved in the campaign. And we had discussions about what should be done with Nick Brady and one of the ideas was that he could come to Treasury if he and I had to go to the campaign because Baker felt that he and Brady couldn't both run [the campaign]. And, I'll spare you the back-and-forth because it is not the subject here on the move of Brady out and Baker in, but when Baker moved in—Do you remember? You must know that date. I don't remember that date.

Zelikow: Well, it's, I think the formal date is pretty late, if memory serves, it's already the summer.

Darman: If it was already into the summer, then I was an advisor before that, because I went to—There was an economic advisory group that was set up. And it was initially informal and I vaguely recall Bob Teeter and Craig Fuller being the coordinators of it, not just of economic advice, but of advice generally. And I was close friends for a long, long time with both of them. I knew Teeter from the Nixon administration and Fuller and I were very close in the Reagan administration, and so they used to consult me a lot. And then probably through them—I'm sure it would have been through them—I was asked to go to Kennebunkport for what was the first official meeting of the economic advisors in June of '88. I think it was June, it might have been May. And we had a couple of days session there, and actually, now that I think of it, I was asked to lead one or two of those sessions and so yes, I was involved in that way. I view that as rather insignificant.

My more significant involvement—to the extent that there was any significant involvement—was as part of a group that met daily with Baker once he took over the campaign chairmanship. He had a couple of morning meetings every morning, I vaguely recall around 7, another at 7:30, a small group meeting and a large group meeting. And I went to the first two or three of his daily meetings every day that I was in town. I wasn't always in town, but I was in town more days than not. That would have been from whatever date he started until the end of the campaign.

Zelikow: Had you taken a leave from Shearson-Lehman?

Darman: No, as of some point, it might have been at that point, when it started to get serious, first what I did was, I don't remember. I probably did. I know I did take a leave at a point but I don't know that it was as soon as July or August or whenever Baker would have come—

Zelikow: You might have waited till the quicksand had gotten up to your waist to see how it was definitely going?

Darman: I don't remember, I have the record on that, I don't remember.

Zelikow: Well, let me ask, because one of the funny things in the book that I didn't understand, this is now making it clearer to me, is you mention that in May of '88 you joined the team of outside economic advisors, but then it is obvious by the time of the convention, you're a lot more than one of eight outside economic advisors, or however many there were. You were fully part of the core inside group in the campaign, so I was trying to—

Darman: The economic advisors were window dressing. A couple of crucial economic decisions had been made before I was ever an economic advisor and they came to haunt the Bush

Presidency, although they were helpful politically. One of them was taken in what must have been January or February of '88, which I never even knew about, I don't know if Baker knew about, until the convention, just before the convention, and that was the decision to sign the pledge on no new taxes, required by Grover Norquist and his organization as a condition for Republican entrants in the New Hampshire primary.

You didn't need to sign it in order legally to be on the ballot, but if you wanted to survive, in New Hampshire, in those days, you had to give extremely serious consideration to the consequences of not signing the Norquist pledge, and the relevance of that is, that since Bush had signed that pledge, and a matter that turns out to be important later, when, at the convention, just before it, I objected that he should not make the pledge. I eventually was dismissed, not by Bush, but by others on the—I first made the argument on policy grounds, and then I was told he's already committed. So my next grounds, unfortunately, were not an area of my own personal strength, they were on grounds of its not being a viable communications strategy—

Zelikow: At which point Roger Ailes said—

Darman: Took over and he was obviously quite correct. So it was trumped on what would have been my stronger grounds, the policy grounds, because Bush had, in January or February, signed, it was completely unnoticed, because it was in writing, in New Hampshire, where every Republican did it, and it wasn't at issue.

What made it significant politically was not the signing of the pledge in New Hampshire, but the prime time speech of his life, largest audience of his life at the convention in August. Anyhow, that was one important decision that was made—

Zelikow: That's a very important story. It's the kind of story where we find ourselves locked into making a huge decision because we made what we thought at the time was a little decision to which we gave equally little thought. So in effect, equally little thought has now been transmuted into the thought behind the big decision, from a substantive perspective.

Darman: Correct.

Zelikow: And this is an all too common story and it's worth noting that story in this case, it's very important.

Darman: That's one.

Zelikow: He's already signed this pledge, and the other is the flexible freeze.

Darman: Yes, the flexible freeze, which was adopted also in the context of the New Hampshire primary.

Zelikow: You might say a word about what is a flexible freeze.

Darman: Well, that was part of the problem, flexible freeze sounds like a contradiction in terms, and it was mocked in the intelligent political commentary once it was announced. And the phrase, I'm told, I wasn't involved, the phrase came from Roger Ailes, who, by the way is

terrific, in my view, without question, absolutely terrific, at his profession. He would never contend that he's a policy expert, and he would correctly contend that he is a communications expert. He now is, as an aside, is and has been for a while, President of Fox News, Fox Communications, and he's done a terrific job at that.

At any rate, the flexible freeze was a way of attempting to deal with the need to show fiscal responsibility, that you would balance the budget, that was the definition at the time, the politically acceptable definition at the time and legally required. At the same time you would be able to spend on certain initiatives that one would wish to make in the course of a campaign, and the idea was that we would freeze all the federal spending, the greater growth of all federal spending, at the inflation rate. Mathematically it is an inescapable fact that if you freeze the greater growth of spending at the inflation rate and the economy grows at all, which it has always done over time, the economy will grow at the rate of real growth, plus the inflation rate, so it is always higher than the inflation rate, if the economy is growing. And so the growth of the economy, which would produce exactly proportionate growth in revenue, roughly, would always be greater than the rate of growth in spending, so it was only a matter of time before the lines would intersect and you would have a balanced budget. How much time depended upon what you assumed about the real growth rate, but that the budget would balance if you froze the rate of growth of expenditures at the inflation rate was a certainty, unless you thought the United States wasn't going to grow anymore, which no one would have contended.

So, mathematically, the flexible freeze was sound. And my understanding—I wasn't there—is that Michael Boskin, who is an economist at Stanford and who later became chairman of the CEA, the Council of Economic Advisers, that Boskin defended the mathematics of the flexible freeze, which didn't take any more defense than I just gave, but he blessed it. And President Bush, I'm told, then Vice President, went along on the understanding, "Hey, this sounds like a freeze, which the public loves. The polls show the public loves—It's fiscally responsible in that it will bring us into balance, it leaves me the flexibility to do things that I may want to do in the way of initiatives in the campaign, whatever goes up, something else will have to go down to offset it, but in the end we'll have some things go up, some things go down, but we'll have a budget as a whole that's going up at the inflation rate." It sounded good.

The one absolutely fundamental problem with it is that at the time, entitlement programs and mandatory spending comprised about 65 percent of the federal budget and was rising to 67 to 68 percent. That area of the budget grew at a higher rate than the rate of inflation plus the rate of real growth. So 60-some-odd percent of the budget was growing. If you take medical programs at the time, they were routinely growing, routinely, year in, year out, growing, at two to three times, and sometimes quite a bit more than three times, inflation rate. So, if two-thirds of the budget was going to be growing more rapidly than the growth of revenues, and you weren't going to increase taxes, then one of two things had to happen: either the remaining one-third of the budget had to be cut rather radically in order to get the total budget growth down to the inflation rate growth, which would have meant you would have had to cut defense rather radically, which President Bush said he wouldn't do; and education, which he said he would increase; and the environmental expenditures, which he said he would increase. If you weren't prepared to make those cuts in the discretionary portion of the federal budget, you had to be prepared to cut the entitlement programs, which really were predominantly Medicare and Social Security.

President Bush was then later—again before I was involved—encouraged to make a pledge that he wouldn't cut Social Security, which is a politically rational pledge. So he was in a box without knowing it, which would have required that if he were to honor his commitment to increase defense, to take the domestic initiatives he had already announced or intended to announce, to protect Social Security as he said he would, and to honor the pledge not to raise taxes, he would have to radically reduce Medicare. Well, that's almost as unpopular as proposing to cut Social Security, and for a while the Democrats were making a little bit of hay saying he has a secret plan to cut Medicare. But at the time the flexible freeze was adopted, it kind of snuck by in an odd way, because the language seemed so absurd to the critics, that they almost took it as sufficient criticism to say this is nonsense talk.

The President, then Vice President, really wasn't hit with the substantive implications because it was explained to him in the most abstract way, and he didn't really have the sense of what it was going to mean programmatically, nor did anyone in the campaign—as I was able to reconstruct it. Maybe I'm wrong, but I never found anyone who has said that they were a witness to his having had it explained to him in the way that I just did rather simply, what would be the consequences of combining flexible freeze with the no new taxes pledge. It was an extraordinarily irresponsible box for advisors to have let him be trapped in, but he was [trapped] without knowing it as I say, because it wasn't fully exposed.

Zelikow: Unless you cynically intended to cast these pledges aside after the election, which is not unknown.

Darman: But he is basically honest and I am absolutely convinced that he was not doing this knowingly or cynically. He was doing it based on the way it had been presented to him as "Look Mr. President, all you have to do is slow the rate of growth of spending to the inflation rate," which to an ordinary person, even a well-informed ordinary person, sounds rather reasonable.

Zelikow: So what you're saying, if I heard you right, it sounds like the conclusion is that neither side took the flexible freeze concept seriously, neither its proponents nor its opponents, took it seriously or conducted a weighty analysis that might have surfaced these issues.

Darman: It think its proponents did take it seriously.

Zelikow: The proponents did.

Darman: The proponents, at two different levels, or three maybe. One, they took it seriously as a good political construct, which it turned out to be. Two, in the abstract, it's a very reasonable concept. I would have been comfortable living with that as policy, in the abstract. Not when combined with the Social Security pledge, not to touch Social Security, but I could have lived with saying, "No new taxes and we're going to solve this problem by restraining all of spending to the rate of growth, and the inflation rate," which—

Zelikow: Would you have a free hand to do entitlement reform?

Darman: Which would have meant you would have to do some serious entitlement reform, including Social Security, but you would have had to do that. I could have lived with that as a responsible substantive program. It is important to recognize for it [entitlement reform] to have

had any political chance of enactment, you had also to assume that you would control both houses of Congress. And, in the context of the campaign, people can persuade themselves that such things may be possible.

Zelikow: Now, Baker is [at this time in early 1988] still at Treasury. He would have paid some attention to things that Bush was saying about—

Darman: I doubt that he was paying attention at the level necessary to have known of each of these little pledges and to have integrated them.

Zelikow: So Baker did not weigh in or was not conscious of the significance of the commitment the candidate was making on economic policy?

Darman: I would have doubted that he would have. You would have better authority than I to have a position on that. I think if Bush were inclined to make a significant statement that related to economic policy, he would almost certainly have either said, "Run it by Baker," or would have called Baker and they would have checked it. But you can imagine that each of these might have been checked with Baker and he might well have said no problem, but you can also imagine that some of these wouldn't have been checked.

Zelikow: How about, just to reflect a moment, how are issues, substantive issues, decided in the campaign, like this?

Darman: I think that one of the—

Zelikow: Especially in the earlier phase you're talking about, before you're getting into the last few months.

Darman: Well, you have to distinguish—I don't think there's a general rule here. If there were a general rule, I suspect it'd change with no new taxes. The general rule would have been, if there were one, among the types of people who get involved typically in campaigns, Republican and Democrat: "Don't worry about it. Do what you need to win." That would have been the general rule. Now, you'd have to bear in mind that for a good deal of our history—modern, twentieth-century history—that wouldn't really have made that much difference. For a period of time, we were projecting surpluses. It turns out our political initiatives would overspend the surpluses, but we were predicting surpluses. We didn't have the Gramm-Rudman law as standing law, that didn't come in until two years before the end of the Reagan administration, which Bush then inherited. Very important change. And we didn't have the prospect of really substantial nonwartime high deficits in debt that we also have coming out of the Reagan period. So you could fairly freely, without being too irresponsible, say, "We'll sort it out later, but let's make some pledges that we think make sense here or there or the other place," which is sort of the way things would have tended to happen.

Even in the Reagan years, before Reagan was President, there was a rather different, I think highly atypical Presidency, and to a degree atypical campaign in that it was rooted heavily in ideology. Most of our campaigns have been rather pragmatic. The ideological divide between the candidates, had it not been so wide, and, as it happens, even in the Reagan case, in '80, the campaign was extremely vague. This is a digression but it is interesting. The, a lot of people

think the Reagan campaign brought on the Reagan economic program, as introduced to the Congress in February and March of ’81, and they think that partly because it sort of seems common sensible and also because after the program was introduced, when asked to vote on it, Congress and the public were told, “This is an up vote, down vote on exactly what the President campaigned on. Are you for or against what he just got a national mandate for?”

Now, it so happens, if you go look at the actual Reagan economic program in its most detailed form that it ever came out in, during the campaign, it came out under pressure, when people were saying, “How does it all add up?” Because the President was talking about abstractions. “We’re going to increase defense, we’re going to cut taxes across the board, we’re going to do this, we’re going to do that.” It was all abstract. How does it add up?

September 9, 1980, in Chicago, Alan Greenspan was called to be the front man to bless the Reagan economic program and show how it all added up, and this has been written by Marty Anderson and others who were involved. From a biased and favorable, self-serving perspective, Anderson has written about how it all did add up, but they produced a one-page document which is 60 percent used—40 percent of the one page is white, not counting margins. And it has defense and some numbers, that’s the level of specificity. Across the board income tax cut, investment stimulus, other domestic spending, and a couple of other lines. That’s it. And that passed for enough, because Alan Greenspan said fine.

So, in a sense the flexible freeze was in what you might consider an honorable tradition. I don’t think that today, given what people saw about the consequences of the tax pledge, people will, within a campaign, make a bold pledge without thinking about whether they have to live with it. Now, how long that will last—one more, two more, three more campaigns? I don’t know.

Zelikow: But candidates are in a position, occasionally speaking to various substantive policy issues during the campaign, and they do need some issue advice to make sure that they haven’t said, at least just to make sure that they avoid those standard mines. At least in the ’88 campaign, when you became involved, what was the process by which the Vice President obtained substantive advice? How were the issues—

Darman: You have to remember, I never was officially a member of the campaign, so I don’t know how a lot of that was managed. At a much later stage than when most of this was set, after Baker was involved, he and Teeter got Bob Zoellick to come in to coordinate a lot of the issues work. Zoellick does things in a very responsible and careful way, you know him well. And from the time Zoellick would have been involved on, you can be quite sure that there would have been some sort of serious policy check. He would still have trimmed, for sure, for political purposes, but he would have, at least, made sure that people were aware of—as best as possible—the substantive stakes. But he didn’t come in until, I would have guessed, after August. I can’t remember. And so, at that stage he was essentially coordinating speechwriting when most of the policy had already been set, then later getting involved with debates.

In the earlier stage, I don’t even remember who, there were people who were involved, who had the jobs of being these policy coordinators, one of them was Charley Greenleaf, you must know the names of these people, I’ve forgotten them. I mean, I haven’t forgotten the people if someone would tell me their names, but I’ve forgotten what their names are.

Zelikow: I don't know who did issues in the '88 campaign [before Zoellick].

Darman: But there were people who did issues before and—

Zelikow: Dennis Ross was giving Zoellick some help even in the campaign, but past that I really don't know.

Darman: No, but that would have all been way after all of this stuff. Now, we did have these "outside" advisor meetings, which is what I was associated with, not with my hat associated with the Baker operation. I had associated with the Bush [people] outside the advisor apparatus, and there were moderately well known people [involved]. I can't remember, was Marty Feldstein in or out by then? I think he may have been out, he may have been PNG [*persona non grata*] at that point. He had been, that's right, he had been PNG. We could easily dredge up the list, but it was a list of people who were in various ways involved with the world of finance or economics in some serious way.

Zelikow: Boskin.

Darman: Yes, Boskin would be an example. Then there were others.

Zelikow: Maybe John Taylor.

Darman: Yes.

Zelikow: Ok, so this group—

Darman: But there was a string of such people because—and it wasn't just economics, by the way—

Zelikow: There'd be another such group for maybe domestic policy—

Darman: Which I also went to at Kennebunkport.

Zelikow: Another for foreign policy.

Darman: I did not go to one on foreign policy, at least I don't remember it, and it would be unlikely I would.

Zelikow: I was also going to ask you whether or not you were happy being typecast as an economic guy, because of course your government experience was much broader than that. Before you worked at Treasury.

Darman: No, I wasn't concerned about that at all. I had as much influence on the campaign as someone could have, short of being the candidate's best friend, because I was very close to Baker and I was being consulted by him in very small groups, smaller than the group which was called the strategy group, and I was in his strategy group for as many hours a day as I would feel like. So I wasn't worried that I was somehow being defined as the economic advisor. Nor would

it have bothered me. Nor was it at all clear that Bush would win or that I would be asked to go in to the administration in a way which was going to be satisfactory to attract me at the time. So—

Zelikow: A lot of people would have looked at the polls and thought Bush certainly was not going to win.

Darman: Well, in July, he was 17 to 19 points behind, so in June—I think it was June, maybe May. As of those first couple of those meetings in Kennebunkport, he surely would have been double digits behind and he was, at that stage, not thought of as a great campaigner. And you may recall, coming into the Republican convention, one of the reasons that the speech had to pass the Ailes test was that Bush was even then at least ten points behind, maybe more, I know it was double digit, and the media were all saying that here it is August, this has to be the speech of his life, and this is someone whose strong suit was not considered large group speaking. So the pressure to come up with something rhetorically commanding in that context, from a political standpoint, was very, very high.

Zelikow: So the stage is now set. You're becoming more involved with the campaign, Baker joins the campaign, before the convention, formally. He and I have talked about this and he discussed this with President Reagan. He's gone away for his July trip with Bush in the mountains, and you're getting more involved. You're now beginning to pay very close attention to the positions the campaign is taking on a variety of issues and you've probably figured out by this time that the campaign has locked itself up in certain ways. Or, you had not.

Darman: I didn't know about the no new taxes thing.

Zelikow: Didn't know about the Norquist pledge, you did know about the flexible freeze.

Darman: All you had to do is read the nation section of any of the leading news magazines and you would have known about the flexible freeze.

Zelikow: Were there any other positions that had been taken during the campaign that you felt really good about or felt troubled about? Or otherwise—

Darman: At that time I also, I'm sorry to confess, I didn't know that the President had pledged not to touch Social Security. I thought that Social Security might need—depending on what the rest of the policy package was—some policy reform.

Zelikow: So then it's the convention. And the Vice President's acceptance speech at the convention includes this pledge and you recounted in your memoir your efforts to get—

Darman: That's exactly accurate. I don't have too much more to say about it.

Zelikow: And just to briefly recapitulate, then, if I understand it right, you said you lobbied Peggy Noonan directly to try to work this with the drafting, that you also lobbied other issues people, that you discussed the matter with Roger Ailes. As you said just a few minutes ago, you took a run at it on the policy side and you took a run at it on the communications angle. Two people, though, you don't mention discussing this matter with in your book are Jim Baker and George Bush.

Darman: Right. I didn't discuss it with Baker until very late and I didn't discuss it with Bush because I thought I would either get it resolved before having to raise it with him, or that I would be there to raise it with him at the crucial moment and I also thought I would prevail with him. I couldn't be sure of that, but I was perhaps overconfident in what I took to be the merit of my position. But, at any rate, as the book reports, some things intervened.

Let me just clarify. I didn't lobby Peggy independently. As I recall, there was a draft of the speech done and I was seeing drafts as they were exchanged between Peggy and then Vice President Bush, before anybody went to the convention, weeks before. The reason I would have seen those drafts was that Baker would have wanted me to look at them, speechwriting used to work for me; the Office of Speechwriting used to report to me in the Reagan White House. I hired Peggy Noonan into the Reagan White House. She used to work for me. She is an excellent writer but a difficult person as many excellent writers are, when it comes to accepting editing. I was one of the few people to walk the earth whom she would consider accepting an edit from. And so she was willing to share drafts with me. And Vice President Bush, knowing of my prior involvement with the Reagan speechwriting operation, was comfortable with me looking at the drafts.

So I wasn't part of the campaign but I was looking at drafts. I wasn't formally part of the campaign. We had, as a I recall, a couple of meetings of the subgroup before we ever went to New Orleans, and the subgroup was a group of Zoellick, Ailes, Teeter, Peggy and me. And, I don't think anyone else was in it. And that's rather logical: Zoellick for policy, Peggy for speechwriting, Teeter for politics, Ailes for communications and me for all-purpose, who knows?

Zelikow: General wisdom.

Darman: Who knows what? He didn't need me really. And it was in the context of a couple of those group meetings, I had decided it would be the easiest way to get what I took to be seriously troublesome language changed. Because I'd worked with Peggy and I knew you couldn't just get text changed. And I thought that the group dynamic might work better and if it was going along fine, except as I report in the book, I suspected that she would have trouble, and she did have trouble from Roger Ailes with "a thousand points of light" and "kinder, gentler America" and phrases like that which are a little poetic and soft.

And I think Roger's intent, and to a degree Teeter's, was yes, to move to the middle, but at the same time to deal with what was then, what had been a *Newsweek* cover called "The Wimp Factor." The "pols" were quite worried about: "Did the Vice President seem strong enough?" Imagery that seemed soft, I thought, would have trouble, and sure enough Ailes said, "What the Hell is this kinder, gentler?" I stepped in and helped defend it, partly on the merits but partly because I thought I would be earning brownie points with my old colleague Peggy that might go in the credit account when I would later on chime in, "This, you know, isn't quite right."

So I lobbied Zoellick independently of that meeting on the policy issue and he then checked on what Bush had said, and he found out that Bush had already said "no new taxes" in New Hampshire, way, way back, and that was taken off the table as an argument. So, in the little subgroup meeting, Ailes said, and then I said, "Well, this is a Clint Eastwood line. You know,

even if you're trying to make Bush seem like Eastwood, I think this may get ridiculed because he may not pull it off if he looks like he's trying to be Eastwood." It isn't the "no new taxes" that makes the line, it's the "read my lips."

So I thought there was a risk that he might not pull a line off and that it would be played as a muff. Look what the press do with little muffs done by George W. Bush. Imagine a little muff on a key line in what's supposed to be the speech of his life. At which point Ailes quite correctly said, "Don't worry, that's not an issue, I can make him say any line right, I'll make him say that line right." And President, then Vice President, Bush very much dislikes being handled, dislikes being coached, dislikes having to adopt airs, dislikes all of these things that President Reagan, who'd been an actor and an actor Governor, was totally comfortable with. President Bush disliked all these things. But, for the few big things, he would turn himself over to Roger and when turned over to Roger, Roger could make him excellent at whatever the lines in question were. And had President Bush felt like it, he could have been excellent every day of the week, but he didn't like what he considered being phony, artificial, contrived, and so on.

At any rate, for what was being billed as the speech of his life, he obviously quite correctly decided he should accept Ailes's coaching and Ailes coached him to do that line a zillion times over and when that line was delivered, it was delivered professionally and well. And it was extremely well received. It, and "kinder, gentler" were the two memorable things from that convention for Bush.

Oh, I forgot to say why I wasn't there.

Zelikow: I was going to press the question of whether you—In retrospect of course, the danger of this line seems very obvious. At the time you know you're doing a lot of stuff, you're very busy, you tried to get that out, but it's one among twenty battles you fight in a week. At the time you recognized that this was an important—

Darman: No, no one had talked at all about what job I might ever have, I hadn't talked to anybody about what job I might have, OMB [Office of Management and Budget] was not on my mind. I wasn't thinking, *I'm going to have to live with this line.* I was thinking, *He's going to have to live with this line*. And he couldn't live with this line. You needed to have both houses of Congress turn out to be Republican. You needed still, courageously, to be willing to gut a good portion of Medicare and, or else, to throw out what you'd said on Social Security, taxes and defense. It wasn't going to square. It was absolutely clear. There was no doubt on this issue.

By the way, when I gave up in the last meeting that I gave up in with Ailes, I didn't think I was giving up. If you run, and you've been involved in this—If you've run, as I did, speechwriting in the White House—I remember, in the early TelePrompTer days, before things could be done digitally as they can today—You're too young for this—you used to piece together large type, thin strips of paper and tape them and they would go on these crude old rollers and then the rollers would go up to this magnifying screen and then they would show up on the two readers, and the military would run this set of scrollers. Very crude. It was like two old rolling pins—the wooden rolling pins from the old days in the kitchen. And I remember President Reagan giving a speech at the United Nations and Jeane Kirkpatrick and Al Haig being in an argument over some language and I had the ultimate control of the text, not because of speech writing but because of

my other job in the old Reagan White House, which controlled all the final copy of everything that went to the President.

Zelikow: Staff secretary to the President

Darman: The staff secretary by that time worked for me, but yes. I was on my hands and knees tearing apart the scroll, the tape of the scroll, inserting another whole hunk that was the corrected hunk, partly handwritten in big square letters that looked like the other letters but weren't as black and then taping the other piece as it moved along, in order to—and President Reagan read it perfectly and that was what it was. Speeches aren't settled until the words are out of the speaker's mouth and in the real world of high controversy, high stakes, statements that's—Well, as we saw in the famous opening of the [Bill] Clinton health plan book, and health plan reality, I'm thinking of the [David] Broder and [Haynes] Johnson book called *The System*, it's got a great account of their putting the wrong disk in because they were changing the disk at the very last minute, but they'd accidentally added the new disk to the old text rather than substituted for the old text and so the old text was scrolling across the screen.

At any rate, I assumed that this fight would be alive right to the end and you know, it's like losing the first set in tennis, there's a long way to go in the finals, four more sets maybe. At any rate, I wasn't there for the remaining sets because I didn't go to the convention for the first couple of days. I still had a real live job. Mondays in that job I always spent in New York. I think I spent that Monday in New York. I think my plan was to show up there on Wednesday. The President's speech was to be on Thursday. I assumed it would be rehearsed. I assumed I would be at the rehearsal and I assumed that if I had problems, you do change these things still at rehearsals, that it would be changed at a rehearsal, and that that would be a context in which to argue it with Bush and Baker present and that would be that.

Unfortunately what actually did happen was, on an accelerated basis, President Bush decided to announce Dan Quayle and—

Zelikow: And you got pulled into the Quayle—

Darman: Quayle then got himself in trouble, I wasn't there. He got himself in trouble with early news accounts, and maybe some mishandling of his first night on the news shows, and there was suddenly a panic about these allegations concerning Quayle. And Bob Kimmitt had been in charge of the review for Bush of all the Vice Presidential candidates and their backgrounds. Though Kimmitt had worked for Baker at Treasury and was by this time also in the private sector, Baker wanted someone else involved as well to review the bidding on Quayle. So he called me and said to get down there quickly and when I got there, Margaret Tutwiler had left me a note to get to a meeting in Baker's suite fast. I got to the meeting in Baker's suite and it was essentially the strategy group of the campaign in a state of high panic.

Baker asked me if I would join with Kimmitt to do a crash 24-hour investigation of all the allegations concerning Quayle, because he thought—I think this was late on a Tuesday night—He thought—with the President speaking, I think it was a Thursday—that if there were going to have to be a change of Vice President, it should be before the President would speak and before the nominations, because it would be extraordinarily awkward. Awkward as it might be to have a

change in a 36-hour period, it would be even more awkward to have your big speech and then seven days later say, "By the way, I have a new Vice President." So if something was going to have to happen—This was a classically Baker approach, and I think he's right—If you have to cut your losses, cut them fast. That certainly was what he was thinking. He wanted to know, get as far to the bottom of this as we could, in a very short period of time.

So, among other things, he asked me to go interview Quayle and Mrs. [Marilyn] Quayle and Quayle's father at what turned out to be 2 o'clock in the morning in the time between Tuesday and Wednesday. I just became consumed for the next 24 hours with tracking down all these allegations and calling people, a guy whose father was dying in the hospital, I had to pull him out of the emergency room, talk to him about, you know, "Did you ever hear from Dan Quayle that he did this? Or did you ever hear from So-and-So that he did not?" I was a cub reporter, mainly using the phones and interviewing certain key people directly.

Zelikow: But this meant that you—

Darman: So I wasn't in the meeting, I wasn't in the rehearsals.

Zelikow: Did you get a chance before that though to talk to Baker about your concerns—

Darman: I mentioned it, I mentioned it, that's all, I still.

Zelikow: You hadn't sounded the klaxon?

Darman: I sounded a mild alarm, but I still assumed I was going to get the task done in time to make the rehearsal and it was just, and then I got consumed by the Quayle thing and I just didn't get back to the other.

Zelikow: Let me switch over then to the Quayle review. There were a number of allegations—

Darman: If this is too boring, don't hesitate to leave. That aside is to William T.E. Darman, for the record.

Zelikow: You were not assuming that I was bored, but then the story is less familiar to me.

In the case of Quayle, you alluded to the fact that as certainly happened, as is happening now, people being considered for Vice President are investigated prior to an announcement that the President has chosen that person as a nominee. And in 1988, and for candidate Bush, Bob Kimmitt had been leading that effort, the investigative effort, on behalf of Jim Baker.

Darman: And Vice President Bush.

Zelikow: And Vice President Bush,

Darman: For whom he was working directly. I mean, for whom, as an outsider he was working for him.

Zelikow: Let's say Dick Cheney called you and asked you—since Cheney is doing this at the moment, from what I read, for Governor Bush—to reflect on your experiences of '88, what would you tell him about, "Here's how these investigations should be done better so we don't have people in the middle of the night thinking about having to pull a nomination on the eve of the public—"

Darman: I don't think the problem was with the investigation. I think every allegation that we checked and found to be unsubstantiated in that 24- or 36-hour period has remained unsubstantiated. There is not one of them that we got wrong, or put it the other way around, if you take all the rumors that were bouncing around, and the big news organizations saying, "We have to know, we have to know, so we're going to go with such and such, we're going to go with the drugs with this prisoner over here, we're going to go with"—all these different stories—"his father paid this guy off to get him in the National Guard on this date, we got So-and-So met with him."

Zelikow: Paula Parkinson.

Darman: Paula Parkinson. His net worth. I'll give you an example. His net worth was reported—I believe it was in both the *New York Times* and *Newsweek*. They did a box in which they showed his net worth, Quayle's, at, this was before the instant centimillionaire phenomenon of today, this was when, if you had twenty million dollars that was a lot of money.

Zelikow: I can remember that far back.

Darman: They were putting Quayle's net worth at 20 to 200 million. One of them I think had it at 50 and one at this very wide range. And they were putting all the other players at much, much lower numbers and the suggestion was he was a Pulliam heir and that was the source of this enormous wealth.

Well, it is true that the Indiana family is a wealthy newspaper family, but when I interviewed Quayle, I said, "What about the poor little rich boy? What are the facts? How much net worth is there? Where is it all?" And all this sort of stuff. Kimmitt had already dug into this. Quayle said, "I would be shocked if my net worth is over a million dollars." I said, "What? How about your house in McLean [Virginia]?" Mortgaged. He and I were McLean parents, two of his sons and Willy had been friends, played in the same basketball league, the same soccer league and so on, we would be sideline parents together, and I knew him pretty well. "I'd be shocked. The house in McLean—mortgaged." And we'd run down the list. "How about the trusts?" "The trusts don't go to me."

So Fred Fielding, who was his lawyer for a good deal of this, former counsel to President Reagan and a very good lawyer, and who had been through a zillion background checks, Fred was brought in to help Quayle. He had already been associated with Quayle and so forth. They decided to go get a Big Eight, what was then Big Eight accounting firm, to do an audit and to make the audit public of what was Quayle's net worth.

Well, for the first two weeks after Quayle was announced, all the reporting was that he was this zillionaire, and he was saying, "I'm surprised if I'm worth a million." And the audit came out and—depending on how you accounted for one tax liability—his net worth was somewhere

between $762,000 and $830,000. Even taking into account his small indirect interest in one of the trusts. But that kind of information didn't come out until the damage had been done, and it didn't get any coverage. Anyhow, my point is, that wasn't the problem. Kimmitt did a good job.

The problem, in my opinion, was entirely different. The problem was that the announcement was hastily put together so that the new Vice Presidential nominee-to-be had very short notice. Quayle was called and told, "We're going to announce it today, get to Louisiana, meet me at the such and such." So he didn't get a chance to go through the standard kind of briefing about what is going to happen to you right away, what are going to be the hard questions and so forth. But worse, such briefing wasn't available because it had originally been thought that the Vice Presidential announcement was going to be made on a Wednesday, I think it was made on a Monday, late Monday and it was going to be made at the last minute, not first, and the key people who had been involved in advising the President on that question were going to be informed in advance who it was and they would then, presumably, do some preparation for the announcement.

Zelikow: By preparation, you mean what?

Darman: Q-and-A for the candidate, preparation of all the appropriate background material, briefing material that you want to put out to the press. If there are questions you wanted to deal with preemptively, if there were a question at issue of the, with regard to the National Guard. Kimmitt knew all about that. Kimmitt had, by the way, had himself been a paratrooper in Vietnam with at least a Bronze Star, maybe two, maybe Silver Star. But he had been decorated, Vietnam War veteran, was very sensitive to these issues, had gone into these issues and satisfied himself that there wasn't a problem. He could have drafted the answer to the National Guard question. It could have been available. Quayle himself could have been reminded, here are the facts and Kimmitt and others could have had them available for the press, here are the facts.

On the net worth, Teeter could have told you, because he knew, everybody knew, Teeter especially knew about and Ailes both knew about the Pulliam family quite well. They would have said, "Hey, that's going to be a problem. What is his net worth, let's get a fact sheet on it, let's have it ready." So that this stuff could have been knocked down right away or preemptively dealt with, whatever you thought was going to be the trouble. And every human being has some things in their background that are going to be potential trouble. They need to be identified, they need to be dealt with, and they need—

Zelikow: And that was all do-able and you think would have been done if they had had another 24 hours? Or 36 hours?

Darman: Well, there are additional complications—

Zelikow: It's worth dwelling on this because the implications of the press turned out to be very large.

Darman: You asked me before what would I advise Cheney? Well, what I would advise Cheney is the way to do it is to come up with a list of ten people and prepare all of this for all ten so that you don't have to handicap yourself by saying, "I'm concerned about confidentiality of the selection," and you don't have to handicap yourself by waiting until it's down to one. If you're

doing it for ten, you're not telling anyone who the VP [Vice President] is. And if you do it in advance for all ten, it's there and so when you ask, could it have been done? It's a short period of time in which to have expected it would have been done right. And there was a further complication. I think within the campaign there was quite a substantial split over who should or should not have been the VP choice.

I, by the way, was not a member of the selection group. The selection group in the end was President Bush of course, or then Vice President Bush. But the selection group was a group that was an old Brady group. Baker I think was not yet technically in charge of the campaign, and Brady had this group that was a group of six, the gang of six, the gang of something it was called and it was Brady, and Teeter, and Ailes, and Lee Atwater—four—and a couple of others. Anyhow, that group was polled by—I don't remember—either itself or by Vice President Bush. I think Vice President Bush. So whatever their vote was, I think Quayle got one vote, and I think the vote may have been Ailes's but I'm not sure, because Ailes had worked for him, or with him, when he was a candidate for the Senate, and Teeter had also. Anyhow, in any case, that's a matter of record. I don't have the record, but that record exists. Baker refused to participate I remember, in any vote. He said, "I'll provide my view directly to the candidate." But the others voted. And they were split, and I know some members would not have been pro-Quayle, and the tugging and pulling—

Zelikow: How would you have characterized the split?

Darman: I just think it's better not to use me as the source on that, it's better to get the record, it exists. Somebody undoubtedly—Probably all six of them kept notes on what the vote was and probably all six sets of notes are slightly different.

Zelikow: But without characterizing who voted for whom, who was the other major contender?

Darman: Well, the principal contenders at the time—

Zelikow: [Robert] Dole, [Jack] Kemp?

Darman: Yes, Dole and Kemp. And [Peter] Domenici had been somewhat of a contender but had been knocked off, there were others I've forgotten. But the three finalists were sort of all on television one day at Bush's house, Dole and Kemp and Quayle. I remember watching that TV show, I happened to be with Bush that day at his house, at the Vice President's house, and I remember watching Quayle and watching Bush's reaction. Bush didn't give away much at all, but Kemp was so much first-person in that that I thought he may well have disqualified himself. And Quayle was so supportive of Vice President Bush and deferential in his manner that in contrast to Kemp I thought he probably boosted himself quite a lot. So, if you discuss this with President Bush, I would be certainly interested to find out whether that TV performance influenced him quite a bit. I suspect it may have. I wasn't the only one who thought that, there were other people there. It was a little party he had at his house for people involved with the campaign and a couple of us, I don't remember who the others were, but we all felt the same thing.

By the way, just as an aside, in classic Vice President/President George H. W. Bush fashion, he's crawling around on the floor, fixing the TV, trying to improve the reception and is the farthest

thing from a pretentious character on the edge of being President of the strongest nation on the planet.

Zelikow: Well, Americans are known for this kind of technological know-how. It's good to hear he exemplifies that.

Darman: Anti-aristocrat. Populist.

Zelikow: Are there any other elements at the convention or in the campaign up to and through the convention, before we get into debate preparation, up to and through the convention that stand out for you as important?

Darman: Not without some prodding. Maybe, on almost any of these, press a button you'll get a response, but right now no.

Zelikow: Any particular one point of neuralgia might be, any particular personnel choices, people that Bush chose to advise him that you kind of wish he hadn't or people that you wish he had, or were you actually pretty comfortable with the way the personnel and the flow of advice worked?

Darman: Well, flow of advice I was not comfortable with. It was classically campaign-like and normally that's not what you would want for governance. It was improved with Zoellick's arrival, but campaigns are not like government—and they can't be—although they could be somewhat better than they are, I think.

The people, I would need to be reminded. When you're in a situation like that, you don't, you really, at least I don't recall thinking this persons going to be that, or that person's going to be that. Maybe I did think that, but I feel fairly sure I had no idea John Sununu would be Chief of Staff. I liked him. I didn't know him before, but he's very funny. He came to those economic advisor meetings. They weren't just economics, they were a mixture of economic politics and domestic, and, in fact I think he, Boskin and I were the three lead briefers at the first one in Kennebunkport, so it was obvious that he was being treated as someone with some seniority and significance and he was new to my circle. Most of the other people were known to me.

Zelikow: Let me ask one specific question about that. Later on, in December '88, you tell a story in your book about a briefing you held in early December, before a core group, in which you, as you put it, forced people to confront budget realities, and that this was not a pleasant experience for all who heard it. When I read that, the first thing that occurred to me was how come this briefing hadn't occurred six months earlier when all these advisors spent two days in Kennebunkport? Isn't that what you're supposed to do when you're hanging around Kennebunkport hour after hour—talk about budget realities and fiscal policy?

Darman: Actually, well, first of all let me just clarify with respect to myself and then get to that. I think I was announced publicly on November 23rd. I had to get myself briefed at OMB and up to speed and when we had those meetings, whenever they were, which would have been before Christmas, that would have been within an extremely short period from the time I knew I would be responsible for this stuff and the time we got to the President. As soon as I pulled things

together we got to the President. Now, so let's ask what happened in the long period before I was put in charge of worrying about fiscal policy?

Zelikow: Right.

Darman: I mean, wasn't my job.

Zelikow: No, but you were one of the briefers.

Darman: I was an outside economic advisor. The campaign had its internal staff of issues people and so on. I've already been critical of the process internally in a number of ways, but let me just—

Zelikow: Just back when it was being run by Teeter and Fuller.

Darman: It wasn't run by Teeter and Fuller, yes, ultimately, but it was run by some other staff people like Charlie Greenleaf and some others. Charlie is a very nice guy but very politically oriented and that's what these staffs tend to be, they tend not to be—And don't forget also, Vice President Bush was way down and was not thought likely to be a winner at that stage. You don't have the phenomenon you have of everybody flocking to try to join the campaign as soon as they think the guys going to be the guy.

At any rate, back to the meetings in Kennebunkport. They were briefing meetings that were partly to tell the outside world that the President had serious substantive advisors just the way Gore and Bush now have these meetings to say, "Here we have serious people and serious people will be the advisors." That was one reason. The second reason was actually brief the candidate, but the briefings were around issues. They were around things like health care: What are American's problems with health care? What are the options for dealing with health care? Where do we go from here with health care? Can it be targeted just on children? Can it be targeted—

Zelikow: For education.

Darman: I have the briefing books from those meetings and you know—

Zelikow: It would be interesting to look at, especially the one on economics, to see whether anyone did a briefing—

Darman: I have a vague recollection, but I may be wrong about this, I have a vague recollection. I can check this, I will check this, and I'll get you a note on it. Vague recollection that Richard Rahn who was the economist for the Chamber of Commerce and who is a famous supply side advocate, was the person who was asked to do the fiscal policy briefing. And in the views of the supply-siders, fiscal policy problem? There is no such thing, that's a contradiction in terms. We may have a problem with too much taxes, and if we lower taxes from whatever level they're at—1 percent to 0, we'll have an enormous spurt of growth which will solve all our fiscal problems.

Zelikow: Well, you'll forgive me for homing in on this but—

Darman: No, it's a good thing to home in on.

Zelikow: Because the implications of this are, at first order of magnitude: You've made it clear that Bush actually was not entirely cynical about these matters, which means that he did not cynically utter this pledge knowing he was going to break it, so there you come to the conclusion that Bush created an utterly fateful position for himself, without fully understanding its implications, or even maybe half understanding its implications, because he had not really received, as a candidate, a really serious, sophisticated briefing, even a thirty-minute briefing, even the kind of briefing you just gave us in ten minutes on the federal budget, which is not an arcane, trivial subject for our future President.

Darman: Let me just check the record, because I do believe I have it at home, of the briefing materials and the agenda for those meetings, and if I don't have them, certainly there were enough participants, somebody's got them and the Bush Library must have them. And I do remember the agenda because I think I had two pieces of it, I don't remember what they were, but I do remember having to lead the discussion for a couple of pieces. And the way I recall it having been set up was, there were individual topics and times allowed for each of the topics, and there was a lead person identified for each of the topics. So, and then there were materials that those people prepared. I had a briefing memo for mine, possibly two, and what we have to do, what would be interesting to do, would be to go take a look at what was, who did do, if anyone fiscal policy at that and what was the briefing. That's just fact.

Zelikow: Because it was such a big issue back then.

Darman: It wasn't an issue at the time in May. He hadn't said no new taxes publicly.

Zelikow: No, but the budget and deficits and so on, was a pretty big issue in '88, in general. The people were very conscious about his leadership and his statecraft. Let's move forth from the convention to the debate preparation. In your book you—

Darman: By the way, for this, may I just suggest—if you don't already have it for the record—they may have destroyed these—I don't know, I hope not, just for historical reasons—but all the debate preparation was taped, because it's video, it's preparation.

Zelikow: No, I did not know that.

Darman: Yes.

Zelikow: These trial debates would have been taped.

Darman: They were completely taped and the tapes were reviewed and they were used for teaching by Roger Ailes, and—

Zelikow: Teaching the President?

Darman: Sure, this is standard, we did this for Reagan. I was involved with all the Reagan debates. And this is standard practice of modern political management. So they were fully taped

and those tapes certainly used to exist and I assume must be in the Bush Library, but they can be copied.

Zelikow: That's interesting. I'm not aware of any historian making use of it.

Darman: I know Roger kept a set. I know he kept a set because I remember there was an effort to get back the Ailes's set at a certain point.

Zelikow: Oh, what a great thing for Ailes to bring out at a Saturday night dinner.

Darman: I remember Ailes claimed that he somehow or another lost them or something, but I'm sure Ailes has them. But if the library doesn't have them, he has them.

Zelikow: Maybe we'll call him up.

Darman: Yes, sure, that'll be good. And, I may have a set of the audio tapes. I may. I can't remember. But, in any case, the library will have the video tapes.

Zelikow: That is worth checking out. Because that also will answer the question I was going to ask about kind of what these things are like. People can see for themselves.

Darman: Well, you can't see it all because—You want to know a little bit about what they're like?

Zelikow: Yes, sure. I think a lot of people would like to know what they're like.

Darman: Well, yes, this is of subfootnote interest. But different ones are done different ways. I was involved with the Reagan '80, '84 ones and the '88 and '92 Bush ones. When Reagan did it, he was perhaps more comfortable with the idea of rehearsals and the process of being managed than President Bush. He did it out at Camp David in the largest room at Camp David with the room full of the relevant people for observing and criticizing it, plus Nancy Reagan and so on.

Zelikow: And in '80 he did it out at Middleburg.

Darman: In '80 he did it there. And part of it in '84 he also did in EOB [Executive Office Building] on the fourth floor, in the biggest room up there, which, as you know, has seats for a couple of hundred people. So it's not that unlike the real theater. In Bush's case, in all these cases, there is an effort to put the podium exactly as it would be, the sink, the seal, the mic [microphone], the same kind of mic, try to make it as close to the real thing as possible, the lighting somewhat like the real thing. And in President Bush's case, he didn't for—whatever reason, I don't know, I wasn't on the inside, really—He, or the people handling him, didn't want him to have a full audience. They wanted just the questioners and the two debaters and I was one of the debaters. We're talking about '88. We did it differently in '92. In '88 I was [Michael] Dukakis. In '92 I was Clinton.

In '88 Dukakis and Bush were there with podiums and the questioners were at a questioners' table and that was it, and then there were curtains, and on the other side of the curtains, watching the whole thing on video monitors were the crowd who would have been in the room with

Reagan. Why they wanted it that way, I don't know. But the people were watching on these video monitors—the other people including George W., Barbara, or miscellaneous family members along with all the advisors and so on.

Zelikow: Did you supervise the preparation of the briefing books for the debates?

Darman: No, just mine, just the Dukakis one. No, I was an outsider. I wasn't—His issues team, whoever that was—

Zelikow: That would probably have been Zoellick.

Darman: Probably him.

Zelikow: You ever seen the briefing book?

Darman: And that briefing book will exist and be in the library.

Zelikow: Yes, and I have seen things like that, but, would there have been a more or less formal oral briefing process before the trials, to kind of talk them through the material in the briefing books.

Darman: I'm sure there would have been but I wouldn't have been.

Zelikow: And would you have participated on the domestic side?

Darman: No, I wasn't really in that and I wasn't—

Zelikow: Because you were on the red team or because you're an outsider?

Darman: I think more because I was an outsider, but probably, no I think probably also they didn't want to give me too much of an advantage. There's a certain competitive dynamic that develops about these debates.

Zelikow: Even the ones that have fake Dukakises.

Darman: Oh, yes, absolutely.

Zelikow: Well, you describe in your book how these two trials went and at the second trial your rhetorical skill was at least as effective as you would have desired.

Darman: It was excessive. It was ill advised.

Zelikow: But it was interesting to me, though, that whatever reflections Vice President Bush had about your performance at the second trial debate, it took a while before it became clear to you that you had not made yourself PNG. From the book it sounds like you didn't really know that you hadn't made yourself PNG until much later.

Darman: I thought I had offended Bush pretty seriously.

What happened was, let me just put it in a slight bit more context than there is in the book. I don't think I mentioned this in the book. In the first debate, well, I knew I was going to be pretty tough on him. I warned his team that I was going to be tough on him and they said, "He needs it, he's not taking the preparation seriously enough and please do." So I thought I should also be a little bit comic in order to try to relieve the pressure and also to ridicule Dukakis because I was thinking if there were any leaks at all, I would rather have the leak be that Darman showed up in a Dukakis tank helmet. I also at one point had a card that I held up, it was an ACLU [American Civil Liberties Union] and it said, "I'm a card carrying member of the ACLU," because as you may remember one of their critical lines of him is, "He's a card carrying member of the ACLU." So I said, "I'm a card carrying member of the ACLU," and I had the ACLU card. I brought in a stool. I'm short, as is Dukakis, he's actually even a little shorter. I had no idea by the way that he would actually, as you may know he did, get his team to put this mound under the rug at the actual debates. If you go back and look at the real debates, if you look carefully, you'll see, when he walks in, he walks up a slight incline. They put this little dome, it's not an evident stool, so the camera doesn't see it, it's under the carpeting. And he walks up a little mound and there he is, he's almost as tall as Bush.

Well, I had this stool, thinking that Dukakis—One thing you don't want in Presidential—The taller man has always won in every modern Presidential election. One of the reasons is photographs show it and people theorize at least that the public viscerally thinks the taller man is a stronger man and they want the stronger man for a leader. The shorter man has not won in modern Presidential contests. It's true. Maybe it's coincidence, but it happens to be true.

At any rate, I had Dukakis come out and step on this stool, and it got laughs, and I wore the helmet and that got laughs, and I held up the card and that got laughs, and I did some other things that got laughs, to ease the tension. And the first debate, when all was said and done, people said to me afterward, "Wow, you did a terrific job, you really, you won hands down, but that's just what he needed. He's got to focus and now we're going to be able to get him prepared and thanks a lot and all of that." And they weren't being just courteous. I think it was genuine; anyhow, you can go to the tapes.

At the end of it, one of the things that we had advised, and I did offer this advice, and others did too, aware of the difference in height, we advised Vice President Bush to be sure to seek the photo with him next to Dukakis, on the theory Dukakis was going to be trying to avoid it. We said, stick out your hand to shake hands, because if looks like he's turning down your handshake, well—If he accepts your handshake, that's the photo and they can see—Right? No matter what kind of stool or anything else, they'll see, and that'll be the photo. If he doesn't accept your handshake, that's the story, he wouldn't accept the handshake, he looks like a heel. So it looked like a sure thing.

At the end of the first debate, President Bush comes right over to me, as he'd been cued to do, sticks out his hand to shake hands, I knew what he was supposed to do and I thought that would be it, so I stuck out my hand to shake hands with him afterward. It was extremely friendly and then he went pat-pat-pat on the top of my head, like this, which became the internal photo, as if he would do that to Dukakis. Everybody laughed. It was very funny and it was clear that he was in the mood of joking around. This is the additional context I want to put for the second one. And it was at the end of the second debate, when I had been very tough on him again and when,

though he had improved, he had not improved to the point he wished he had, he stormed off the stage and refused even to do his closing statement and not only didn't extend his hand to me, which he was supposed to do for reasons of Dukakis, he just kind of glared at me and walked right by me and stormed off. He was unquestionably ticked off, there was no doubt about it.

So I walked back to my car from that one and I thought, *Well, I hope I helped, because I may never see him again.* But I thought I was pretty much done.

Zelikow: Have you ever, since Mike [Dukakis] occasionally comes by the Kennedy School, I was wondering if the two of you ever spoke of the fact that you played him.

Darman: I don't think I have.

Zelikow: It would be an interesting conversation: "Here's the way I thought you should have—" Anyway, you mentioned in your book that you thought Dukakis in reality was—

Darman: Much tamer.

Actually, you know the mistake I made, I've done this now four times and in three of the four times I got the candidate exactly right, and you can check the records, you can check, what did I say as the mock candidate and what did the candidate say, and sometimes it's exact, paragraph for paragraph, word for word, it's perfect. And you'd say, "Well, how on earth did you get it so right?" People did that after [I played] Clinton [in 1992]. They said I did it 95 percent right, those phrases were exactly the same phrases. The answer is simple, you look at what they've already said and you use it, exactly what they've already said on the theory that they've already developed their best lines in the course of a campaign.

In the case of the Dukakis one, I hadn't been part of the campaign, really, closely. I was still at Shearson-Lehman. I was not following everything Dukakis said, I was not nearly so up on everything that Dukakis said. So what I did was instead of using what Dukakis actually said, I used what I thought Dukakis should say. That's why I didn't get it as right as one would do if one just goes to their own record and why, as I note in the book, that Dukakis was really much more mild than I had been. I thought the smart thing for Dukakis to do would be to go very tough on the record, anti-Bush and Reagan and link them and criticize the Reagan record in some very precise, tough ways, and that he should be very populist. And he didn't end up doing either of those.

Zelikow: Those are the main subjects I wanted to cover on the campaign. I just want to give you a chance to say anything else you wanted to say about the campaign before moving to the transition and the organization of the administration. Actually this might be a good time to pause for a couple of minutes. Let me go ahead and pause to see if Monticello has called and made a decision about whether you're speaking outdoors or indoors tonight.

We may be interrupted by one of our editors but if so, it won't be very long. I wanted to turn to the transition period and the organization of the administration, including of course, your appointment as Director of OMB. You described in your book exactly how you got the formal word that they wanted to proceed with the announcement on that weekend.

Darman: Bush left me a note that was blowing in the wind.

Zelikow: Yes.

Darman: I have that note by the way.

Zelikow: Well, it was a good note to keep and an important date, but, at some point, maybe even before the election, it must have become pretty clear that Bush was going to win. I remember the story in your book, in fact the story in your book where Bush writes out the list of states and the numbers. That list, that description was so detailed, that I wondered whether you had a copy of that piece of paper Bush had written out.

Darman: I do, yes.

Zelikow: It's a nice piece of paper. But it must have become clear that you were going to win even before the election, or that it was very likely and there must have been some thinking about what's going to happen next. Of course, at a more administrative level, people in good conscience have to start thinking about transition organization issues. So I'd like you to reflect a little bit, of course by this time you had had experience with several other transitions, one unfriendly one, one passive transition, after '84, more passive transition, and this one a friendly but active transition. I wanted you to reflect about how people thought about the organization, the administration, and the transition and those early days.

Darman: Unfortunately, I don't remember too well. I can tell you the best sources. I think the best sources would probably be Teeter and Fuller, because Fuller and Teeter, as I recall, were named co-chairmen of the transition and they were running daily transition meetings and they were the ones reviewing the recommendations for people for different positions and then taking those up with Bush and Baker and I don't know who the other one or two people would have been. But there was a small group, I was not part of the group and Teeter and Fuller were managing it. Now, there was an awkwardness you may recall because there was a question of what were going to be Teeter and Fuller's roles.

[INTERRUPTION]

Zelikow: So, Teeter and Fuller and their roles was where we left off.

Darman: Teeter and Fuller were named chairmen of the transition as I recall, and they were important but they weren't decisive because Baker and Bush and I don't remember who else, were very important in that. There was a core group. It would have been those four and maybe one or two other people. It might have been Nick Brady, it might have been one or two others. I don't remember.

Zelikow: Not George W?

Darman: I don't, I just don't.

Zelikow: He's involved in what became later known as the silent committee.

Darman: I just don't remember. It's possible. Sununu, was he named early? Certainly when he was named, no, that wouldn't have—I don't remember, I don't remember well enough.

Zelikow: But there is—

Darman: Anyway, I'm not at all a good source on that. I really had close to nothing to do with the picking of the team. I had rooted for Teeter and Fuller, who were longtime friends and associates, to be in the White House. Even after Sununu was chosen, you may recall there was a lot of press coverage of: Would Fuller, would Teeter be in the White House? Would one of them be deputy? Would both of them be a deputy to Sununu? And so on. And I had hoped they would be in the White House and I'm sorry that both of them decided not to be.

Zelikow: Did they make that decision?

Darman: Well, I think in Craig's case, he felt that it wouldn't—having been chief of staff for Bush as Vice President—that, and at the stage he was at in life and given the other elements of his role, that it wouldn't have been appropriate for him to come in as Sununu's deputy to the White House. So I think what he thought was that he should be considered for one or two Cabinet posts in which he had an interest, but once it was clear that Sununu was chosen, he made it clear that he wanted to go into the private sector. He certainly could have had a significant job, and he's someone with whom the President continues to be friendly. He just was in the awkward position where it seemed like the logical job for him went to somebody else and, you know what that could be like. I just imagine you can.

In Teeter's case I think he did very seriously consider being Sununu's deputy and Teeter is someone who is a very thoughtful and careful person who—I called his home in Michigan once and his wife answered and I said I'd like to talk to him and she said, "Well, he's out looking at cars." I said, "Oh, what's he considering?" I was ready to throw in my advice and she said, "Well, I don't know what he's looking at today but it doesn't make any difference, he's been looking for three years." He's strong on analysis and he's very balanced but he's not always decisive, and it took him a long time to decide whether he did or didn't want to be in the Bush White House and then finally, I think of his own volition, he decided he did not want to be.

Zelikow: Well, as I kind of thought through who might have been a logical candidate for Chief of Staff, you mentioned Fuller as one possible candidate, it doesn't seem strange to me to consider that you might be a candidate for Chief of Staff. You had been Deputy Chief of Staff in the Reagan White House. It was a job you understood. Baker would have felt some confidence with that.

Darman: The issue never, never came up. I think President Bush had his mind made up. I don't think it was an issue.

Zelikow: So you never took that idea seriously yourself or lobbied—

Darman: No I never did.

Zelikow: Did Baker try to sort of keep you, did you and Baker talk about some of these choices? Did Baker have a particular preference as to how things would come out?

Darman: I think Baker wanted me for OMB, near sure, and I think Fuller and Teeter certainly did. I think I had their three votes without seeking their support. I think I was their candidate and I don't remember who the other players were. If they were particularly significant I would probably remember since I probably would have cared. But I do think one of them was Brady and I guess I felt I was a known enough quantity with President Bush that that was, he was going to decide. He knew me, and I didn't do any lobbying.

Zelikow: He either wanted you or he didn't.

Darman: He either wanted me or he didn't. Once I knew that Fuller and Teeter wanted me and Baker said he wanted me, I knew my name would certainly be on the list.

Zelikow: That's a decision that has to be made fairly soon. OMB is one of the earlier choices.

Darman: It didn't have to be but—

Zelikow: Because of the imminence of the budget cycle, you have to make—

Darman: And for other reasons as well. But, the way the management of the modern Presidency has evolved, the OMB director actually has a very strong role in coordinating all the other departments, and so probably it makes sense to have that selection early. I think I was, Baker was announced at the very first press conference.

Zelikow: That's right, yes.

Darman: Brady wasn't announced. He was already the Treasury Secretary.

Zelikow: Sununu was announced early but I don't remember exactly when.

Darman: I was announced, I think, on the 22nd of November?

Zelikow: 21st.

Darman: The 21st maybe. And the election was around the 8th. So it was within the first two weeks. I don't think, were there any Cabinet officers announced before me?

Zelikow: I don't know, other than Baker. I don't know. I did notice that in your description of your announcement, you did not comment on this, [quoting Darman's memoir] "The offer was phrased as Director of OMB and member of the Cabinet and I did not take for granted that the member of the Cabinet phrase would be part of such an offer." So was there a story there or was this more obvious than I assume?

Darman: No, it was not entirely obvious. There is not a significant story there, but the OMB director had become a Cabinet officer, I think for the first time, when George Shultz was OMB

director in the Nixon administration. And, I don't know how it was treated in the interim between Shultz and [David] Stockman but Stockman was a member of the Cabinet. In Stockman's tenure, for the first time, the Congress acknowledged it. A President can name anybody to his Cabinet, which is different from being the head of a Cabinet department, by law. You can be named to the President's Cabinet. The previous OMB directors, pre-Stockman, had been named to the Cabinet by the President, but they weren't of Cabinet rank. In the course of the Stockman tenure, he got some piece of legislation to just carry a rider that made the OMB director category one, or whatever it's called, executive level one, so that it was Cabinet rank so you had that in law. So when you picked your OMB director it was clear he would be Cabinet rank, that was in law by the time I got there. Now the question was, would he also be a designated member of the Cabinet. I said I wanted to be. I didn't say that to the President, I said that to Fuller and Teeter when they asked me about the job.

I said that if there were any doubt on this, they said that they took that for granted. They then came back to me and said that the President had raised a question about that and I said, "Well, forget the issues of status and pride that might be personal or even precedent, with fiscal policy as central as it is, the person really has to be in a position to deal with other Cabinet officers as an equal in apparent rank and the President ought to do that for the purpose of facilitating management." So they already agreed and they didn't sound like it would be an issue.

When I went to see the President, the Vice President, when he called and when he left me the note saying he'd called, and I called him back and said, "Could I come on over?" I went over, and he asked what I thought about that. I said I really thought it was essential to do the job and I explained why. He said that he hadn't been sure about it but he thought before that that would be part of the job, so it wasn't a big deal.

The one thing that was a little bit, that I had to argue with him a little bit about but that he also did agree with, was a little different but also important. I had served, this would have been my fifth administration, and I'd been associated with four White Houses.

Zelikow: Well, help me with this. Nixon, Ford, and Reagan I know.

Darman: I also was in the Carter administration for a period. I was a private citizen but I was also the lead negotiator for the mining convention on law of the sea. [Elliot] Richardson was the Ambassador at Large and I was the deputy for negotiating the law of the sea stuff. It was part time, but it was technically part of the Carter administration appointment. I did resign, because I didn't like the direction of the negotiations and I wrote an article in *Foreign Affairs*, which became the Reagan administration policy and which was applauded by Jesse Helms for its distaste for the UN [United Nations] process and UN substance as reflected in the law of the sea negotiations.

At any rate, I had that involvement as well, and we had a certain amount of interaction in that role with the Carter NSC [National Security Council] and I had been executive director of the White House transition when Reagan was coming in, so I spent a couple of months playing around in the Carter White House and could talk to all the people and find out how things operated there as well. So anyhow, I had seen a lot of these different things, and I taught about it and I had studied about it.

I thought I knew something about White House management and also what it would take to make the OMB job function and I had watched Stockman get himself in serious trouble with the *Atlantic* article. But then, even more seriously as a problem, he got shut off from access to the President and from that point on he was useless as a negotiator on the Hill, because he could always be undercut and people on the Hill knew that. He could be reversed by Baker. He could be reversed by other White House people. He could be reversed by the President if he were out doing something that wasn't consistent with what the President wanted.

I explained my point of view on this as a problem. I said, for an OMB director to be effective, he has to be able to represent the President accurately and the interaction with the Hill is near continuous in the way today's world works. Not many people realize this, but when the administration takes a position, on any amendment, at any time, there is only one authoritative voice—other than the President's personal voice—that says what is or isn't the administration position. It isn't some Cabinet officer's statement, because those always end with "I'm advised by the Office of Management and Budget that this statement is consistent with the President's program." You have to clear it with the President, with OMB. Secretary of State, anybody, always has to say that. But more importantly, on any amendment, as it is pending, not to mention any law, there are these one-page sheets that come over before the vote from OMB saying, signed, this is or isn't consistent with the President's position. Those come from OMB. And those have to be right, those can't be wrong.

And issues arise at one o'clock in the morning, at two o'clock in the morning, depending on when, how late, Willy used to be a Senate page he can tell you this, till late at night. You know from your own experience. You don't want to have to be bothering the President at 11 o'clock at night saying, "Mr. President, an amendment has just come up on such and such and they want to know the administration's position. Would you be for or against such and such?" You want to be knowledgeable enough about how the President thinks about things, what he's thinking and so on, so you can just make that decision on a third-order issue, but make sure it's never reversed. It can't ever be reversed or you're done. And from that point on you can't function because somebody's going to have to wake the President up or find him at a party or do whatever the heck it is or organize some policy process at 11 o'clock at night or 12 o'clock at night every night.

So I told the President that I thought it was essential that I have direct daily access to him, which I think would have been unprecedented for an OMB director and I explained my reasoning and I told him I thought in the end it would save him an enormous amount of time, not add time, and I said I won't abuse it. I said, "It's fine with me if you want your Chief of Staff to sit in at every time, I'm not looking for an *ex parte* pleading hearing independent of whatever process you choose to have. I just want to be able, each morning to go over, if there are 20 issues that I need to know where you are on them, I can go over 20. If there are zero, it will be zero and I won't use the time. But I want to know that I can do that every single day."

Going into the meeting I had alerted Fuller—I said, "I'm going to raise this, so make sure you guys have thought through where you stand on this and give him whatever advice you want to, but this is crucial to me." I came close to saying I won't take the job unless I have this. And I probably meant that. You can't know for sure until you're tested and I wasn't tested. But I had forewarned the President through Fuller that this would come up. It did come up because I

brought it up, or maybe he brought it up. I don't remember, but it came up for sure. He was not naturally disposed to resolve it in my favor initially. Through the course of discussion he was moved to decide yes in my favor. I told him I wasn't looking for anything more than 15, stretching possibly to 30 minutes. Less than a National Security Advisor. I just wanted to know that the time was available each day. Anyhow, he said yes. That turned out to be extremely important to my ability to function, extremely important.

Zelikow: Did you have any help? I was about to ask you some specific personnel question, but instead, let me just kind of step back again to the transition at large. You said you were executive director of the Reagan transition in '80.

Darman: Not the whole transition, just the White House.

Zelikow: Just the White House piece of the transition. If I was working on a transition say this year, what advice would you give? What things would you tell me you've learned? I'd come see you, because I knew you had some experience.

Darman: I don't know. I haven't really thought about that. There's a large number of these projects. You may be part of one that is organized to think about transition, and pre-'80 I was part of one of those academic projects, maybe a couple of times. And we gathered all the wisdom from all the prior transition groups and we did all sorts of things, and there probably is a lot of wisdom there but I'm not really current on it and I haven't extracted the wisdom.

The one thing I do know is the one time I tried to be systematic about this was in '80 where I was part of a year-long study group in advance of the election on Presidential transitions, and we had all the documentation we could get, it was at Harvard. And I taught on the management of the Presidency for four years, and I had thought what I thought was seriously about this stuff. And I reached a whole bunch of conclusions, very, terribly important things, how to avoid *ex parte* pleading, how to avoid commitments being made without some system of due process for review. Formal systems to integrate and cross check and all these sorts of things that needed to be done. And I wrote them up for the 1980 transition as my brilliant contribution. And I did it in a way that was maybe even, let's say, classically northeast in its view of Reagan, that here was this fellow from California who'd been a movie actor who surely wouldn't know all the things that we wise people who reviewed the history would know, and he would need this badly.

It was completely unnecessary. The man already knew it all, was totally disciplined with respect to this stuff because he'd been Governor of California for eight years and he'd learned. You didn't have to tell him no *ex parte* pleading. He was a master of avoiding any commitment when there was only one other person in the room and he knew exactly what you had to do in order to make sure that things were appropriately reviewed by all the interested parties and he knew how to make sure all of that—He knew every single thing that I could write down, and quite a lot more. And I think it is partly because he had good natural sense, but very importantly because he was the Governor of the seventh largest country in the world, for eight years, and learned a lot. So if you would say, what's the lesson of this, one of the lessons might be hire Governors, not people from Washington.

A Senator by contrast, who has had no executive experience, he develops all the wrong habits. The main thing he's responsible for is his mouth, because that's his only weapon. He gets to put out press releases and say, "Here's where I stand on this, here's where I stand on that, here's what I think of this witness, here's what I said to that witness." Whatever the hell he thinks about whatever it is. There are no troops, there are zero troops, nothing happens except maybe there's a story. So you don't learn that you have to actually live with your record. Battleships don't move when you say move. At most, you have page seven in the *Washington Post* that says Senator So-and-So says a battleship should move. But there isn't anybody on the ship who is going to go on the basis of page seven in the *Post* from a Senator.

So those guys learn all the wrong habits because they don't have to live in an organization with all the complexity and they don't have to live with the consequences of their actions. So one could reach the conclusion, if you were worried about how to get a really good transition in the current election, hire the Governor, not the Senator.

Zelikow: Although his advocates might say he's also been a Vice President.

Darman: Yes, but let's examine the question of how many troops move thanks to the Vice President.

Zelikow: That's a fair question. He's been a very involved Vice President.

Darman: He's had a chance to observe a lot.

Zelikow: What did you think worked well about the Bush '88 transition? Looking back, is there anything you think you did really well?

Darman: I didn't pick the people, which is a crucial job in transition. I didn't really set up anything on how the White House would run, which is a very important thing to do. I didn't have a significant role with respect to that at all. He was elected on the 8th or so, or whatever it might have been, and I was announced on the 21st or something, so we have 12, 13 days. From that point on I followed the Stockman example, which I knew extremely well. He didn't come on until about December 12th. I was a few weeks ahead of him, which was lucky. But he just immersed himself in briefing, in all the issues and everything else and he also took command. Of course, he had the advantage of being there before. A lot of the Cabinet officers were there. What happens with a Cabinet officer is, when he's announced—unless he's a really experienced hand, you know, he's not confirmed—he has to be quite careful about what he does or doesn't do on the way to confirmation. He can't go in and start throwing his weight around or anything of the kind.

The OMB director is viewed also as a member of the White House staff and part of the President's privileged inner circle, legally privileged. And there is a custom where the Office of Management and Budget as an institution is proud of the fact—It is an apolitical institution which is proud of the fact that it serves whoever is President. It is a career organization, much more in the British civil service sense. So they are available to you right from the start. The Congress isn't looking over your shoulder, doesn't have any access to what you may or may not be doing with the career staff at OMB, they're inside the privilege. So it doesn't adversely affect

your confirmation, certainly if you handle yourself semisensibly. And, if you get rolling, you end up being a couple of months ahead, at a minimum, of the Cabinet officers.

I also happened to be someone, like Stockman, who had done a tremendous amount of prior work on the budget. I'd been on the budget review board for Reagan for four years, coordinated—Fuller and I were the co-chairmen of that. I had been in charge of planning, evaluation, budgeting, more importantly involved with it, with a major hunk of it, in the departments. I'd been in six departments. In five of them, which together amounted to something like 90 percent of the federal budget, that had been my job. I was not exactly a novice in this domain. So by getting intensely engaged, I was able to get quite a good head start on what was going to be an extremely difficult problem.

One of the things we wanted to do was get out a Bush package quickly, preferably with prior negotiation with the Congress. That turned out not to be possible, but we did get out this thing called *Building a Better America*. It's a document that would have come out roughly the same time as Bush's equivalent of the State of the Union. And so we set about the business of doing two things, one, writing *Building a Better America*, which was the Bush policy across the board, I don't know if you've ever read it, but it is a document about this thick. It wasn't the State of the Union but it was an address in early February or February something or other

It was sooner than the Reagan one. That was just a little competition I had arranged in my own head against Stockman, a meaningless competition, but it was slightly sooner than the Reagan one, and it was published and it was very well received. Under every heading, criminal justice, education, health, we had all of our initiatives, explanation and budget proposals, revised by the revisable budget. So that was one thing that I had to do, and we did that, at OMB, and all the different departments were invited over and we did it around a table like this in the OMB director's office. Roger Porter and I were the two coordinators.

Zelikow: Let me focus on that because—

Darman: Let me just round out the other task and then I'll get back. The other one was figuring out how to set up a negotiating process that was going to actually solve the big fiscal problem. Those two were not the same. What you put out as the representation of your considered wisdom following your campaign, what you wanted to propose, that was one thing, but what was going to be the process that would really get it done and what would really be the substance that would ultimately come out of that process, that too had to be organized. And when you referred to the meeting that he [Bush] had early on where I "acquainted the others with budgetary realities," that was related not to the volume that was known as *Building a Better America*, that was related to how do we solve the big problem.

Zelikow: Were you involved in the selection of Roger Porter?

Darman: I was probably asked and I would almost certainly have been for it.

Zelikow: You knew Roger from the Ford days?

Darman: I knew Roger from the Ford administration where we worked together, he was the number two person coordinating the Economic Policy Board from the White House, Bill

Seidman was number one, and I was the number-three person at Commerce. Richardson was number one and I was Richardson's number two for the purpose of the Economic Policy Board, which was what Porter coordinated. So we would meet every morning at 8 o'clock in the White House for the time that I was in the Ford administration and throughout his tenure there. Then following that he and I taught a course together for three years at the Kennedy School. We co-taught the course on managing federal policy development. So, we knew each other very well. Then in the Reagan years, we had known each other in the Reagan years. So we'd known each other since '75, and worked together closely both in government and at Harvard.

Zelikow: So what a fortunate and congenial selection.

Darman: Yes and no. Almost all yes. On a personal basis, yes. From a professional standpoint, Roger is just about the best person there is for that job. He is the domestic equivalent of Brent Scowcroft, who is, in my opinion, the model of what the National Security Advisor type should be, and Roger is the same on the domestic side. Not terribly strong on personal advocacy, willing to be somewhat invisible and yet excellent at coordinating others and serving the President's interest. And a person with whom I could work closely and he and I together did this job on *Building a Better America*, which was very well received and on which we coordinated ideally, it was a textbook model.

When I said yes and no, the no was bureaucratic. There is an inherent tension between the role of an assistant to the President for policy development, which he was, who is going to coordinate all policy, and an OMB director in the modern version of OMB where OMB isn't the old BOB—just doing numbers—but where it is the coordinator of policy development for vast hunks of the government. So there is a bureaucratic tension. You could say, well, we could end up working well together and in most respects we did, but subliminally there was an element of competition for power and I had an advantage. I had many more resources than he, an organization to draw upon. I had much more formal legal authority. I had higher rank. I had much more connection with the Congress. I think Roger may have felt a little, maybe even a lot of—He never said it to me—resentment of the power imbalance that over time emerged. If I had it to do over again and had I been more charitable, I would have been more careful to preserve the partnership that we started with in "Building a Better America" all the way through.

Anyhow, we're still friends.

Zelikow: Yes?

Darman: And you know, if I ever were asked to advise about that position, I would always recommend Roger for it.

Zelikow: When did you feel like you first began to get a real sense of George Bush as a person? Of course, you had seen him and encountered him for a long time, but when did you feel that you were really dealing with him a lot more than just "I'm in the room" when something else is going on in which he is an incidental actor.

Darman: A slightly longer answer than you want. One, let me just tell you when I did work with him before, and then two, when I think it switched.

Zelikow: OK.

Darman: I first started working with him, just in a tangential way, in the Ford administration. He was head of CIA. Richardson was at Commerce. Baker was number two at Commerce, I was number three at Commerce. Commerce was assigned the lead for the Cabinet committee on questionable corporate payments abroad, a euphemism for bribes. Which was a very hot issue at the time. I was, as the number-three guy—

Zelikow: Lockheed, and—

Darman: Yes, I was designated as the, I don't remember what the title was, but it was coordinator of the group, it was like an executive director of the group that was supposed to do all the analytic work in support of this Cabinet committee on questionable corporate payments abroad. One of the obvious sources of potential information was the CIA. So, when we wanted access to that information, we wanted them to be somewhat forthcoming, which was asking a lot. So Richardson—with whom I was very close, by then that was the fourth Cabinet department I'd served in with him—arranged for a breakfast with Bush at Richardson's house, which was supposed to start loosening up Bush to help Bush loosen up the CIA to help us.

He invited me to that. So that was my first working exposure to Bush, which is quite a bit back. Then, in the Reagan administration, I would see him all the time and see a lot of him and we used to have these Monday issues lunches with a group of eight of us, the President, the Vice President, and six others, maybe seven others. There was a lot of banter there, and then there's all the ordinary policy meetings and all of those things. So for the six and a half years I was in the Reagan administration, six and a third years, I saw Bush a lot, certainly the first four years. Then we have to also add I knew his staff a lot. Craig Fuller and I had been extremely close working partners for the first four Reagan years. He then moved to become Bush's chief of staff as Vice President. Dan Murphy, who was another Bush Vice Presidential chief of staff, he was executive assistant to Richardson, I was Special Assistant to Richardson at the Defense Department in the early '70s. Boyden Gray, his general counsel, and I were classmates at Harvard. Boyden knew my wife before I did, who was also in our class.The connections were many, and of course the Baker connection gave me other windows on Bush.

So you could say I should have known him by the time I got to be his selectee as OMB director. I think I probably did not know him as well as I should have. I think what I started to learn extremely quickly—before I was confirmed, after I was announced, so it would have been in that period, November, December—that's when I started to develop a somewhat different and quite a lot more favorable view of President Bush. He was always, evidently what everybody knows about him, a decent person, a friendly person, a person who is very good with people and all of that, and you could feel it. And he was welcoming when you were up at Kennebunkport and stuff like that in the campaign. I started to see somewhat more of that side. But I had what would have been viewed as a conventional view of him then, favorable, but conventional.

What I started to see after he selected me, for example—I'll give you an example in two different dimensions, personal. He wanted to make us feel like we were part of the family. And I say us. And so, I had been at Camp David a zillion times for President Reagan. I had been to the ranch a zillion times with President Reagan. I was functionally in extremely close personal interaction

with President Reagan with whom I had a terrific relationship. You may recall as an aside, his wife wanted me fired many times, and the only thing that saved me was not ever James A. Baker my great good friend, still partner and friend, never. What saved me was Ronald Reagan, with whom I had an excellent relationship. But, Ronald Reagan never invited Kath, my wife, or Willy, or Jonathan, his brother, his other brother Emmet wasn't born, never invited them out to Camp David to treat us as, I shouldn't say equals, but as socially legitimate colleagues

Zelikow: As friends.

Darman: I wouldn't go as far as friends, [but] one of the first things President Bush did was invite the whole family out alone to Camp David, to go out and just, remember you guys were there, to go shoot a bow and arrow, go bowling, go for walks. I don't remember what else you did. We all had hamburgers or something else, just the four of us, not four, five: Barbara, George Bush, Willy, Jonathan was then age—This was 1988. You were born in '76. You were twelve, and his brother Jonathan at the time would have been five years younger roughly, so he would have been seven or eight, four and a half years—Yes, he would have been seven turning eight and you were twelve and a half. So we have Barbara Bush, George Bush, the President-elect of the United States of America, my wife Kath, me—I didn't count right; that's why we had a deficit problem—I'm up to six: Willy Darman, age twelve; and Jonathan Darman, age seven and a half; and the President-elect of the United States of America spends an hour at lunch principally talking to the two kids. "Which do you like better, Roy's or Burger King or McDonalds?" he asks. And there's a discussion in that. He jumped right in at a level that could engage them for a period of time. Barbara went on a walk with Kath and talked about the most personal things, her own period of depression and stuff like this, right off the bat, early on, before we were ever really there.

Zelikow: It's in a way as if the decision to make you OMB director, they had made a fundamental decision about you, personally, as if they said, "It's not just that we're putting him in this job, it is that we're bringing him in this circle."

Darman: Absolutely, and they made not just me, they made the family feel that way. Now, that was a very important positive step. And they were very revealing from the start, things I will not go into about personal opinions they may have had of certain other people. They were very frank, as if we could be trusted as longtime friends. Well, that's self-fulfilling. So Richardson always told me that if you treat people as their best selves, you will at least get them to be their better selves. And I believe there's a lot to that. At any rate, that's one side that I want to emphasize.

The other side of Bush that was new to me is, he would have briefings on this or that, say the S&L [savings and loan] crisis where Treasury had the lead and he would have a long briefing from Treasury and so on. He would then call me on the phone and say, "Can you come to Camp David, I just want to talk to you about—" Once he called and asked, "Can you come and talk about S&Ls and tritium," because that was another sensitive issue.

Zelikow: An expensive issue.

Darman: And he'd been lobbied extensively by Schlesinger and some other people on the tritium problem for energy and defense. So I went out to try to brief him on this stuff. Well, these can be two very technical subjects that could be exceedingly boring, and his attention span has often been thought to be very short.

Zelikow: That certainly is the conventional wisdom.

Darman: But it doesn't read him quite right, and I didn't read him quite right on this. What he really was, until his thyroid problem, is hyperactive. Highly active, I shouldn't try to make it sound bad.

He was highly energized, up at five o'clock in the morning, you know, eighteen holes of golf before breakfast, three sets of tennis, out in the boat, then a whole bunch of work, then another round of tennis, then jogging, then a walk after dinner, then a discussion—a super active full day and very active in meetings. The thing about him, if you don't pay attention, you think he's distracted and he's changing the subject and he's lost it, but he hasn't, he distracts himself, or used to, and let the energy run but then he'd come back to where he left off. It isn't scattered and lost, it's connected with interruptions.

At any rate, when I went out to brief him on these two subjects, before I was confirmed, before he was sworn in, he sat at his desk in his little study in the, at Camp David. I sat in the chair at the little study, and I started. He's taking notes, left handed notes. I said Mr. President, or whatever I called him at the time, Mr. Vice President, I don't remember, "I know this is really boring, do you want me to go on?" "Go on, go on, keep going." Then he'd ask a question, then he'd ask another question. Then he'd ask another question. And we're going for a couple of hours into S&L and, strictly on S&L. "I want to understand this. I want to understand that. How's the accounting on this work? How's that?" Now this is a radical change from Reagan, but it was also somewhat of a change from what I had imagined the depth to which he might get engaged in things himself. So then, we finally got all done with that and he says, "Well, I need a walk. Let's start the tritium discussion by just walking and talking."

And we walked and we walked and we walked, talking about nothing but the tritium problem. So what do you conclude about this, what was new to me? I've gone into the personal dimension, that was certainly new treatment for me, maybe it wouldn't have been new about him, but it certainly was new to me that he would wish to get himself as well briefed, as carefully, as engagedly as he did on, you know, these are not first-order issues for the President.

Zelikow: It is interesting, it's unusual because there are other occasions, take even this budget story we were talking about earlier today is one of them, where he does not seem to display the same kind of policy curiosity where he reaches out to get this information.

Darman: Yes.

Zelikow: It's not a question of, "Did you bring it to him?" He's actually reaching out to get it.

Darman: This is very self-serving, but he did think that I knew a lot and he also had watched me in the Reagan years and thought that I was fair, because in that role [I had] an exaggerated version of the old staff secretary job. One of the things you have to do is be fair to the other

parties and interests. They're not there, you're representing what their views are. And I think he concluded that he could get presentations fairly from me, he could get them on a basis that he could have confidence in the quality of the substance, and if I didn't know something I'd tell him.

And that I could present it clearly. If you go back over the list of people who were available to him in the campaign, I don't know that he had, until he got Zoellick, he didn't really have someone who could do that. And, even in the case of Zoellick, who as you know used to work for me and whom I know very well and I like, but Zoellick—Well, Bush has joked about Zoellick, that Zoellick could put him to sleep. He does have that capacity.

Zelikow: I'm afraid that's perhaps one of the only mentions that Zoellick gets in the published collection of Bush letters.

Darman: That's right.

Zelikow: The one mention of him is a context in which I think Zoellick makes at least someone sleepy.

Darman: That's right.

Zelikow: Well, I actually was noticing your description and I didn't know what you'd be like in verbal briefing, but you deliberately try to write colorfully and you seemed in the book and even the memos you recount, these memos have captions that are not standard fare, as you well know.

Darman: Yes.

Zelikow: And so you're clearly making a conscious effort to try to punch up the text and constantly casting about for metaphors and similes to try to put people into the concept you're trying to get, and maybe that made, from the President's perspective, made the prospect of getting you to tell him something more inviting and made him a little more willing to indulge his curiosity.

Darman: Possibly. A lot of the people in the field of economics are especially prone to speak in a language that is specialized and not ordinarily comprehensible and to dwell, to some extent, on the arcane or technical side of an issue when it may not actually be the core of the issue. So since a lot of the subjects he was interested in that I may have related to were economics-related issues, having someone who was not always speaking economics-speak was probably welcome. You know, many Presidents have complained about the language of economists, and many non-Presidents.

Zelikow: At some point it must have been clear to you, especially the way you were crafting your job, that you're going to be at the hub of the construction of the administration's entire domestic policy agenda.

Darman: Not exactly the hub. John Sununu probably has to be viewed, if you remove the President, I think John Sununu probably has to be viewed as pretty near the center of the hub.

But let's say someone who could have direct or indirect control of 60 to 70 percent of the spokes, yes.

Zelikow: But also someone who has the responsibility of, "I have to be able to articulate the whole picture, the comprehensive agenda."

Darman: Well, you have to testify. You're the only one who has to testify comprehensively. There isn't anybody else who testifies as comprehensively.

Zelikow: So the good working relationship which you mention in your book, with Sununu, in this situation seems indispensable.

Darman: It's crucial. I learned it from watching Stockman and Baker. I was the intermediary. I had Baker's confidence and I had Stockman's confidence. They had each other's confidence. But, as a practical matter, for a great number of things, Baker needed me as an intermediary with Stockman and I understood the importance of the relationship with the Chief of Staff and OMB director, and I was determined that I would not get at odds with the Chief of Staff. You have to be in the closest of coordination and as my effort to assure that I would be close to the President, I also thought that terribly important from having watched the Stockman experience with Reagan and with Baker and Meese and Deaver and others in that White House.

Zelikow: But it is interesting about the White House comparing it to some others. You are more substantively engaged across the entire waterfront of domestic policy. Of course, you're going to be engaged to some extent.

Darman: Stockman was enormously engaged. People forget. Stockman had extraordinary power. How the world forgets. Your profession is to assure that we not forget and that we learn from all of these things. I was teaching the standard course that they teach on management of federal policy at the Kennedy School and a kid came up to me, a kid, Willy's age or a little older, this was a couple of years ago, and he said, "I looked up this reference here"—One of the readings was Stockman's book, *The Triumph of Politics*—"and it says the publication date is 1980, but it should really be 1986." I said, "Oh, my God, you're right, I'm sorry and I'll have it changed. There must have been something wrong in transcription. Of course, you're absolutely right, it had to be 1986; it was 1986. Thank you very much."

"Fine," he said. "And who was Stockman?" And he had read the book. "Why are we reading it, who was he?" Now, Stockman was simultaneously on the cover of *Time*, *Newsweek*, and *U.S. News & World Report.* And if you go back to those old *U.S. News & World Report* that used to do the rankings of the most powerful people in the world and Paul Volcker in those days used to come out number one and Reagan would come out two or three and Stockman would come out two or three.

So the OMB director in that period, before he went into his self-destruct mode, was enormously powerful across a range of things. And when Shultz had been OMB director—

Zelikow: But even Stockman flew high in that brief zenith, he flew high even by the standards of OMB director.

Darman: Absolutely. He set the standard, the modern standard, for sure. I think Shultz, who was the first head of OMB when it was with its new form, Shultz, when OMB was made into OMB and it moved from the old Bureau of the Budget accounting, careful focus on green eyeshade sort of stuff into the much larger worlds of policy and management, that really started with Shultz, and Shultz was a major force. Shultz was a big force, Stockman was a big force, and probably, if you were going over—There have been a lot of OMB directors who have a lot of power or gone on to a lot of power. Cap Weinberger was an OMB director in an entirely different way, Bert Lance was one of Carter's most important advisors surely, until he self-destructed. But probably, if you were ranking the actual operational power within the executive branch, which is not to say in the real world, probably Stockman and I were two of the three highest and I don't know who the third would have been.

Zelikow: Well, my original point is, this is an interesting situation where the OMB director is, as you say, above average in involvement across the whole domestic agenda. The Chief of Staff of course, always, but Sununu was very interested in the substance of a number of issues, more so than many other, more so than some other Chiefs of Staff—

Darman: Almost all.

Zelikow: So you have a situation with both the OMB director and the Chief of Staff are disproportionately interested in the direct management of domestic policy development.

Darman: Domestic and economic. In Sununu's case, in everything.

Zelikow: And that I think is a striking feature of domestic and economic policy in this administration, is this confluence of OMB and Chief of Staff in this substantive role and then of course that has implications for some of the other—

Darman: If you go to the Nixon administration, not that it's a model, but for comparative purposes, it had a variation on the theme. [John] Ehrlichman was in a sense co-Chief of Staff with [H. R.] Haldeman and OMB was in close alliance with Ehrlichman and the Ehrlichman apparatus in the management of domestic and economic policy for the Nixon administration. I do think there is a parallel of sorts, but yes, I understand the point you're making, it is in that way different from many.

Zelikow: And then of course, there are some losers in this set up of an administration. The losers that come to mind, we've already discussed Roger Porter a little but, but actually the more important losers that would immediately come to mind are the other Cabinet secretaries. Although they might feel that the White House is especially dominant.

Darman: Except history has moved past the Cabinet, had moved past the Cabinet. Really.

Zelikow: Say more about that, that's interesting.

Darman: It's not so long ago that with the [Dwight D.] Eisenhower administration that if you were an Assistant Secretary in a department, as Richardson once was in the old HEW [Health, Education and Welfare], used to tell me about his meetings with President Eisenhower. He was the lead guy in the administration for putting together the higher education package which

became the National Defense Education Act and then later higher education under Eisenhower, very important stuff. He used to go to the Cabinet meetings. He would sometimes go as acting secretary, but in any case, the White House was not terribly layered in those days and departments weren't terribly layered. He was the number-three person at HEW. And, not too long before that, you would know better than I, but you remember that Teddy Roosevelt, when he was an Assistant Secretary of the Navy, used to take pride in talking directly to the President. You know, "I have to check with the President."

I think things started to change extremely rapidly in the course of the Eisenhower administration. He brought in General [Andrew] Goodpaster to be staff secretary, the first staff secretary in the White House. They started setting up the formal, Army-like, staff organization in the White House under Goodpaster and formal procedures that would go with it, the beginnings of the White House starting to take much more systematic control, organized control, of departments and policy development than had ever been known, really seriously known, before. Truman and Roosevelt, they had a couple of key advisors who were very powerful, but didn't have an organization. Eisenhower started to make it organized.

By the time you got to Nixon, with the creation of the formal domestic policy staff, the National Security Council staff, and you look at the force of some of the people who were there. You had Henry Kissinger as National Security Advisor, aggregating a tremendous amount of power in the White House. You had Arthur Burns as the coordinator of economic policy in the White House, he was Counsel to the President for Economic Policy; his next job was Fed Chairman. He had been a major, major professor of economics at Chicago, I think it was Chicago.

Zelikow: I'm not sure.

Darman: Anyhow, Kissinger had been professor at Harvard. And you had Haldeman and Ehrlichman as two of the strongest centralized model Chief of Staff and whatever you want to call Ehrlichman, he had several different titles, but he was a co-Chief of Staff, in effect, for running the machines. And then you had Moynihan, Daniel Patrick Moynihan, also Harvard professor, former Johnson appointee, as the Domestic Policy Advisor. Look at the force of that team. And then go look by the way even at the speechwriters in that White House. Patrick Buchanan, Don Price, Lee Huebner who went on to be editor-in-chief of the *Herald Tribune*. You had—

Zelikow: Safire.

Darman: William Safire. Those guys, by the way, used to exchange memos with each other on what ought to be the direction of our policy and you go read those memos. They may sign them Cato [or] Publius, they had this series of old classical authors that they pretended to be with this exchange of ideas on what policy ought to be and where it ought to go. You take all of those characters and you look at them and you compare them to what you have now running around the White House. They're puny by comparison. But, in any rate, these people were forces.

When you added the bureaucratic force that was accumulating, starting with Eisenhower, to the intellectual force of some of these people who were brought in by Nixon, to an external reality, which was that issues were increasingly being perceived as cutting across departments, the

substantive complexity of issues started increasingly to be understood and managed as such. Departments had to decline, and they did. Starting, pick your point in there, but it wasn't new to the Bush administration that departments had been overtaken by what became a more formal organizational process for the White House, a tradition that at least at times had extreme centralization in a strong Chief of Staff model at times. The notion that you would have significant intellectual horsepower within the White House and you would raise staffs, you know the Kissinger deputies, the deputies were all strong intellectually, it was an honor for many people to go to work there, an intellectual honor to go work for some of those organizations with some of these people.

You know Chester Finn? He was Moynihan's assistant. Anyhow, people like that were going there. And then you had, as I say, the force of events, cutting across the departments, so that if you said, well, if you really want to deal with the poverty problem, where is the agency that you can deal with the poverty problem, it's several agencies. So by definition, the range of people involved in addressing a problem seriously would cut across several departments, you know one of those could naturally be the lead without offending the other, power moves up. That had happened, in the Ford administration the Cabinet had no power. The Carter administration was White House dominated. The Reagan administration was White House dominated.

Zelikow: Let me move from the topic of the general organization, the administration.

Darman: Let me mention one thing on this.

Zelikow: Please do.

Darman: I didn't have any role in this, but I do want to at least mention it. There is a big distinction between something that Bush did and something that Clinton has done and it is a more general issue, and that is what kind of person do you want as a Cabinet officer? Bush got a number of people who were independent forces, independently strong as Cabinet officers—Jack Kemp, who had his own political base as Secretary of Housing and Urban Development and who saw himself as someone who should speak to a broad range of issues. Bush picked a guy like Kemp who thought of himself as a Presidential candidate already. A guy like Bill Bennett, who had already been a Cabinet officer before and a guy who saw himself as a major national force, independent. A guy like Lamar Alexander, who was running for the Presidency. And, as it happens, even Jim Baker, Dick Cheney, who thought of themselves as potential Presidents.

He had a number of people in his Cabinet who were independent forces. Some of them loyal, some of them not. Cheney perhaps a model of loyalty. I wouldn't pick the person to put at the other end of the spectrum, but it wouldn't be my friend Baker. At any rate, Clinton has, for many of these jobs, chosen people who everyone says, "My God, this is the best thing that ever happened to that person." Well, I won't pick examples, but his was more the pigmy philosophy.

It makes the challenge of management a great deal easier if the Cabinet officers do not have independent bases of power, if they're wholly beholden to you, or at least heavily so. And Clinton, being much more politically oriented in his management style of the Presidency, attended to that from Day One. If you read, I don't know if it's true, but if you read [Bob] Woodward's account, he didn't want strong people, and said so. And Bush did. Bush paid a price

for it. But you're right that it was not a Cabinet-centered administration. There really hadn't been one, in my opinion, before Nixon. But he did have some strong players and that did complicate the management challenge, very considerably.

Zelikow: Let's discuss, even given a White House centered set up, this is a White House centered set up in which a couple of people at the top of the White House are especially substantive in their attention to policy development.

Darman: Scowcroft too.

Zelikow: Yes. And that could be a potential source of concern, especially if you're dealing with strong personalities, although there is an argument on the national security side that actually the confluence of the strong personalities created an atmosphere of mutual respect that actually made the whole team stronger.

Darman: Yes, but this is an issue that has been, in my opinion, talked about with some serious misunderstandings. A couple of them are misunderstandings of reality that are important to get straight. National security coordination is terribly important and Brent Scowcroft is a model of how it ought to be handled and Cheney and Baker were excellent and Bush terrific and Bob Gates was terrific and the team was wonderful. All of that positive. Meaning no disrespect to that group, the challenge on the domestic side, whether you think it was Bush's challenge or Sununu's challenge, or Porter's challenge or my challenge, or a combination of us who had the challenge, in whatever proportions, the challenge is not on the same scale.

On the foreign side you have State, Defense, CIA, and for particular issues, one or two other players. You have basically a core power group of three, a National Security Advisor and a President. That's five people who have to coordinate with each other, and that depends on how in or not in the CIA Director is made to be, not all issues with the CIA Director and the President—

Zelikow: Or Treasury, in this administration for instance?

Darman: Well, in the Bush administration, Treasury and OMB were invited to be members of the NSC and were present there and so on, but I really don't think we were forces. We were listened to, thank you very much, but we were not forces.

On the domestic side you have eighteen players of Cabinet rank, all of whom ride around in their limos, testify, go to newspapers, think they're big deals, many of whom were independent and powerful and you chose them because they're that way, because you want to pull in some constituent base or something like that. So first of all, there's a giant difference in numbers, just sheer numbers.

Next, you have a tradition, it's not always honored, but you have a tradition of foreign policy trying to be bipartisan and people trying to suppress their partisanship. It's considered the right and honorable thing to do. There are partisan differences, but there is an ethos that says our job in the end is to serve the country and we are to try and put aside our partisanship.

On the domestic side, you have the opposite ethos. It is understood, as a given, that you are in partisan conflict. That's the way many of the players view it. I don't personally think that's the

way they should view it, but that is the reality of the way they do. In the Congress, in the Cabinet, and among political appointees. They see themselves routinely as engaged in partisan political struggle and they believe that what they do has to be measured against the domestic political consequences, and they're gaining in relation to that. And you can't nearly rely, to the same extent, on the appeal to the need for bipartisanship. It is not natural on the domestic and economic front, not natural. So that's difference number two.

Difference number three, not insignificant. You have a legal support structure for classification of information you want to protect on the foreign national security side, which of course we know is dishonored in many circumstances but which, 99 percent of the time works, right? The 1 percent is significant but it is 1 percent, not 100 percent. On the domestic side you have the opposite tradition. First of all there is no legal support structure, whatsoever, for classification or protection of information.

Zelikow: And indeed the fervent hope that you can broadcast as much as you can.

Darman: In competition.

Zelikow: You're actually competing to get the media to leak your information or to carry—

Darman: And it is not uncommon to use the press as a means to try to communicate with either interested parties in Congress, with the public, with the President himself. In the 1992 campaign, we had the curious phenomenon of a memo from the Secretary of Housing and Urban Development on the front page of the *Washington Post*, on advice on what the President needed to do. A memo to the President, advice on what the President needed to do to straighten out his economic policy and get us out of the recession and go on and win the election. Here's what you got to do. When we read that, on the morning we read it in the *Washington Post* in the White House, we had not yet received the memo. This is not uncommon on the domestic side. And when it happens, there isn't a standard that says this is outrageous. This is a violation of national security. We must find these people and weed them out and so on. This happens. It was unusual in this case that the memo was signed by the Secretary of Housing and Urban Development, so you knew at least some, you didn't know for sure where it came from, but you had a hint.

Zelikow: A point on the compass.

Darman: So if you're trying to manage in the domestic environment and you say let's get a bunch of strong people and we'll be a friendly team, you had better be an unusually skillful person if you expect to get eighteen such strong people all coordinating well together with no ability to say, now this is all classified, so it's going to stay in this room, and no ability really to appeal to nation ahead of politics, it's a lot harder.

Zelikow: To summarize the three points you made were: numbers of players, tradition of bipartisanship, classification of information [all contrasted with] the quite divergent traditions on the domestic side. And so, I take your point that domestic policy management has some different challenges.

Let me, as a final topic before we break for the evening, get you to step back now and just reflect on what you wanted and what happened to be the opening domestic agenda of the Bush

administration. Now the book actually is very good on the fiscal policy agenda and I infer from that maybe that's the lead issue in the economic policy agenda, but, since you do have this role now, thinking of both domestic and economic policy agenda, I wanted you to reflect on how you wanted the administration to lead off, what priorities did you want the administration to emphasize?

Darman: I felt that we weren't going to have the freedom to do a whole lot of the more interesting things that I thought needed to be done unless we got the fiscal policy situation under control and that had to be taken care of quickly because the Gramm-Rudman law was law and it was going to govern if we didn't on the fiscal front, and so we had to govern. We had a Democratic House and a Democratic Senate and that meant we were going to have to figure out a way to do this on a bipartisan basis. You had to legislate to fix the fiscal problem. You had to fix the fiscal problem to get out from Gramm-Rudman governance. You had to do it as a precondition to getting on to other more interesting and important reforms.

I spoke to the theme that I thought the more important reforms should take as the subheading, or the major organizing heading for *Building a Better America* and I talked in terms of various areas in which we needed to invest, much more research and development, intellectual capital development, reform of entitlements, a series of things that needed investing in a lot of different ways. I wrote an introduction to each of the budgets which went way beyond conventional fiscal policy and they each had reform agendas within them and they each talked about long-term changes that needed to be made. So I would just incorporate those by reference instead of trying—

Zelikow: But what did you really care about?

Darman: Those are things I really cared about.

Zelikow: But when you came in, the thought of fixing the budget, were there two or three things that you said to yourself, "I really wish I could get a chance to do this"?

Darman: Well, there were a lot of things that I cared about. Remember, I'd been in six departments. I spent most of my life worrying about public policy

Zelikow: But you were present, how many priorities can a new President have, big ones?

Darman: Well, the first one had to be getting the budget fixed, and we did do that.

Zelikow: All right.

Darman: We didn't do it as fast as I would have liked. But people are coming to recognize we did do it. [There is an] interesting article by Reischauer, Bob Reischauer, PhD, Fellow of the Brookings Institution, former Democrat, head of the Congressional Budget Office, who says that 60 percent to 62 percent of the policy contributions of the current [budget] surplus come from the 1990 agreement.

Zelikow: You make me reflect that your book was a little too downbeat in the way it ended.

Darman: And he also said that's his low estimate, that's giving the Clinton '93 agreement.

Zelikow: Where did Reischauer publish that? I had not seen that.

Darman: I don't know, I'll have to look it up.

Zelikow: Is this recent?

Darman: No, it was a while ago, didn't get any attention. It was after the '97 deal that the Congress praised itself for. He showed that 60-some-odd percent of the favorable effect was from the '90 agreement, 40-little percent was from the '93 agreement, which comes to over 100 percent, and that the agreement that the Congress was congratulating itself for the '97 agreement, which most of them will point to as their bipartisan achievement that resulted in the surplus, he said that contribution was a minus 7 to minus 10 percent. It actually made things worse.

It's an interesting piece. At any rate, there's also a *Business Week* article that had me on the cover early on, which I would refer to in which it had a box of all my supposed priorities. It later came back to hurt me, because they used my early priorities as a measure of my success or failure and unfortunately I had volunteered an interest in more things than in the unanticipated short four years, as opposed to eight, we were unable to achieve. Let's end it on that. If we only had four more years we could have had an exciting answer to your question.

Zelikow: OK. That was a good start [to our oral history work with you].