

**Gerald R. Ford Oral History Project**  
**Paul O'Neill**  
**Interviewed by**  
**Richard Norton Smith**  
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Smith: Thank you for doing this. Tell us about your life before Gerald Ford.

O'Neill: I was born into a military family; my father was in the infantry and then morphed into the Air Force. He was in the service for thirty-seven years; then went to law school and practiced public service law the rest of his life. But I grew up as a military kid, which means I moved around. I was born in St. Louis and then we moved to Illinois and Hawaii and New Mexico and California and Alaska, went to different places. Then I went to school in northern California, first in Fresno and then at Claremont Graduate School. Then I got recruited into the government in 1961 in something called the Management Intern Program which doesn't exist anymore, where they hired about three hundred people a year into the middle management ranks of the government. They had a written test and an oral test.

Smith: Now those obviously were the Kennedy years.

O'Neill: Actually, I started work on July 3, 1961, and part of the reason I decided to give up my doctoral studies in economics was, first of all, it was painful to try to go to school on a \$2100 a year fellowship with a wife and two kids; but also because I was really intrigued with the notion that if you want to make a difference, come to Washington. So I did. I got recruited; I had a job.

Smith: Was that part of the Kennedy appeal?

O'Neill: Absolutely. And it sounds corny I suppose, to young people especially, to say the highest calling is to go do something that benefits the whole society.

Smith: I was going to ask you: how do you communicate that? I'm old enough to remember, too, the extraordinary aura that that administration generated. The Peace Corps being a tangible example, but the program you referred to likewise. How do you communicate that to today's young people?

- O'Neill: It was an interesting time and it's probably too easy to get romantic about it, but there was a sense in the country that any problem we could define, we could solve. It was the American way. And yes, we have problems in our cities and yes, our education system isn't working right and health care, but we can fix it.
- Smith: Don't you think a little of that was a hangover from the war and the Depression? We had beaten the Depression, won World War II. The Fifties, which are fashionable to mock – in many ways represent the apogee of American confidence and power; and so it's not surprising.
- O'Neill: I think that's right. And I think there is also something, for me anyway, to the personality of John Kennedy. Having spent a lot of time as an undergraduate and in graduate school thinking about policy and political figures, when he would have press conferences, I would listen to the press conferences because they were full of content and humor. He was a person who was really extraordinary at the quick quip that kind of captured the essence of an issue. And I was proud to be part of that kind of an administration where, when we made a mistake in Cuba, the President stood up and said we did. He dealt with the crisis in a way that turned out to be correct more than incorrect; even though he'd launched into something he shouldn't have, obviously.
- Smith: But what does it tell you about the American people that in the wake of the Bay of Pigs, his numbers went up?
- O'Neill: Absolutely. People got great confidence. I remember being at a meeting someplace here in Washington when the crisis was unfolding, and on a noon break in the conference, a friend and I went over to the Coast Guard to find out what we needed to do to see about signing up if we were needed. It wasn't just me – it was that kind of a feeling that if our country needs us, we are here for them. It was really extraordinary.
- Smith: What do you think destroyed that? Was it the assassination and the whole litany of Vietnam and Watergate?
- O'Neill: I actually think that most people have gotten the Johnson years wrong because they focus on Vietnam. In effect, after the transfer from this elegant person to

this earthy, let me show you my gallbladder scar, kind of a president. It was really extraordinary what he was able to legislate – civil rights and the whole panoply of things that I actually think were not only well intended, but they were good ideas, because I believe this: that Lyndon Johnson's idea about government was to try things, and if they worked, then expand them and if they didn't work, scrap them.

Smith: Rooseveltian, in some ways – FDR's.

O'Neill: Exactly. So he knew urban renewal. People don't even know what this means anymore, but urban renewal was a disaster because it cleaned out whole communities and erected monumental, colossal, Soviet kind of public housing blocks and stuff. So Lyndon Johnson's answer to that was Model Cities. And when he started with the idea of Model Cities, I was here then and working in the administration. By then I was in the Bureau of the Budget. The idea of Model Cities - the way Lyndon Johnson first fashioned it - was seven cities so that we could do something on a big enough scale, concentrate funds, so that we could demonstrate we could really cure the problems that were growing in urban centers. By the time the legislation was enacted, there were 150 Model Cities, which meant the funds got distributed everywhere. And the reason there were 150 is because at that time these legislators had to be bought off by having their city designated in order to pass the legislation. So, in a way, that experiment never had a chance because it was a bureaucratic nightmare by the time it was enacted.

But I think Johnson's initial idea was right; similar to his idea about neighborhood health care centers. We ought to try neighborhood health care centers and see if it's a way that we can provide care to the underserved and dense populations areas by having a place people can go instead of the emergency room. So I think there were probably too many initiatives, but there were lots of good ideas and I think Lyndon Johnson would have scrapped the ones that didn't work well.

Smith: It's interesting that you say that because you can look at the last forty years of American political history as a reaction to the Great Society.

O'Neill: I agree with you.

Smith: That said, though, how many of the Great Society programs have been repealed? Not many.

O'Neill: Exactly.

Smith: You don't hear a lot of talk about getting rid of Medicare or Head Start. It's a dichotomy that there is this consensus, somewhat of a consensus, that government tried to do too much; that conventional thinking, underlay the Nixon and Reagan and even our own era, in some ways. But when you get to the operational – you know, the old line, the American people are philosophically conservative and operationally liberal.

O'Neill: Right. I'll tell you one parting thought on that. I actually like aspirational goals because I think people respond really well to aspirational goals. And the phrase, The Great Society, always appealed to me because it seemed to me aspirational. If you apply that notion of a Great Society to the entire society, it's not about the government, it's about we the people aspiring to be a great society.

Smith: It requires a communal sense of identity, which everything about today's culture tends to work against. Richard Nixon - what kind of contact did you have with him?

O'Neill: It's interesting, I went to the Bureau of the Budget in January of 1967. My first assignment – this again because of a Lyndon Johnson initiative – during the Johnson administration Bob McNamara was the secretary of defense, and had been appointed by Kennedy. But he (McNamara) was there until 1967 and a half, maybe. McNamara brought with him a bunch of tools associated with the whiz kids, which means operations research and systems thinking ideas, and was busily applying them to the activity of national defense. And Lyndon Johnson liked the order of that so much that he called in Charlie Schultz, who was then the director of the Bureau of the Budget, and told him, "Charlie, I want you to hire people into the Bureau of the Budget and bring these ideas that McNamara is applying to national defense to all the domestic activities of government, because we need to think more concretely and more

clearly and more systematically about the domestic activities of the government. So I want you to hire a bunch of people in OMB.” I was one of the people they hired to do that. My first assignments were to work on health and medical care. And so when President Nixon was elected, I was a grade 16, which meant I was a kind of upper middle part of the Civil Service.

I worked for an assistant director who was a political appointee and after about six months I got really deeply involved in the topic of the day which was welfare reform; and the buzz word in those days was the negative income tax. There had been some work done in New Jersey during the Johnson administration, actually testing the idea of giving low income people money, related to their lack of wealth accumulation or income inversely to where they were on the income spectrum. And so with my background in economics and operational research, this was a really nice fit for me. I became the go-to numbers guy on the distributional implications of different levels of income support and phase out of financial support for President Nixon's largest first year initiatives.

It's interesting, my co-conspirator in this was Jodie Allen, who later became the editorial page editor for the Sunday *Outlook* section for the *Washington Post*. But in those days she was a computer programming expert and she worked at HEW. And so the two of us would go down – the government didn't have, except for the Defense Department – the domestic government didn't have computers big enough to do these simulation studies. So Jodie Allen and I would go down to a place called CDC that had this mammoth computer, and generate these data sets so that we could answer President Nixon's questions about how the money would be distributed by income class, by state, by county, all that kind of thing because obviously there were political questions about all of this.

And I think maybe it was in June or July of 1969, President Nixon went to Romania and he had his entourage with him, Bob Haldeman, whoever from the State Department, and John Erlichman. So John Erlichman called me from Air Force One as they were leaving Romania to get the latest data on the distributional implications of the Family Assistance Program.

Smith: That's right.

O'Neill: And that was my beginning of really substantial involvement with the inner circle during the Nixon administration. It was all about substantive things. On February 18, 1971 President Nixon sent the most systematic message about health and medical care to the Congress that has ever been written by any president in history, including this one. It still is a document that stands the test of time.

Smith: It's interesting because what you say sort of runs counter to the popular notion of Nixon as a president who was not only disengaged from, but almost contemptuous of, domestic policy.

O'Neill: Absolutely not. You know, the Family Assistance Program was the domestic equivalent of going to China.

Smith: Yeah.

O'Neill: It was absolutely antithetical to most people in his party to think that the federal government ought to actually collect money and hand it out willy-nilly to people, based on the fact that they didn't have much or any income at all. The initiative that was launched on August 8, 1969 included the Family Assistance Program, revenue sharing, and reform of the Office of Economic Opportunity. The interesting philosophical thing in revenue sharing was the idea that the federal tax system from a societal point of view, is arguably the most equitable. But Nixon believed collecting taxes and then having the federal government make the decision was not directionally correct, and so he believed we distribute some of that money to state and local governments so that people at that level could make their own decisions about what were the high priorities in their jurisdictions.

It started as a moderate program, I think \$5 billion, but the idea was to sequentially move forward with getting rid of federal decision making about domestic priorities and letting people in their own communities decide how best to allocate resources. And the point it illustrated to me about Nixon was that he was really a pretty deep thinker about the subject of government and federalism. And if you think about it, the idea of revenue sharing was really

antithetical to political Washington because it passed the power to other people and members of Congress did not believe they would get any credit for it.

Smith: In the press releases.

O'Neill: This reminds me of an episode from my time with President Ford when I said to him, I think maybe in early 1975, "There is no support for revenue sharing in the Congress. And as soon as they have a chance, they are going to kill it." And he was blown away. He said, "I don't think that's right, Paul." But it turned out to be right. The Congress got rid of revenue sharing. But President Ford was a strong supporter of the idea and thought that it sufficiently entrenched it would stay in place.

Smith: Let me ask you a large question about him, I want to be careful how I phrase this, I don't want to make it sound like a pejorative. On the one hand, he did tend to believe the best of people, which is exactly what you want, obviously, in a president, and particularly at that time. On the other hand, the classic example is his first press conference as president at the end of August. Which I always thought was the tipping point that led to the pardon. Because he went into that press conference honestly believing that the press corps would want to talk to him about Greece and Turkey and Cyprus.

O'Neill: Right, important...

Smith: The business that he was trying to get his arms around as a new president. He'd been forewarned that that was not likely to be the case, but he believed otherwise. And he left that press conference unhappy, mostly with himself. He didn't think he'd handled the flood of Nixon questions terribly well. But I think he was also angry that he had been subjected to this flood of Nixon questions. And two weeks later came the pardon. Was he naïve in some ways? For someone who had been in Washington for twenty-five years...

O'Neill: I'm going to tell you a companion story that relates to what you are saying. I go back to what you said earlier. President Ford was a person who started with a presumption everyone was on the up and up, and until proved otherwise, that's how he viewed you. He gave everybody and everything the

benefit of the doubt, and so there was something I had the privilege to watch because I was here for fifteen years during that time from Kennedy through the end of the Ford administration. I was privileged enough to be high enough up that I could see this in person - that people really didn't understand significant things like what you are suggesting about what the media could really be like. I think the media has grown more ferocious over the decades, but I think he miscalibrated that he would be treated in a respectful way and they would not spend all of their time wanting to relive the Nixon thing, which in a way the media loved because it was soap opera every day from late 1972 until Nixon left. I think they truly didn't want to give that up, it was too much fun. I suppose it got them customers.

But there is another example of that kind of thing, and remember, he was vice president for a time and so he was even closer to what it was like to be president. But in September of 1974 (the month after he became President) he went to Ohio to give a speech at, I think, Ohio State. And so he gave the speech and the theme of it was the federal government is going to take a stronger, more useful role in providing for the transition from the world of school to the world of work. And so during the Nixon administration, as I went up in the ranks, actually even beginning with the Family Assistance program I believe the speechwriting department never released a speech without it crossing over my desk to make sure that there were no inaccuracies, both in facts or in tone or presentation, and mostly they took my edits. There was a woman there named Agnes Waldren who was magical about getting facts right, and I was a part of her support network. And so President Ford went in September of 1974, a month after he'd become president, to give this speech at Ohio State, and I think even before he finished delivering the speech - they released an advance text - my phone was ringing off the hook from people in the media saying we're traveling with the President, he's made this speech about strengthening the role of the federal government and the transition from academe to work and we want to know how much money is going to be spent on this, how will it be distributed.

After I got four or five of these calls, I called the chief of staff and said, "What is this about? I don't know anything about this." They had not run this

by me, so that's why I didn't know anything about it. Milton Friedman, not the economist, but the speechwriter was there answered the phone. I said, "Milt, something has gone wrong. The President's made this speech. I never saw it, I don't know what it's all about." And he said, "Oh, well, for God's sake Paul, it's just a speech." And I think President Ford would have said the same thing, "It's just a speech. I give speeches all the time."

Smith: Is that the congressional mind set? As opposed to the presidential mind set?

O'Neill: Yes. It's a learned mind set. If you give speeches and you're in the Congress for twenty-five years, and then you're vice president, and basically, people don't pay any attention to what you say, then you think speeches are speeches. I don't have to be accountable for this. And I think President Ford didn't get that right away. It only took a few encounters for him to realize, "Oh, my God." So they instituted the process so I saw everything. I must tell you, it was really jarring when I was secretary of the Treasury for Bush '43, I never saw anything before it was delivered and they made some horrible gaffs because I didn't get a chance to look at what they were going to say about my area of responsibility; because they didn't know what they were talking about.

Smith: That raises a huge question. If you look at the trajectory of the Ford presidency, it seems to me one way of looking at it is as someone who came into office with essentially a congressional outlook, who, in a relatively short period of time, under the pressure of events, was forced to learn how to be an executive, how to be a president. Those are two very different kinds of roles.

O'Neill: I would separate those. I would say he was already good at being an executive before he became president. He didn't understand, I think, but he learned quickly the public personae thing about being president. So I'll give you a vignette on the other end of this: in January of 1976, (I'm a student of public policy making and of the operating of the Executive Office of the President), so I knew from reviewing the history that the last president to be able to do his own press conference with an open press on the annual budget was Harry Truman. And he really did it. If you go back and listen to some of the tapes and read the transcript, Harry Truman knew everything about the budget that he presented to the Congress and was delighted to go meet with the media at

the time of release so he could demonstrate to them he owned everything in that book. He was not representing somebody else's creation; it was Harry Truman's stamp. And those of us who worked in the executive office on economic things believed that the real expression of an administration policy is in the budget documents. It may be dry and boring to some people, but to people who are insiders, they know that's where the priorities are set.

Smith: Do you think that was - I presume like Ford - was that a function of the time that Truman had spent in the Senate?

O'Neill: Both had a proclivity to want to know, not just to float on top of the government apparatus; but to run the government apparatus and to make personal decisions about everything; "I believe as President, these are the right things where we should be allocating resources or not." So knowing all this, I said in the fall of 1975 to President Ford, "Harry Truman was the last president to defend his budget. You should have an open meeting with the media and present your budget because you know this budget so well, you don't need any of the rest of us." And the reason he had this knowledge is that he spent days and weeks going through everything in the budget with the experts, making conscious decisions about where we ought to allocate what resources. At the time I thought I knew more about the inner workings of how we allocated resources and why they were allocated, than anyone else. But President Ford was right up there in his own command of the material. I'll never forget one night in the Oval Office, it must have been about ten o'clock and we were finishing up weeks of going through five inch binders where there is something really important on every page, and we got to a line item for retired military care. It was a line item; I think it was maybe \$15 million (in a \$40 billion budget). And President Ford said, "Tell me about this one, Paul." And I just had this blank look. He was so tickled that I didn't know what that was. But I think it showed the level of detail that he looked at, and how much he thought that was his responsibility.

Smith: It's fascinating you say that because, of course, that is in many ways at odds with the way the modern presidency has evolved. I've often said he was the

least self-dramatizing of presidents, which didn't serve him well in the increasingly theatrical nature of the job.

O'Neill: Yeah, show business.

Smith: Something Rod Hills said to us... "You know, the older I get, the more experience I have, the more I think about all this, the more it seems to me the acid test of a successful presidency is the ability to make the government work." And again, that's not a bumper sticker – no one will make a campaign commercial about it. But when it doesn't happen, you can be sure people are unhappy.

O'Neill: There are consequences. Exactly. So, anyway, he had this press conference in 1976 to present his budget – he decided he was going to do it. And it was interesting, he held the press conference at the State Department auditorium, which is a big place, it holds hundreds of people.

Smith: Where Jack Kennedy held his press conferences.

O'Neill: There must have been 350 journalists there and it was open season. And President Ford had a bunch of us - there were probably ten or so people up on the stage with him. He didn't need any of us. He honestly didn't need any of us. We were a prop. But I'll tell you, he was so generous that somebody asked him a question about Medicare and he answered it, and then he said, "But I think Paul O'Neill down there can give you a more detailed answer." And I think it was his deliberate intent to give me some spotlight time. He didn't need to do it; his answer was sufficient, but he was like that. You know what I mean? He really cared about people a lot.

Smith: Did you ever see his temper?

O'Neill: One time I saw his temper when I thought maybe he was going to bite through his pipe. Jim Schlesinger sent him a memo – you probably know about this – Jim Schlesinger sent him a memo and basically told President Ford, I've forgotten what the issue was, but that if President Ford did what he was proposing to do, that it would severely threaten the security of the United States. No one in the world knew more about the ins and outs of national

defense and resource allocations and their implications than President Ford. And he was so furious at getting what he considered to be an affront to his intelligence from his defense secretary telling him something he believed to be completely untrue, he was furious.

So I was in a meeting with the President when he got this memo, sitting there at his desk as we often did. There was a Cabinet meeting the next day, I think, and while people were assembling I stood in the Cabinet room next to Jim Schlesinger and said to him, "Jim, you ought to apologize to the President because he's furious about that memo you sent him." Jim was puffing on his pipe and said something like, "We'll see." I think it was in that week he got fired.

Smith: Was that relationship just doomed? One senses really bad chemistry.

O'Neill: I think Schlesinger really underestimated President Ford. A lot of people underestimated President Ford. They didn't understand that this guy had a first class brain, and he was a student of everything about government. He didn't wear it on his sleeve, and he didn't go out of his way to let people know that he had all this stuff going on in his head about rights and wrongs, and allocations. But it was going on all the time. I think he really was not willing to tolerate someone telling him something he believed to be factually wrong. And I think he probably believed that Schlesinger knew it wasn't right, which was a bad thing. If it had been some innocent – but Schlesinger had been studying defense policy for two or three decades himself. So I think President Ford felt like, I can't have somebody around me who, first of all doesn't understand what I know; and then would knowingly mislead me. If I were not as equipped as I am to do this job, this advice would be disastrous for the country.

Smith: And putting it on paper.

O'Neill: It was way over the top.

Smith: Ford was, among other things, a shrewder student of the people around him than he was often credited with.

O'Neill: I agree with that.

Smith: I wonder whether at times he used that reputation – a bit of an innocent, a bit naïve - almost using that persona in some ways.

O'Neill: Cagey.

Smith: Exactly.

O'Neill: He was. I think that's right. He kept his own counsel when he thought there wasn't was any particular value in letting people know what was going on in his brain.

Smith: As a young congressman, he'd been put on the CIA oversight committee because clearly the Old Bulls had decided this was someone who we could trust.

O'Neill: Exactly.

Smith: And he never betrayed that. You wonder whether he took some secrets with him to the grave.

O'Neill: I don't know. It's easy to speculate. I think he was a lot more complicated person than people give him credit for.

Smith: How so? That's an interesting observation.

O'Neill: I think in the way that he posted people. I think people thought he made Carla Hills his secretary of Housing and Urban Development because she was a woman. I don't think that's right; I think he had an enormous respect for her intellect. It was not about, "Hey, this is a woman – that will make Betty happy." That's a superficial thing; but it was a quality thing. He was about quality. People who were reverential about him were people like Cederberg, who had worked with him for decades. You don't find that kind of personal fealty in much of Washington, but there were people like that – Lud Ashley, the congressman from Ohio.

Smith: Right.

O'Neill: There were people like that who would do whatever President Ford said, just because they believed he'd figured it out better than they had. He had a lot of people like that who thought, "If Jerry Ford thinks it's right, it's got to be right."

Smith: And clearly a lot of friends on both sides of the aisle.

O'Neill: Absolutely. I think his friendship with Tip was real. Very real.

Smith: There is a wonderful story; Don Penny told us a story showing his own naiveté. One day the President and O'Neill had met in the Oval Office, had a great meeting, and Tip went out on the driveway and proceeded to unload, on him. Penny saw this and was appalled. He went back in and said, "Mr. President, you won't believe what Tip's out there saying," and he retold all of this, and the President sat smoking his pipe and said, "Oh, Don, that's just politics." Which is very revealing. You wish we could recapture some of that.

O'Neill: Absolutely. It was a better place than where we are now.

Smith: As Vice President, he was in a very awkward situation. In your contacts with him, did you ever hear or discern anything that led you to believe that he was consciously preparing to be president.

O'Neill: During the time he was vice president, in a way I was his relief valve. When he wanted to talk about something in policy, he'd call me in and we'd talk about the economic effects of building cloverleaves in the highway in Michigan to create economic development. Honest to God, we'd have that kind of a conversation. "Well, look, if we built this cloverleaf over here at I84, or whatever it is, it will have the effect of creating opportunity for gas stations and restaurants." And he was really interested in those substantive things. What do government actions do on the community level? And when he was president, after he'd been there, I think, for three or four months, he said, "You know, Paul, there's a lot of really interesting stuff in the local papers. I'll make sure that after I finish the *Grand Rapids Press*, I'll have it sent over to you. So you can read the *Grand Rapids Press* and you can see how this stuff plays on the local level." We're up here talking way up here,

“because it will help you to have a different perspective if you see what this means when it gets down there.”

Smith: That's fascinating.

O'Neill: So we had those kinds of conversations.

Smith: Did he ever talk about Watergate?

O'Neill: Nope. Not with me. I'm sure he must have, but he never drew me into that. And I was thankful for that. In reminiscing about these times, during the time from when Erlichman and Haldeman left from April 30, 1973, and when Nixon resigned in August of 1974, every recommendation I sent to the White House about all the things that I was responsible for was approved. Everything. And increasingly, that really made me uncomfortable because it meant I was the decision maker. And so there was a great relief the day, maybe two or three days after President Ford became president, I sent over a recommendation and he sent it back unapproved. I had this sigh of relief, “My God, I'm so glad I'm not making the decisions anymore.” Because there was that time when Haig was working on trying to manage the Watergate situation and I think he [Nixon] was actively involved, still, in international affairs, but that the domestic stuff was mine. That was a really intimidating realization.

Smith: Let me ask you, because it gets back in some ways to what we were talking about earlier, both the congressional outlook, his loyalty to friends. The whole situation around Bob Hartmann and the speechwriting operation - in some corners there was condescension toward the new President who brought in his “Grand Rapids” crowd. And some were maybe more successful than others. But the fact that the President of the United States would, over time, tolerate or adapt himself to dual speechwriting operations, which is what it evolved into, is hard to fathom.

O'Neill: I think so, but if you look at the substance, I don't think it is too hard to reconcile. I think Bob Hartmann probably wrote most of the speech the President gave in the East Room when he was sworn in. And it was a wonderful speech. And so on substantive grounds, I think Hartmann had a role. He was a thorny, prickly personality.

- Smith: And why was he a polarizing figure?
- O'Neill: He didn't go out of his way to make friends, let me say that. He was arrogant, I guess. And he didn't believe anyone could write better than he could, so there was a lot of that about him. But it also led to some mistakes. And I don't know who owned the Whip [Inflation Now] thing, whoever owned it should have been whipped, because it was such a bad idea. And that may have been Hartmann's doing.
- Smith: It originated in the speechwriting operation.
- O'Neill: And again, within that same time period, when speeches are just speeches, it was a carryover – "We're going to be held accountable for this. Oh, my God, make sure this is exactly what we want to say."
- Smith: Right. They were still making first impressions. One can understand Hartmann in the sense of feeling protective about his boss. But you wonder at what point being protective shades over into being possessive in an unhealthy way?
- O'Neill: I think there was a certain amount of that. And I think the President tolerated it, because he didn't see the prickliness and the internal warfare and all of that stuff that was going on.
- Smith: Because there was the '75 State of the Union Address, where literally at the last minute, I guess he had two drafts and he himself spent a day trying to...did you witness any of that?
- O'Neill: Yeah, kind of second hand. Another thing, the director of OMB was Jim Lynn, and I think in that process - I'm pretty sure it was the '75 process - there were several people who went to Williamsburg to work on the speech. I guess they thought they would get inspiration or something. So it was that kind of red team and green team of people, and as I recall, I haven't read it for a long time, it ended up being kind of a mishmash. It had the one memorable thing about things are not good.
- Smith: Which no president before or since has ever attempted.

- O'Neill: Exactly right. But if he had said otherwise, the country would have said, "He's not telling us the truth." And so he did tell the truth. You know, he was really big on telling the truth.
- Smith: A funny story which we were told by Jack Marsh. Anyone else, when he decided on the Vietnam amnesty program, would have put out a press release on Friday afternoon and headed to Camp David. But what does he do? He goes to Chicago to tell the VFW, knowing there is not going to be any applause. The day before he leaves, Jack Marsh walks into the Oval Office and says, "I've got some bad news." He says, "What's that?" Steve, on his eighteenth birthday, never registered for the draft. He said, "He looked gob smacked." Before the day was over they had it all taken care of. The press never caught on. I'm not sure that would happen today.
- O'Neill: There were a couple of times during his presidency when he called me in and said, "Look, what I'm going to do is going to be very controversial. And I need for the implementation to be as close to perfect as possible, and you need to be responsible for implementation." So one was about the people who had gone to Canada to avoid the draft, and he brought Charlie Goodell in, remember Charlie?
- Smith: Yeah.
- O'Neill: His son is now head of the NFL. But he brought Charlie in and got us to organize a process so that we could keep the process from being a negative that would give people ammunition. The other time he called me in and said, "This has got to work right." It's when he decided to bring in refugees from Vietnam, including Hmong and thirty thousand people. We moved an enormous number of people into Indian Gap, Pennsylvania and some place in Arkansas, and got them settled without a big furor in the country. Actually, he called me and I got Julia Vadala Taft who was Will Taft's wife, who had been a White House fellow and was at the State Department. She subsequently made a career out of refugee resettlement. But we made that work right so that it worked in the community. It did not create a big furor, the people were welcomed and they were distributed through the country.

- Smith: I've often thought that was his finest hour, because immediately after the fall of Saigon, Congress's reaction was "Let's pull the plug. Let's pretend we were never there, and to hell with the refugees." And he put together this coalition with George Meany and the American Jewish Congress and others to shame Congress.
- O'Neill: It was the right thing to do. It would have been easy to look the other way. He thought it was the right thing to do. But he wanted it to go well, so the back end was the implementation needs to be perfect, you need to be sure this works okay because I'm really putting a lot at risk here for a good reason.
- Smith: That's fascinating because in this town we always hear about initiatives, but there is not a whole lot of attention paid to execution. I wonder whether some of that was the congressional experience – that oversight of programs.
- O'Neill: I think he knew that you had to pay attention to the implementation side. Otherwise value-based propositions could get torpedoed or ridiculed forever if they were not properly executed. It reminds me of one other vignette. Sitting in my office, I was a deputy director of OMB and it was during the time when we were relocating the Vietnam refugees, and there was a young brigadier general whose name was Sharp. He had been sent over from the Pentagon to tell me that Secretary Schlesinger had directed him to tell me that the Defense Department and the military services were not going to participate in this relocation of the Vietnamese refugees.
- Smith: Did he offer a rationale?
- O'Neill: Because it would deplete the resources we need for national defense. We can't do this, that's not the military's job, get somebody else to do it. So I said to him, "Okay, General Sharp, let me get the phone here. I want you to know I'm going to call the President and I want you to tell him you're not going to do what he wants you to do." And he said, "That won't really be necessary." That was the last I heard of it. And he went back and told Schlesinger, "O'Neill told me we've got to do this and he threatened me with the President." So a lot of times I didn't have to use the President, I just had to threaten to use him.

Smith: Did you ever share that story with him?

O'Neill: Oh, yeah, absolutely. I told him there's this young brigadier general over here, you may hear about this because I threatened that you were going to give him the order if he wasn't going to take it from me. But the President told me, "Do whatever you need to do." So I had great confidence I would get backed.

Smith: Let me ask you, because we've lost Jim Lynn, and he was clearly a very important part of this administration. Tell us about Lynn, how he operated and what his significance was in the Ford presidency.

O'Neill: I first got to know him when he was an undersecretary of Commerce. He had this kind of robotic penguin figure, very energetic and with a great seriousness of purpose. During the '73 shakeup after the election in '72, he was designated as Secretary of Housing and Urban Development. So I got to know him really well there because he was pushing a so-called Section 8 housing program, which I thought was a disastrous idea, because they were going to create a whole lot of subsidized housing and the costs were going to be enormous and greater than what was being alleged.

And so we had pitched battles over all that, and President Nixon put the legislation forward. What was said by the President was really important about these things, and he understood that - Lynn would come over to the Executive Office and he would stay around until two o'clock in the morning, basically until everyone else went home, to make sure that what he wanted in the President's remarks was not changed by me or anyone else in the Executive Office of the President. So I got to know Jim really well because we were at odds over what we had to do.

And it's ironic that the first piece of legislation that President Ford signed as president was a Section 8 housing legislation. So that was a big success for Jim. And somebody else could better tell you the story than I can. Fred Malek left the Nixon administration in September and they indicated to me that they were making me the deputy director. Under the 1974 budget act, there was a provision requiring for the first time Senate confirmation of the director of OMB and the deputy director of OMB. And so Roy Ash was the director, and

when Fred Malek left as a deputy director, the Nixon administration said we're going to appoint you deputy director. In anticipation of Fred's leaving. And when President Ford came in, he sent the nomination for me to be the deputy director and then – I've forgotten how much later it was – he appointed Carla and brought Jim over to be the director when Roy Ash left. I guess Roy left in January or February of 1975, and Jim came in as the director when I'd been confirmed then. Actually on my birthday in 1974 as deputy director. And so Jim came and he was a learner. He wanted to learn about the details. And where he'd been at Commerce and where he had been at HUD, gave him particular knowledge about those two places. But he didn't really know anything much of substance. So most of the time he was at OMB, because he came in January or February of 1975, and we left together in January of 1977, he was learning. One innovation while he was there was to create a booklet called *'76 Issues*, which was kind of a turn on the fact that it was 1976, and he got the OMB people, with consultation with departments and agencies to write policy analysis papers to explain the major decisions in the President's budget. That was a Jim Lynn innovation.

Smith: Carla told us her experiences, and those of others, of people who sat in the Oval Office and the President, Solomon-like, would hear their case, OMB's case, and make a decision. You must have sat in on some of those?

O'Neill: I sat in on a whole lot of those, and I remember especially the ones that we had involving Jim and Carla because he is the former HUD secretary and thought he knew better what should be done at HUD than Carla would ever know. I think, in probably every dispute Jim and Carla had, the President resolved in Carla's favor; and Jim – nobody else will tell you this – Jim would say, "It's because she has better legs than I do." It was that kind of a relationship.

Smith: Was she a charmer?

O'Neill: She was, but she was smart as hell. She mastered her brief – she was really good. But it got to a point where they didn't talk to each other. All the business between the Executive Office and HUD was done between Carla and I.

Smith: Yeah, it's an awkward relationship.

O'Neill: It was difficult.

Smith: One senses from what some people have told us that he did less of that over time, that he found that perhaps it wasn't the best use of his time.

O'Neill: I don't remember that. And what comes to my mind is that let's say it's March, 1976 or February of 1976 when we had the identification of seven Swine Flu cases at Fort Dix in New Jersey. And over a couple of month's time, that all played out. There is a book about that. It's called *Swine Flu Affair*, it was written by the guy who wrote the landmark book about the presidency at Harvard.

Smith: Neustadt.

O'Neill: Yeah, Richard Neustadt. And the co-author was Harvey Fineberg, who is the president of the National Academy of Sciences. They wrote a book about that time and the reason it comes to mind when you raised this issue about President Ford changing his style – that would have really complicated the issue. And the book lays out the whole story. But the President was really concerned about getting the decision right about what to do about the Swine Flu, and so he personally met with the people who were at HEW who were responsible for this area, with the CDC director, with the assistant secretary who was responsible for public health issues – repeatedly - to get a sense.

This was a really interesting decision making case because I said to the President, "I think we really ought to get leading virologists and epidemiologists from all over the country in here and get them to sit around the Cabinet table (there were twenty-three of them, I think), and get them to tell you their personal, individual views about what to do about this issue." They all came in, including Salk and Sabin, who hated each other through their whole careers, who developed different ways of doing polio vaccination. And all of these pre-eminent scientists sitting around the table and President Ford said, "Here's what it looks like. Here's what I have as a recommendation, that we should vaccinate the whole population. I want to hear it from you all; should we do this?" And it took a couple of hours, but

they all said absolutely, there's no question, you should do this. So at the end of the meeting, the President stood up and said, "I'm going to my office and I'm going to be there for the next half hour for any of you who want an individual meeting because you have a view that you are not willing or feel threatened to express in front of this larger group. Come through this little door here into the secretary's office and she'll tell me you're waiting for me and I'll see you individually." Nobody came.

So an hour later he went down to the White House press briefing and said we're going to vaccinate the whole population. And it turned out it had this horrible side effect of creating facial paralysis for forty or forty-five thousand people, and the Swine Flu never developed. We never had a spread of cases. But it's an illustration of a continuation into the spring of 1976 of the President taking personal accountability and responsibility. Not doing it all himself, but marshalling the best advice that was available to make a presidential decision. I would say the outcome was not everything you would like, but the decision process was everything you would want in a president.

Smith: It brings you to the kind of conservative he was and the decision that was made pretty early in the presidency to publicly announce that the administration would not be proposing new domestic programs - presumably until we got a handle on the budget and the like. I've been working for years on this biography of Nelson Rockefeller, and at least one individual has indicated that a contributing factor to that public announcement was Rockefeller's inclination every week at their lunch to come in with a big new program. And he was not consulted about this decision. Jim Cannon informed him after the fact and he was bewildered because in New York that's how you win elections.

O'Neill: A new program every week.

Smith: Exactly. It raises this larger issue: first of all, if you recall that, what was behind it? And it gets to this larger question, what kind of conservative was Gerald Ford? Because while he was in office, he was regularly described as the most conservative president since Calvin Coolidge; and then, of course, post-Reagan, it's all been redefined.

O'Neill: I honestly don't think this was an illustration of conservatism; it was an illustration of intellectual consistency. But first I'm going to tell you a story about Rockefeller and the energy initiative that he mounted. You know, it seems laughable in today's terms, but Rockefeller had this idea that we should set up a new hundred billion dollar energy authority.

Smith: The Energy Independence Corporation.

O'Neill: One hundred billion dollars. Which I believed was crazy and dishonest in a way; because it was going to try to do off-budget accounting for one hundred billion dollars and you know...

Smith: Like what he had done in New York.

O'Neill: Exactly. So, early on I said to the President, "I've been through this, and I don't think this makes any sense at all." And President Ford said, "But Paul, every vice president is entitled to his initiative ideas. This is not going to pass, so just calm down. Don't get excited about it. It will be okay." So in that instant President Ford was letting the Vice President have his initiative idea, even though he, President Ford, knew it was a good(?) idea and knew that it wouldn't go anywhere. But I don't think that the domestic freeze was aimed at Nelson Rockefeller. I saw it as an intellectual consistency with facts that existed on the ground.

It's been a long time, so don't hold me to this, but the federal budget, if you can believe it, as we were preparing it that year, was going to be four hundred and twelve billion dollars and President Ford believed that we needed to reduce spending by twenty-eight billion dollars. I think those are the numbers. And he didn't think it was appropriate to be proposing new things to pay for at the same time he was demanding of the Congress, "Don't add on anything to what we already have in the budget, and help me get this twenty-eight billion dollars that we need to get in order to restore some semblance of fiscal sanity to the federal government." So to me the domestic thing was not really aimed at the Vice President. He may have been splashed by it, but I think it was a signal to everybody, "This is true for everybody. There are not going to be any domestic spending programs until we solve this budget problem." And

I think he really did believe that there's an importance to fiscal responsibility. I never talked to him about it directly in his later life, but I think he must have cringed when he saw the quote about Dick Cheney telling me the federal budget deficits don't matter. Because I know he didn't believe that.

Smith: He was a child of the Depression.

O'Neill: Absolutely.

Smith: Seared for life.

O'Neill: Absolutely. But I also think it was not only that, Richard, it was his understanding of how things are coupled together in the world. So it's not really true that there are no consequences to having a huge and growing and unbelievably large federal budget deficit. There are ultimately consequences that are really unfortunate for the society.

Smith: Or adding new huge entitlements without paying for them.

O'Neill: He never said anything to me about it, but I'm sure he must have cringed when we passed an eight trillion dollar new entitlement program for Medicaid/Medicare drugs without one penny of revenue to pay for it. Eight trillion dollars.

Smith: Let me ask you, because this may or may not be awkward, but I am curious as to whether in those later years, he must have been in a somewhat awkward position himself, given that so many of his people were in the second Bush presidency, responsible for policies that he may or may not have agreed with. How did he handle that? And did you have conversations about your own experiences. Did he talk about the war? Brent Scowcroft just told us, for example, they had conversations in which he made known his dissatisfaction with...

O'Neill: He felt a strong sense that former presidents should keep their own counsel about most things about the government – which he did in his later years after he left the presidency. He didn't get into the business of being a critic or someone who knew better than the sitting president. And I think after I got fired from the Bush administration, and was saying publicly later in the book

that Suskind published that there was never any evidence of weapons of mass destruction, you could see him clench his jaw about things like that. I think that if he had been president during that time, he might have chosen to go to Iraq, but he would have said we have suspicions that they have weapons, but we don't have any evidence.

Smith: Yeah.

O'Neill: From the very beginning of the administration, I kept saying there is no evidence of weapons. There is a theory about weapons and there are people like Chalabi, who have their own agenda, who say they are seeing weapons, but there's no credible evidence of weapons of mass destruction. And Bush '43 obviously didn't want to hear it, and neither did Cheney and Rumsfeld, because it didn't promote what they wanted to do. So by resting on the assumption that the suspicions were correct, they were able to go forward and say, "We're doing this in good faith." And I think President Ford never would have done that.

Smith: Did you hear from him?

O'Neill: I would get great notes from him and he sent me things. So, I've got signed autographs of the times all the other living presidents were there, they all signed a photograph for me. But President Ford is the one who made sure I got it. So he was like that; he was ever thoughtful. I think he really appreciated me helping to quickly secure the money so we could build the Gerald R. Ford School of Public Policy building in Ann Arbor. I was determined we would get it done before he died, which we did. But he wasn't able to go to the dedication ceremony, which I think he would have been willing to risk dying on the plane, he so much wanted to be a part of that.

Smith: Tell me your role in getting the money for it.

O'Neill: I was co-chair of the fundraising. We raised \$33 million in six months, because we were in a hurry to get it done. So we called out all the people. Sandy Weill gave us \$5 million just like that. But you know, those later years, he would call me and ask me about budget issues and what I thought about

what was going on with budgets. But I don't recall him ever criticizing another president. Actually, he became friends with Jimmy Carter.

Smith: Good friends.

O'Neill: Really good friends. So I'll tell you a story about that. This was in 1988. I got a call from him saying, "President Carter and I believe we could do something useful if we assembled a group of people to write a series of position papers about the important issues before the country. We'd like for you to be the co-author, President Carter has decided his rep ought to be Alice Rivlin and we'd like for you to do our part in this – to write the paper on the economy and on federal budget policy."

Smith: This was the America Agenda Project?

O'Neill: Yeah. And the reason to do it is because there wasn't a sitting president running for office. So it was going to be – it turned out later – George Bush and Mondale, or whoever he was running against. So, this was in the spirit of bipartisanship; we don't know who is going to be president, and we ought to write something that's good for whoever becomes president. Oh, boy did that ever appeal to me. So we had the organizational meeting in Atlanta at the Ritz-Carlton Hotel, and there was a reception and a dinner.

I was still carrying not happy feelings about Carter because I thought he partly won because he misrepresented things in the 1976 election. He made a big point out of how many government commissions and agencies and stuff there were, and it was a substantial misrepresentation in the way that he did it. And it was not the only thing; I thought he'd done a lot of things that were beyond the pale and so I thought this is a really bad guy and I was not sorry when he was a one-term president.

So anyway, I waltz into this organizing reception and dinner in Atlanta and I walked in. I think President Ford hadn't arrived yet; there's Jimmy Carter. And he said, "I am really glad to see you. I've thought for so long what a great contributor to public policy you've been." I thought, "Wow, this is really different." So, when President Ford came in, I said to him, "You know, maybe President Carter is not such a bad guy after all." I told him the story.

And he'd long before decided Jimmy Carter was not a bad guy and formed their friendship and worked together on a bunch of things.

Smith: You wonder how much that friendship was eased by the fact that they both had run against Ronald Reagan.

O'Neill: That could be.

Smith: They had that in common.

O'Neill: But I think they truly were friends. And I thought the papers we produced were really quite good. I'm not sure anybody really ever looked at them after we wrote them, but they were really quite good.

Smith: The '76 campaign – I realize you weren't in the political operation.

O'Neill: I wasn't, actually. President Ford really protected me from all that. Except – you might think this is really political – he asked me to come to the convention in Kansas City, which I really couldn't afford to do. I'd saved up a little money for my daughter to go to college and I had to borrow some of that money so I could go as a non-civil servant to Kansas City before we had the elaborate rules that we have now. To pay my own way to Kansas City. And the reason he wanted me to go was so that if there were substantive issues, I would be there and I could deal with the substantive issues. But then, after he selected Bob Dole, he made me the connection with Bob Dole to make sure that Bob Dole didn't create any faux pas about federal policy out of ignorance or lack of understanding.

Smith: How did that happen?

O'Neill: He just called me in and said, "You know, Bob Dole has been announced as the vice presidential candidate and I want you to be available to him at all times so that if he is going to give a speech, or he's going to make representations, you make sure he's grounded in facts." That was my assignment.

Smith: Now, did you discuss that with Dole?

O'Neill: No, it's what President Ford said. He told Dole.

Smith: What was your impression?

O'Neill: I thought he was a really quick study, but I didn't have to worry too much about substance with him, because he was all about politics. He was up here shooting zingers and stuff, we didn't have anything to do with policy.

Smith: What was your observation of that convention, just from someone watching it?

O'Neill: It was interesting. I'd gotten to know a lot of these people really well. And we had a control office – Jerry Jones was there and Jim Cavanaugh and Red Cavaney – a whole team of people. And I guess I could refresh my memory and remember, but we were in the control office and we were planning everything to the finest detail. So Reagan was arriving at the Kansas City International Airport, and it was on a late Sunday afternoon, like five or six o'clock. So we spent a couple of days figuring out how we could make sure that President Ford arrived in the same news window so President Ford would dominate the news, and Reagan wouldn't get any coverage. We were working that level of detail. Bill Timmons was there. You know Bill.

Smith: Yeah.

O'Neill: Bill would remember all the people who were at that convention. But we were working that level of detail and it was really touch and go. Reagan was a force, he really was. It was very close.

Smith: Do you think, in retrospect, that the White House was slow to take Reagan seriously? That he would, in fact, run; and secondly, that he could be as potent a challenger as he turned out to be?

O'Neill: I'm not a good witness for that. I don't know.

Smith: Tell us about Rumsfeld as chief of staff.

O'Neill: Reflecting back on when I first got to know him was when he was appointed as head of OEO, and that's when I first got to know Cheney. I thought in that role, Don was a guy with really strong ideas about how to create performance with people and measurement systems, and discipline and all the rest of that. I

thought he did a really good job of doing what President Nixon wanted to do, which was substantially dismantle OEO. And I thought he did a reasonably good job; he didn't get it done; it ended up there under a guy named Arnett after Don and there was a guy after that called Howie Phillips, who was with the ideological unit of all time. Anyway, that's how I first got to know Don and then he kind of disappeared from my view when he was doing things in the White House. When he went to NATO, he was out of view. So, when I think back, as chief of staff after Al Haig, I thought he kind of combined the Haldeman process and the Haig process. And after he came back, he became a constructive influence, I thought, in making sure that the President's policy was his, and providing access for everyone who had a legitimate reason to deal with the President. So I thought he did that well. I didn't like the personal animosity that he was a party to with Hartmann. They really antagonistically disliked each other.

Smith: It's almost as if they were put on the planet to annoy each other.

O'Neill: And it was like when there would be some silly thing where Rumsfeld thought he'd won the issue, he would revel in that, which I thought was really kind of small ball.

Smith: Nelson Rockefeller went to his grave convinced that Rumsfeld was largely responsible for his being dumped from the ticket.

O'Neill: I think that's probably true. I thought Rumsfeld thought if he could be a secretary of Defense, maybe he could be the vice presidential candidate. And I think the Bush lockdown at CIA was his doing. He's an unbelievably ambitious person.

Smith: It would get to the point where the vice president's staff weren't given parking places. That level of pettiness. Well, it works two ways. True story, someone who was there swears it's true. Rockefeller, one day, who got less inhibited with age.

O'Neill: That's true. Some of the things he did were...

Smith: In some ways, he didn't age well. The lifelong discipline just sort of relaxed. But he would walk by Rumsfeld's office first thing in the morning, open the door, and say, "Rummy, you're never going to be vice president."

O'Neill: I believe that. I was a great fan of Nelson Rockefeller's.

Smith: What did you like about him?

O'Neill: I liked the fact that he didn't have to do anything with his life and he devoted his whole life to trying to make the world a better place. I mean, whether you agreed with the things he did, he was truly an unchained believer in the idea of a great society. And in his own way, that's what he tried to do in New York. He was flamboyant, but he was a real student of public policy. He went to the depths and details of public policy. I'll tell you a story about Nelson Rockefeller. This is 1973. Roy Ash is then the director of OMB; George Schultz has gone to be the secretary of the Treasury, so Roy Ash comes in.

This is like in March of 1973, Nelson Rockefeller comes down to meet with people in the White House. Roy Ash's office was in the White House in those days because he didn't want to see himself as diminished because George Schultz had had an office in the White House. So Roy Ash had insisted he had to have an office. I'll never forget, Nelson came in, Roy Ash asked me to come. Nelson was there to plead for an operating subsidy for the New York transit system. So after he made his pitch, Roy said, "Paul, why don't you tell him what you think?" So I went through this elaborate analysis of why it was a bad idea. "It might be good for New York, but do you understand, Governor, because of the way revenues flow to the government and the way they are then distributed, if we do what you're wanting to do, we're going to be taking money from the people in Louisiana and sending it to New York City to subsidize the subway riders and that's simple inequitable. It's not something we should consciously do. It's just wrong federal policy."

He laughed and he said, "Let me tell you why you're wrong, Mr. O'Neill. Here's why you're wrong. If we have to raise the subway fee," (and I think it was from thirty-five to fifty cents or something), "we're not going to get enough votes in New York City as that we can offset upstate the negative

votes with positive votes from and we're all going to get thrown out of office. That's why we need an operating subsidy." You know, so he understood it wasn't the right thing to do, but, by God, we can't afford to lose our offices. But it was the candor and the honesty of all of that, of saying, I know this is not the right thing to do, but I've got to plead this case.

Smith: And this was a guy at the end of fifteen years of the governorship who also knew that he had stretched beyond the limits what a state could do.

O'Neill: Absolutely. Anyway, I liked Nelson Rockefeller. I guess Jim Cannon, or somebody, told me that when Rumsfeld went to Defense, the Vice President went to the President and said, "O'Neill should be the chief of staff, not Cheney."

Smith: Really? That's interesting.

O'Neill: Ask Jim about that.

Smith: I will. That's very interesting. Dorothy Downton, whom Rumsfeld tried to get fired, contrasts the prevailing mood of the White House under Rumsfeld and under Cheney as being, at least relatively speaking, more relaxed. From her perspective it was a more pleasant work environment.

O'Neill: But it was interesting. I remember one time after – no I guess it was when Rumsfeld was still chief of staff – and we were in Jim Lynn's office in the Old Executive Office Building debating some policy thing, and the secretary came in and said, "Mr. Rumsfeld, Mr. Cheney is on the phone for you." And so Rumsfeld picked up the phone, put it up to his mouth and said, "Speak." It was so rude and unnecessary, I was just astounded how somebody could be like that.

Smith: He also struck me as someone of great intellectual gifts, that weren't quite matched to people skills.

O'Neill: It's interesting, though. He and I were successive chairmen of the Rand Corporation. Did you know that?

Smith: No, I did not.

O'Neill: Yeah, our paths have intertwined a long time, in a lot of different ways.

Smith: Were you surprised by the pardon?

O'Neill: I would say a different word – rather than being surprised – I guess I was stunned. It was a Sunday morning and the sun was out and it was such a relief to be out from under the awful conditions of the Nixon administration. And those first thirty days were so great working with President Ford because he started right in. You can look at the logs and see I spent more time with him than I did with my wife from August of '74 until January of '77.

Smith: What was his mood during that first month?

O'Neill: Energy. We were soaking it up. Get in here and get me briefed about all the things I don't really know about. Because there were a whole lot of things even – I shouldn't say even as vice president – his role of vice president was out there doing a lot of speeches and things like that. And now it was substantive time and, wow, was he ever ready for that. And so we hit the ground running with him. We spent endless hours with him in the Cabinet room and the Oval Office briefing every aspect of federal government policy – everything. So here it is, Sunday morning, life is good again, a President who cares about, and is really into, public policy issues, and he announces the pardon. And before the commentators started in, I guess I was close enough to it, I knew, this is the end of the honeymoon already.

While I wasn't ready to be back in the fire, I was okay with the pardon. I thought getting this out of the way is really an important thing to do, and I guess I didn't fully understand the political implications of people suspecting that this was a deal. It never occurred to me, Richard, that it was deal. I don't care what anyone else says, I don't think President Ford would have done that – it's not in his character to do that kind of thing. So that never occurred to me, that it was a bargain for the presidency was what it was about. I don't believe that, I don't think it's true. But I knew as soon as I heard the announcement we were back in the fire. And I really was not looking forward to being in the fire quite yet.

Smith: Did you have much contact with Mrs. Ford?

- O'Neill: No, not very much. Indirectly, mostly. I talked to people who would speak to her. I just don't want to bother her – and like people who get older, she has some good ones and some that are not so good.
- Smith: But I mean back then, during the White House – obviously you were in different circles, but did you have any contact really aside from social events?
- O'Neill: No, not a lot. But the kids were kind of part of the scene. I was in the Oval Office so much that I would frequently see Susan or Jack. Michael was away and he was living in Pittsburgh, I didn't see too much of him, except at occasions. Steve was not really around much; at least not as visible as Jack and Susan were. Susan was around a lot because she was an acolyte for Kennerly -
- Smith: Who was a virtual member of the family.
- O'Neill: Absolutely.
- Smith: What does that tell you about Ford? Remember when Saigon was falling?
- O'Neill: I'll tell you a story about Kennerly. This is about the *Mayaguez* incident. So there are a whole bunch of people around the Cabinet room and they are deciding what to do about the *Mayaguez*, whether we'd have to declare war or send the battleships in. And Kennerly, who was shooting photographs, said something in a pause in the conversation like, "Maybe they didn't mean it. Maybe it was unintentional." And it completely changed the conversation. It turned out he was right. But that intervention that really probably changed the course of history around the *Mayaguez* incident was probably Kennerly's intervention. If Okamoto or Ollie Atkinson, who was Nixon's photographer, had done that, they would have been second guessed out of the world. Right? Nixon would never have accepted that.
- Smith: When Saigon is about to fall, he sends General Wayland but he sends Kennerly with him because he knows he'll get an unvarnished report.
- O'Neill: Absolutely, from a guy who's been there and knows what it looks like.
- Smith: A very unorthodox presidential representative.

O'Neill: Absolutely.

Smith: Did he have a sense of humor?

O'Neill: Absolutely. I'm trying to think of illustrations. It kind of disappears with time because it's topical, you know what I mean? It wasn't Tip and Reagan sitting around telling dirty stories to each other, he didn't do that. But it was whimsy and it was a little mild tug at the ends of your mouth, not about falling down on the floor rolling in laughter. A kind of quiet humor.

Smith: Did he talk sports? In the winter on weekends, don't disturb him when he's watching football.

O'Neill: Yeah, I know he really loved sports. But I don't really remember – just passing things – again were topical – did you get to see that last night. But not that we'd just sit there and talk about sports.

Smith: Maybe this is off the wall, but one of the things that have always intrigued me, is to the degree to which he was sensitive and/or resentful of the portrayal of him – the *Saturday Night Live*, Chevy Chase business. The stumbling, bumbling, portrayal, which in turn fed into the whole question about his intelligence.

O'Neill: I think at the time, it's hard to know without him as a witness, but I think he saw it as a gag and it's what people on television do. I don't think he understood how serious it was from the point of view of insolence and people's opinion. He never could accept the idea that people would – I don't think the staff ever figured it out either - that when he went skiing he was going to fall once in a while. He was an expert skier, but he was going to fall once in a while and the television would get it. Right? And they would not show him whizzing down the Black Diamond slopes of Vail, they would show him falling down. He never really got that and I think he was such a gifted athlete, he never understood how they could make his missing a step coming down the stairs on Air Force One, or bumping his head on a helicopter, this is what it's like 24 hours a day with President Ford. He couldn't get it that people were accepting those vignettes, kind of snapshots,

of this is the real President Ford. I don't think he ever got that, Richard. Because it wasn't true.

Smith: And again, as I say he was not self-dramatizing. He wasn't a PR type; that aspect of the presidency for some reason eluded him.

O'Neill: He was not a theatrical speaker. Probably the best speech he ever gave was the '76 convention speech. It was really well done and delivered with enthusiasm. I thought it was a great speech.

Smith: By the end of that campaign, did you think he had caught up? Did you think there was a real chance?

O'Neill: I thought it was going to be close, but I thought he had a real shot at it. But if you remember, it was not just about Watergate. It was about the state of the economy.

Smith: The weekend before the election there were economic numbers that came out. Greenspan famously referred to "The Pause" in economic recovery. And I've often thought at the very last minute whether that engendered doubt.

O'Neill: It certainly didn't help. So after that the Congress had hearings. I was still around until January and there were some people on the Hill who believed that the Office of Management and Budget had held back funds so that the economic recovery would not be what it should have been, which was unbelievable to me. But I went up and testified about where the funds are and how they are flowing and all the rest of that and believe it or not, we don't send money out in wheelbarrows if we don't owe bills.

Smith: Did it take him a while to bounce back from losing? He said, "I can't believe I lost to a peanut farmer." I just wondered if you noticed any change.

O'Neill: He just seemed to me to go on. I'm sure it hurt a hell of a lot, but I never saw it in his behavior or in his interest. Right away he started engaging me in what do you think about the budget documents and are we doing the right thing about public policy? There is something else that occurs to me as I'm telling you this. He got an award at the Lotus Club maybe some place between 1983 and 1985, and I only remember this because I was one of the testimonial

givers and I think I've got a video tape of that at home with other people talking about President Ford. And he was there. This was to honor him in a very elite, whatever that means, crowd. I'll have to dig around and see if I can find that for you because it might be helpful.

Smith: That would be great to see.

O'Neill: I saw him then, increasingly with the formation of the Ford Foundation and had reasons to see him on a regular basis. But he spent his energy on other things. I think he was a great contributing board member on the boards he was on.

Smith: Do you think he took a bum rap for serving on boards.

O'Neill: I do, but what the hell, he had knowledge and wisdom and judgment to bring to bear and why not?

Smith: And by all accounts, he took it very seriously.

O'Neill: Absolutely. He was not a free rider, absolutely not. He brought something to the party.

Smith: Do you remember the last time you saw him?

O'Neill: It probably was at the last dinner that he attended.

Smith: For instance, the 90<sup>th</sup> birthday, they had the dinner at the White House.

O'Neill: I was there. I have pictures from there.

Smith: That must have been a very special occasion.

O'Neill: It was great. It was the first time I had gone back to the White House after I got fired.

Smith: Oh really?

O'Neill: Yeah. Henry Kissinger said to me that night, "Pretty brave of you to be here." And I said to him, "I'm here for President Ford, not for President Bush." But it's interesting, President Bush kept saying, "God, you look great!" So I said to him, "You know, why not?"

Smith: How do you think President Ford should be remembered?

O'Neill: In the broad sense, as a value-based human being, who cared in every way about his country first and foremost, and about his family, of course. But history may heal this, I think maybe he was one of our most important presidents because he served under unprecedented circumstances and he did it with distinction and honor.

Smith: You said earlier that he never disappointed you.

O'Neill: Absolutely, in anything he did. I never thought this is really small bore for President Ford. I never saw him do anything that I would say didn't pass muster as the right thing. And that includes his behavior toward people. I never saw small things from him. He never put people down. He never made people feel small. That's a really important human quality. He never did that to anyone.

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