The Truman White House

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E. H. Hobbs (chair): I would like to open with a short statement concerning the Executive Office of the President. I am sure that all of us know that in 1937 the Brownlow Report—the report of the President's Committee on Administrative Management—proposed, among other things, that there be added to the White House staff additional administrative assistants, that the number of agencies reporting directly to the president be reduced, and that an Executive Office of the President be created. We also know that, after a brief gestation period, the Executive Office was formed in 1939. In itself, the formalizing of the Executive Office of the President did not give the president any new powers, duties, or additional responsibilities, yet it was a very significant action in the history of the presidency.

But when, on September 9, 1939, Executive Order 8248 was issued implementing the new structure, it was given very little attention in the press. In part, no doubt, this was because on that same day President Roosevelt proclaimed a limited national emergency. Needless to say, over the years—and particularly during the Truman administration—the Executive Office has grown in importance. Two major units which have endured the test of time were formed during the 1940s and added to the office by congressional enactment: the Council of Economic Advisers in 1946 and the National Security Council in 1947.

I want to start with a key question: Were there problems in coordinating the work of the various units of the Executive Office, and were there any pressures on Mr. Truman to set up a coordinator of their work?

Elmer B. Staats: You have to remember that when President Truman took office, the Executive Office was made up primarily of the Bureau of the Budget. There had been established under President Roosevelt a variety of agencies for the civilian wartime programs, virtually all of them under the president's authority. But the Office of War
Mobilization, which James F. Byrnes (and later Fred M. Vinson) headed up, was really about the only unit that served the president directly; the rest were creatures of the president’s legal authority but did not, in practice, report to him directly.

At the time the Executive Office was established, there was a National Resources Planning Board, chaired by Frederick Delano; it was abolished by Congress in about 1942. There was an Office of Facts and Figures under Archibald MacLeish and an Office of Government Reports that Lowell Mellett headed up; both were later merged into the Office of War Information. There was a Central Statistical Board; it was merged into the Bureau of the Budget.

So, in the early days of Mr. Truman’s tenure, the only problem of coordination was between the Bureau of the Budget and the Office of Defense Mobilization.

There were some strains between Harold Smith (director of the Bureau of the Budget) and Justice Byrnes as to who had primacy; but generally the arrangement worked very well, and there was no particular need for the White House staff to intervene. Later on, as you have indicated, the Council of Economic Advisers, the National Security Council, and also the National Security Resources Board were established, adding to the number of units. By the time President Truman left office there were some seven units within the Executive Office, if you include the White House itself. In contrast, by the way, there were some fifteen units at the time President Ford left the White House.

As to your specific question on whether there was pressure to provide for coordination among the various units: During the Truman administration there was very little of this. (To be sure, there were differences of opinion in terms of the advice given the president from time to time.) The fact that we were all physically located in the same building helped a great deal: People often had lunch together, and it was no problem to pick up one’s papers, walk down the hall, and discuss a problem with a counterpart in the Executive Office.

When we had a problem involving a mutual interest of two units of the Executive Office, we went together to see the president, or we went together with a member of the White House staff to see the president.

HOBBS: May I ask a follow-up question: Did the White House staff meetings include, with any regularity, the various directors of the other units within the Executive Office?

STAATS: I do not recall that there was ever any participation by the Bureau of the Budget in those morning staff meetings. We frequently knew what was coming up because we would get calls from members of
the White House staff on something that was going to be discussed or following those staff meetings, if there was some interest in following up or in the Bureau of the Budget doing some staff work. I do not recall that we ever sat in on any of the staff meetings.

ROGER W. JONES: After Mr. Webb became director of the Bureau of the Budget, even though he was, on occasion, invited, he felt that his role was different from that of the remainder of the staff and that he ought to stand more or less aloof from the White House staff's own work.

LEON H. KEYSERLING: I think the history of the Council of Economic Advisers is a prime example of the ability of President Truman to provide for coordination. The Employment Act of 1946 was in itself an attempt at coordination because it was based on the idea that it was not enough for the president to get economic advice from segmented parts of the government, expert though they were, but that there ought to be a unified national economic policy with an agency devoted to that purpose. That was why the Council of Economic Advisers was established.

The main vehicle for this coordinated policy was the Economic Reports which the president sent to Congress. During my period on the council (although this was not the case later) the reports were sent to the Hill twice a year. The reports carried the printed notation "Prepared with the assistance of the Council of Economic Advisers." This reflected the aim of the 1946 law that the CEA was to be the primary instrument for the development of the president's coordinated economic policy.

How did President Truman implement this? The first Economic Report was prepared for issuance in January 1947. It was a single document, perhaps fifty printed pages, a thorough economic analysis, factual, analytical, accompanied by program recommendations.

Recognizing that it was a little incongruous for the president to sign a document of that length, about two years later, at my suggestion, we broke it down into a short Economic Report from the president and a long accompanying report transmitted to the Congress in the same package and called "The Annual Report of the Council of Economic Advisers." But in one sense there was no real distinction between the two. Obviously both reports contained policies; the council's report contained the analysis on which the president's report was based. Therefore, one might say that the president's report was a summary of the longer report, cast in presidential style. The council, of course, prepared both the president's report and the council's report.

At the very beginning of the budget preparation cycle we provided the Bureau of the Budget with certain economic assumptions to be used, though not mandatorily, in the preparation of the budget.
We established a group of interdepartmental staff committees paralleling the working committees within the council; a council staff member chaired each interdepartmental committee. These continuous staff relationships served to reconcile differences so that as we approached the time when our reports had to be submitted to the White House proper, the groundwork had been laid. Presumably, the heads of the various departments had been kept informed by their staff representatives; but before the reports went to the White House, I directly contacted the various cabinet members. I remember a particular occasion when Secretary Snyder called me up about some point in the draft that he had concern about: we settled it in two minutes on the phone, and there was no problem. That was the way it worked.

Then the process moved to the White House. What we did was get together, with the council's draft as the basis. We sat around the table and made changes—just as any group working together makes changes in details. The policies were already known; the White House staff never attempted to override us on policy. We made changes in phraseology, and as the council became more mature, as our contacts increased, and as our respect for each other increased, those changes were usually quite minor.

Now, let me come to some of the other ways in which President Truman improved this relationship between the Council of Economic Advisers and other parts of his administration. At least beginning with the Korean War, President Truman treated me like a member of the cabinet. This was a recognition by President Truman that the old-line cabinet, composed of legislatively established departments, no longer reflected the major concerns of the government, especially in wartime. He recognized that the postmaster general was less important (to put it frankly) than the chairman of the Council of Economic Advisers or the director of the budget.

Secondly there were certain other groups established, of which I was a member. One of these was especially important and had a bearing upon the increasing familiarity and friendship between the White House and myself (first as vice-chairman and then as chairman of the Council of Economic Advisers). Immediately after the 1946 congressional elections, when the Eightieth Congress took over, President Truman set up an unpublicized group which met every Monday night for dinner and conversation. That group included Charlie Brannan, Clark Clifford, Charlie Murphy, myself, and a few other people; the group continued until President Truman announced his intention not to run again in 1952. This group really was set up for the purpose of reexamining the position of
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the Democratic administration and its policies, and it was quite influential with the president.

During the Korean War there arose the question of coordination between the Council of Economic Advisers and Mr. Wilson's office [the Office of Defense Mobilization]. President Truman took a great interest in that. It was a difficult problem, because to have subordinated the council to Mr. Wilson would not have worked: economic policy is—or should be—broader than war policy. On the other hand, it was politically impossible to subordinate Mr. Wilson to the council. President Truman solved the problem. He told me, "I don't want you in any way to be responsible to Mr. Wilson, but I want you to participate in the meetings Wilson holds every week with the chief operating people in the war program." That was done, and I attended as a representative of the president.

There was also a mobilization board—I do not remember the exact name—but it was a representative public board with [William] Green and [George] Meany from the AFL, [Philip] Murray and [Walter] Reuther from the CIO, business representatives, and public representatives, of whom I remember William H. Davis. I believe that the president was technically the head of that group, but as a practical matter Mr. Wilson was the chairman. Maybe Mr. Wilson was the technical chairman as well. In any event, the president insisted from the beginning that I attend all of their meetings and that every week I brief this group on the economics of the war program.

I think I have covered various ways in which Harry Truman personally took a deep interest in the effort to coordinate. You never do this by organizational charts, you do this by taking account of the people you are working with, who is good for what, and how you can put them together. I think President Truman did a superb job on that.

HOBBS: Are there any comments?

JOHN W. SNYDER: Mr. Truman certainly took a great interest in Mr. Keyserling's operation, and he did consult with him continuously. But Mr. Truman never considered him a member of the cabinet.

KEYSERLING: He may not have considered me a member, but he had me there.

CHARLES S. MURPHY: I would like to add a footnote to this discussion.

First of all, there is no statutory basis for the cabinet; it is whatever the president says it is at any given time.

But I want to talk about the participation of Mr. Keyserling and the
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Council of Economic Advisers in the Korean War effort and also in connection with the work of the National Security Council.

About Christmas of 1949, the president gave me a paper to read which, as I understood it, had been prepared by the Departments of State and Defense. It had to do with the overall view of our defense posture and the risk and dangers to which the nation might be subjected. This was not a field in which I had done very much work up until that time or in which I had a great deal of background, but I was enormously impressed by this paper. I thought that the situation really was very serious and that it was extremely important that something be done about it. This was, as I say, at the end of 1949, when the government had been operating on the theory that the defense budget could not be more than about $14 billion without bankrupting the country. Louis Johnson, who was secretary of defense, was generally credited with being responsible for that view. I have always been doubtful that he really was the one who originated that view; I am inclined to think he was more in the position of a man who was given instructions and then tried to carry them out. But that is the background against which this paper came.

The president asked for my recommendations with respect to this paper, and I recommended that it be referred to the National Security Council and that Mr. Keyserling be asked to work with the NSC, particularly because of the acute question of the economy's capacity to support an expanded defense effort.

The president did refer the document to the National Security Council where it became known as NSC-68. I asked for permission to work with the NSC on this.

One of the things that was discussed a great deal in the NSC senior staff group was the capacity of the economy to support a larger defense effort. From time to time we would turn to Leon and ask, "How much can the country afford to spend on defense?" And Leon would say, "I don't know exactly, but you have not reached the limit yet."

And this, it seemed to me, was enormously important.

Hobbs: I would like to move a step further and ask a question that is really a matter of public administration theory. It is this: A well-established principle of public administration is that the hostility of line agencies toward staff agencies is inevitable. Were there examples of this during the Truman administration? Did any of the department heads find the Bureau of the Budget, for example, and the controls that it exercised bothersome, frustrating, and what not? Were there clashes of any sorts with any of the agencies within the Executive Office of the
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President? All of you indicated that you felt that you had free access to the president, but were there problems with his associated agencies and at lower levels?

JONES: From which side of the table do you want an answer on that one?

HOBBS: Either side.

Snyder: You will find in my paper a discussion of the Treasury’s relationship with the Bureau of the Budget. Mr. Truman’s notion about the budget operation was a little different from Mr. Roosevelt’s, but the Treasury and the Budget Bureau worked very handsomely together. Through four different budget directors during my administration as secretary of the treasury we got along splendidly, with Mr. Webb in particular.

Staats: I would like to support everything that John Snyder has said but add to it also the importance that we both attached to developing common assumptions about the revenue side of the budget. Now this is very important. When the Council of Economic Advisers came into the picture, it was factored in, along with the Commerce Department and the Federal Reserve System. But the Treasury Department–Budget Bureau relationship was particularly important; all along, there was consultation between the two. In the briefings we had with President Truman, it was Secretary Snyder and Mr. Webb and myself, with some others, who sat around the table talking over the budgetary situation. At the time of the press briefings on the budget, the president sat in the middle with John Snyder on one side and the budget director on the other.

I would also like to address myself more directly to your question. Were there clashes over the budget recommendation that went to the president for a particular department? It would be almost a truism to say that there was a difference of opinion in every case. The question was, how did it get resolved? Charlie Brannan can tell you that every year we had discussions about what should be the proper budget level; to the extent that we could not work these things out directly, the department heads understood, as did the president, that the issue would come to him for resolution.

There were not too many cases where we had to do that, but everybody understood all along the line that the president’s door was open. If it was a matter we knew the White House staff was interested in, certainly they became involved; all of us were interested in having complete staff work for the president.
Theodore Tannenwald, Jr.: Let me reinforce what Mr. Staats has just said. I mentioned an example earlier in which I was involved because Governor Harriman was in Europe on the "wise men" operation. In the finalization of the fiscal '53 budget, we ran into an irreconcilable dispute with the Bureau of the Budget. I have forgotten whether it was over the total level of funding for the aid program or only some major segment of it. But there was just no question that the way you got the answer was to go to the president. I went to the president with Mr. Lawton, and the president made the decision.

In terms of your question about hostility and tensions, the Office of the Director for Mutual Security—its history and how it worked—is probably a shining example. When Governor Harriman came back from Paris to do the coordinating job (or whatever you want to call it) plus his advisory job as the president's special assistant on foreign affairs, there were tensions between State and Defense. Governor Harriman found himself in the middle of these tensions. There were also some questions as to how this new office of special assistant to the president was going to operate. From the time the Economic Cooperation Administration was created, with Paul Hoffman as its head, until 1951 when
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the first overall Mutual Security Act came into being, there was a constant argument about where the foreign aid program belonged. Did it belong in the State Department or should it be an independent agency? Indeed this struggle manifested itself in the fact that in the Mutual Security Act of 1951 the House bill provided for the agency to be independent and the Senate bill called for it to be part of the State Department (or maybe it was the other way around). Then, in two hours on a Saturday morning, in conference, without the benefit of any staff advice other than the very effective work of the then undersecretary of state and former director of the Bureau of the Budget, Mr. Webb, who was defending and protecting the interests of the State Department, there emerged a middle ground in which the Office of the Director for Mutual Security was created and given two tasks. One was to run what had been the old ECA; the other was to coordinate the military, economic, and technical assistance aspects of the foreign aid program. The technical cooperation program had been part of the State Department and remained there. The military assistance program was really an operation of the Defense Department and remained part of the Defense Department. When Governor Harriman was named by President Truman to be director for mutual security, the problem of State vs Defense immediately came to a head. It obviously portended tensions and reflected hostility.

Here for the first time was statutory layering: there was just no question that somebody was being put between the president and the departments involved—the statute required it. The question was how to handle it in a way that would produce the maximum result in a very important aspect of our foreign policy, with a minimum of difficulty and friction. Governor Harriman made the decision immediately; the problem of running the old ECA and doing the coordination job was too much for any one person to take on. He delegated authority to run the agency to John Kenney and retained for himself the coordinating function given him by the statute. But he wanted it understood, and he made it very clear to his staff, that we were to operate by encouraging the underlying agencies to take the lead and to resolve the problems, with our being only the catalyst.

The hostilities were reflected, for example, in the Executive Order that assigned certain responsibilities nominally given to the president under the act and spelled out the role of the Office of the Director for Mutual Security. I remember there was a great argument about whether the director should be given the authority, as I recall the language, of "general direction of the foreign aid program"; the phrase was finally taken out and some compromise language substituted. The power given
to the president under the act to allocate funds between the various types of programs was delegated by the president to the director for mutual security. While it was a power that gave us, in many ways, ultimate control over a program, it was a power that remained in the background and was rarely used directly to accomplish the purpose that we had in mind. When that power was exercised, it was usually done only after a very strenuous effort had been made to produce a consensus between the State and Defense departments and our own office.

The special assistant's office and the Office of the Director for Mutual Security are shining examples of the fact that it often does not make any difference what is on paper, or indeed even what is in the statutes, because authority depends so much on the relationships between the warm bodies in the key positions. It is a tribute to Governor Harriman and to President Truman, who had such great rapport with Governor Harriman, that relations with Secretary Acheson, Secretary Marshall (and later Secretary Lovett), and, of course, with John Kenney (and before him Paul Hoffman) were such that the latent hostilities never became open conflicts. But the problems were there, make no mistake about it.

HOBBS: In your paper, Mr. Tannenwald, you refer to "end runs" by the secretary of defense as a means of embarrassing the Office of the Director of Mutual Security, if not to overrule the office. What were the results of these end runs—negative or positive—and did Truman try to minimize them, and if so how?

TANNENWALD: There were some examples, and as I recall, the end runs were often made more by way of the Joint Chiefs of Staff than they were by the Defense Department itself or by the secretary of defense. The shining example is the one that I mentioned earlier, when there was a real argument in September or October of 1951 as to where tanks were going to be sent—to the armored divisions in Texas or to the NATO forces. We thought we had it all settled that the tanks were going to go to Europe, and then I found out that there had been an end run and that the president was of the mind to have them sent to Texas. That was the one episode where, as I recall, Secretary Lovett and I could not reach an agreement. We went to the president and it got resolved: the tanks went to Europe.

W. AVERELL HARRIMAN: Well, I think there were very few end runs. This one I recall.

HOBBS: Judge Tannenwald, do you think the president recognized
these approaches by the secretary of defense as end runs, and if so, what did he do to discourage that kind of administrative procedure?

TANNENWALD: I would not put it in terms of President Truman recognizing these moves as end runs and then doing something about it. I would rather put it that the president would recognize a problem when it was brought to him as being one on which he would like to have the benefit of somebody else's point of view. He would, therefore, make sure that he knew what that other person's views were before he made a decision.

It is a little bit like what I said on the subject of a chief of staff of the White House: Charlie Murphy was not Chief of Staff, but it was a pretty good idea to talk to Charlie about a matter before it went to the president because if you did not talk to him before, you were likely to find yourself talking to him afterwards.

HARRIMAN: Of course, this was really a conflict of interest between two responsibilities of the Defense Department—to carry out the foreign mutual security shipments and to look after their own requirements. It either had to be settled by the secretary of defense, or if I disagreed, it had to be settled by the president. So it was not really an end run, but rather a conflict of interest, which we thought had been decided in the wrong way.

HOBBS: Let us move into an area I do not believe we have touched on so far, and that is the establishment of presidential study commissions. Was Mr. Truman effective in obtaining results from these commissions and, if so, what were the relations of these special commissions to the Executive Office agencies?

PHILLEO NASH: I would just point out that the whole country's attitude on civil rights and on majority-minority group relations was turned around by the President's Committee on Civil Rights. It was set up with the idea that there had to be a change in national sentiment. The president's powers of persuasion, of setting up a forum, and of calling on citizens to discuss important differences was made use of. It was a very carefully thought-out decision on Mr. Truman's part, and it was enormously effective. Some of the effects are still being felt today, and some of the processes that commission initiated can still be seen as ongoing processes today.

HOBBS: Mr. Nash, did that commission have a liaison arrangement with your office?

NASH: Yes. Mr. Niles and I provided the staff assistance and sup-
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port. Everything was discussed very fully with other members of the White House staff and with Mr. Truman, but basically we provided the liaison, helped select the committee members, looked up the authorities, etc. We also did a little help with the committee itself in ensuring as unanimous a report as possible with a minimum of dissent in a highly controversial area. Then there was also the question of whether there would be further support by legislation; here, of course, we went straight to the president and to his counsel.

STAATS: It seems to me that the answer to a question of that type has to be in relative terms. I can think of two commissions that I was involved in. One was the Fahey Commission which was set up to look at the whole problem of materials, supplies, and shortages. This was a commission set up at the recommendation of Stuart Symington and the Budget Bureau, and staff liaison between the bureau and the NSRB was very close. Out of that came some better guidance—on stockpiling policy, for example, and on incentives for minerals exploration—but certainly not a complete acceptance or recommendation.

The other commission I can think of was one on water resources policy, chaired by Morris Cooke. That again was a commission established by the president at the recommendation of the Bureau of the Budget, which was having great problems with the water resources development agencies on what the reimbursement policy should be. We had this out with the Soil Conservation Service and with the Corps of Engineers and with the Bureau of Reclamation. Again some recommendations were accepted, and some were not. I think that would be pretty much par for the course on any commission.

JONES: We need a footnote here that the Truman concept of the presidential commission was quite different from the wave of “taskforceitis” that began to hit us a few years later. I find that in some of the literature the distinction between the two has not been maintained, that task forces of later administrations are being treated as similar to those Mr. Truman established, and that is not true—as Elmer just pointed out on both the Fahey and Cooke commissions.

THOMAS BLAISDELL (University of California, Berkeley): I would like to make just one comment with regard to the special commission the president appointed dealing with the armed services that Philleo Nash was talking about. When Charlie Fahey was asked to become chairman of that particular commission he went to the president and said, “Mr. President do you want a commission which will give you a report, or do you want something done?”
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The president's answer was, "I want something done."
Fahey replied, "I'll take the job."

The difference between commissions that are appointed to bury problems and those that appointed to do something is very important and one that President Truman recognized.

KEN HECHLER: In 1951 President Truman asked the American Political Science Association to set up a commission on soldier voting. They made a very comprehensive report with recommendations that were subsequently sent to the Congress in a message by the president, and the Congress did enact legislation to ease the process of voting by members of the armed forces. I thought this was a very clean-cut example of a commission that did a thorough report, legislation resulted, and improvements were made.

NASH: Could I offer an aside to Tom Blaisdell's story? I think that Dave Niles was the one who first suggested Judge Fahey. Niles described Fahey to me as the reason why he would be an excellent choice for this committee: "He is little, he speaks in a little voice, and he is tough."

I said, "That certainly sounds like the right fellow to me." And he was. He spoke in a way that required you always to lean forward to listen to him. And as we came to admire the work he did, Dave and I referred to him as "Whisper" Fahey.

HARRIMAN: There is one agency which the president used to co-ordinate the activities and mediate the opinions of different departments or agencies; it has not been mentioned and I think should be mentioned. The president appointed the National Advisory Council which gave directions to our representatives on the International Monetary Fund and the World Bank. The secretary of the treasury was the chairman of it; State had a representative; I was represented as secretary of commerce—I can't remember all of the other agencies. There were definitely differences of opinion, particularly (as I remember it) between myself and the representative of State on different loans to be made. Here was an agency to resolve differences. I don't know how active it is today, but it performed a very important coordinating activity which functioned very effectively.

WALTER S. SALANT: For the record, that was a statutory body set up in the Bretton Woods Agreement Act.

HOBBS: Let us turn our attention now to another vital unit of the Executive Office and that is the Bureau of the Budget. One of the bureau's most formidable responsibilities is legislative clearance as well
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as several other important duties in this particular field. What I would like to know is how this institutional responsibility for legislative clearance meshed with the political orientation of the White House toward legislation?

JONES: Elmer Staats was the first real head of what was then called the Division of Legislative Reference in the Bureau of the Budget. I was his deputy and also the congressional liaison man. My job was to say in touch with the committees of Congress, particularly during the Eightieth Congress which was Republican controlled, to keep them advised of presidential programs, and in turn, to try to bring back certain institutional advice from the committee staffs. But this process could not have succeeded if we had not had the almost total backing of President Truman and certainly the total backing of the White House staff, particularly Mr. Murphy. Later on, Dick Neustadt and other people from the Budget Bureau moved over, people who were familiar with our working processes—Dave Bell, Harold Enarson, Russ Andrews, Dave Stowe. All of them in one way or another had been involved in the rudimentary processes of legislative clearance which had grown up—some since the early days of the Roosevelt administration. Dick Neustadt has traced the history of legislative clearance in his articles in the American Political Science Review.

Very early on the president approved the concept of trying to get together a total picture of what legislation might be recommended to the forthcoming session of the Congress. Accordingly, the Budget Bureau annually called for the legislative programs from all of the departments and agencies; subsequently the bureau’s staff separated the proposals into several categories. First there were those items important enough to be considered by the president for inclusion in his legislative program. Then there were items which were of a minor nature, but about which the president certainly had to know since he would be asked to support them in his budget.

Another category consisted of items which had to do with expiring laws; this was an important category and one to which not enough attention had been given before Elmer and I started working on this operation. There had been a number of instances in which the White House of an earlier era had been caught short with a sudden realization that a law would expire on the thirtieth of June and that nothing had been done about setting the stage to get it continued.

And finally there were those items which seemed to us, on the first go-round, to be so far afield that they should not receive serious considerations by the White House. As the president’s agents, after clearance
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with the White House staff (and if necessary, with the president), we
would go back to the departments or agencies and tell them that this or
that proposal was not timely or was something the president did not want
or created the wrong kind of conflict with other agencies or programs.

As the fall months proceeded, this work of categorizing and refining
was tied in closely with the budget process itself. The various proposals
were worked into the process of evaluating the cost estimates sent in by
the agencies. Elmer, as the first head of this operation, quite wisely
made the decision that we would not attempt to second-guess the budget
division and that we would not set up a large staff which would dupli­
cate the budget preparation divisions. We kept our staff small and
worked through the other divisions. This general concept and philosophy
of operation continued not only through the Truman and Eisenhower
administrations, but well into the administration of President Kennedy
and to some extent the administrations of President Johnson and his
successors.

The key to what I consider to be the outstanding success of the
whole operation was the availability of the White House staff. Almost
any issue could be taken there, some of them calling for the development
of legislation. I remember one instance in which we worked very closely
with Admiral Dennison who—I guess because he wore a blue suit—had
been saddled with the job of trying to straighten out the whole problem
of what the economics of our maritime policy should be: the amount of
subsidy for ship construction in American yards, the amount for paying
higher wage rates to crews in the American maritime unions, and some
of the other issues involving the redoubtable Mr. [Harry] Bridges and
his organization. Through Mr. Murphy’s intervention, and with the pres­
ident’s full support, we were able to move anywhere in the White House
staff in this developmental process.

Once Congress took action on legislation, whether it had originated
at our end of the avenue or in the Congress, there was an improvement
in the ensuing procedures which had been in force during the Roosevelt
years. Facsimile copies of all enrolled enactments came to the Budget
Bureau and were circulated by us to all agencies interested or affected.
Fred Bailey, my predecessor, had tended to send copies of enacted bills
only to the agency of chief concern. This was extended somewhat during
the latter years of Harold Smith’s directorship. But Webb, Pace, and
Lawton wanted the bills sent to all interested agencies. They directed
us to gather departmental views and then pull them together into a
summary which was forwarded to the White House. To keep the insti­
tutional character of this procedure, our memoranda were all addressed
to Bill Hopkins. (In those cases, however, when we had a veto message
or something of the sort to work on, the memoranda went to the president.)

We always tried to get everything to the White House so that there would be five full days for consideration there, but we frequently failed on this. I remember one occasion when we were unable to get an enrolled bill memorandum to the president until the very night that the bill was to expire. President Truman actually took action over in the White House about 11:30 p.m. This was repeated once more in the Eisenhower administration. I guess after that everybody got religion and decided we couldn’t impose on the president to such an extent.

Then there came the question of the follow-up: What else was necessary? To the greatest extent possible, the budget director became a channel back to the agencies to develop the necessary structure for administering new legislation.

One final note. I referred earlier to an institutional relation with the committees of the Congress. This began largely in the Eightieth Congress when the Republicans were in control and there was a Democratic president. It seemed wise to have some kind of channel of communication to let the committees know through their own staffs what administration reactions were to all kinds of things. And we rather expanded the process of clearance of agency reports. We never really told an agency outright that it could not report to Congress whatever its views were—except, of course, on presidential items when the agencies were not free to depart from the president’s position. Our effort was to let the committees know, in an informal, fairly stereotyped way, whether there was any strenuous objection from the administration to the nonpresidential items. All of this was covered by a Budget Bureau circular which, although it has been revised a couple of times, is still in effect. This circular (A-19) lays out the formal, almost ballet-like, rules for handling agency testimony on legislation.

STAATS: I think Roger has covered it extremely well. I will just add two very brief points. One of the reasons that we felt it important to have a legislative program was to preserve the integrity of the budget itself. Previously many legislative proposals had gone up after the budget was submitted and had not been provided for in the president’s budget. So our intention was to see that every item of legislation involving $10 million or more became incorporated in the budget.

The other point I would make is that given the close adjunct relationship which this function had with the special counsel’s office (first Mr. Clifford and then Mr. Murphy), we were never quite sure who we were working for, the budget director or the counsel, but that didn’t
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really make too much difference. The only time that the budget director said we had to come and check with him was if a very large amount of money was involved; otherwise we went ahead and worked with Clark Clifford and Charlie Murphy.

JONES: One little footnote on this. In the next administration, when Rowland Hughes was director of the Budget Bureau, he decided that every enrolled bill that went to the White House should be personally reviewed by the director. I did not like this much and decided there was only one way to handle it. I think this was one of the few times that I have been engaged in subterfuge with my boss.

I waited until we had a total of nearly fifty minor pieces of legislation, put them all in one of those big archives-type baskets that you push around, took them into Rowland's office, and said, "Here is the legislative package that the president must take action on within the next three or four days." The freedom of Legislative Reference to operate with the White House staff was almost immediately restored.

RICHARD E. NEUSTADT: Let me add three comments. This operation, which my two colleagues have just described, was absolutely crucial. The tie to the special counsel and the special counsel's bundle of functions, as described by Charlie Murphy, has been dispersed around the White House in other administrations. As a result the ability of Legislative Reference to serve has been seriously crippled so that it now takes a bureaucracy in the White House itself to backstop this operation.

Secondly, during the period we are talking about, the Truman administration, there was no formal legislative liaison staff in the White House. That has several implications. Administration bills were not drafted by the administration, nor were they presented by the White House; they were presented by a department head, if there was one. The White House only got directly involved if it was a sphere of legislation in which there was no department. The bills might have been drafted in a working session that came out of the White House-Budget Bureau relationship, but that was in fact, not in form. In form, administration bills were sent by a department head and introduced by a member of Congress as a courtesy or were given to a member of Congress to introduce.

Mr. Truman had sensitive feelings on this subject. Thus, the practices during his tenure differed enormously from those of subsequent administrations. Among his aversions were an unwillingness to license formal lobbying from the White House and an unwillingness to have formal liaison across the board, as is now done. The liaison operation began under Eisenhower and has continued ever since. But it was dis-
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tinctly not a feature of the Truman administration. But I defer to Charlie who, as I recall, when he first arrived in the White House as an admin- 
istrative assistant, was instructed not to draft any bills.

MURPHY: I do not remember any instructions not to write any bills, Dick. But I am sure that when I first went there to work, there was no organized effort anywhere on the White House staff to keep up with the progress of the legislative program in Congress. The Bureau of the Budget did some of this, but the White House staff did none at all. Since I had come from working on the Hill and was interested in legislation, I began to keep a kind of crude record for myself of what was happening to the administration's program. That eventually grew into something that was somewhat more orderly and better organized. And from time to time there did develop some effort on the part of the White House to encourage Congress to act favorably on the administration's legislative program.

Now, this consisted mainly of the efforts of the president himself, in person. He met regularly with the leaders of Congress, he had a weekly meeting with them. This, I would say parenthetically, is an extremely important institutional arrangement. Along with the president's daily staff meeting, one of the most important recommendations I would make to any administration any time is to have a regular schedule for meeting with congressional leaders.

In the case of President Truman, a supplementary practice also developed. He would make phone calls to key people in Congress in support of a piece of legislation if I made a recommendation that he do so and if he thought the recommendation was right. A good deal of this went on; these phone calls were usually very short, but they were usually quite effective.

Later President Truman did appoint two liaison people to the staff. This was within not more than two years before the end of his admin- 
istration. Charlie Maylon worked on the House side and Joe Feeney on the Senate side.

I have never known, for sure, why President Truman had the atti- 
tude he did about legislative liaison with the Congress and the respon- 
sibility of the president to make Congress perform its constitutional functions and not the president's, but I have always suspected that it was a part of the result of his Senate experience and the attitude in Con- 
gress toward President Roosevelt's efforts to get his legislation through, including the attempted purge of a number of members of the Senate in 1938. I suspect that President Truman went to the White House with the belief that it was the president's responsibility to make recommen-
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dations to the Congress for legislation and that it then was up to Con­
gress to pass it, not up to the president to whip Congress into line.

JONES: I think all of us who worked with President Truman and
who have been students of the presidency would recognize, without any
doubt, that President Truman was the great constitutionalist among our
twentieth-century presidents. He knew about the office; he had both an
innate and an intellectual sense of the powers of the presidency and how
they should be exercised; and this set a tone and an example for all of
us. It made us feel that we were extensions of his own tremendous
concept of what the office was.

SNYDER: I want to call attention to the fact that under the OWMR
operation, which was set up under President Roosevelt and operated by
Jimmy Byrnes and Fred Vinson, there was a responsibility placed on
OWMR to follow through on any presidential recommendations to Con­
gress. That probably grew out of the transition from peace to war, but it
was President Roosevelt’s notion that when he sent up recommendations
for legislation, it was wise to follow-up and see how it was progressing in
Congress. When I first went into OWMR, Fred Vinson had set up a
rather effective group of contacts in Congress to follow-up on White
House recommendations. Of course, when we dissolved the OWMR,
that function disappeared. But for the record, you may find that there
was some organized arrangement to follow-up on White House or
presidential recommendations.

HARRIMAN: I have already mentioned one case in which the presi­
dent did not want to become involved with Congress on matters which
he thought were his responsibility. But when I was mutual security
director, there was one case which confirms what has just been said.

Towards the end of the administration we were having trouble
getting the amount of money that we thought we needed for mutual
security, and the Congress suggested a watchdog committee. I went to
the president and recommended that we accept the watchdog committee.
I said I knew these men, and it was just as easy to let them in before
an operation than to try to defend it to them afterwards. He said,
“Averell, you don’t understand. The greatest responsibility that I have
as long as I am sitting in this chair is to preserve the authority of the
president of the United States. This suggestion is an invasion of the
administrative responsibilities of the president by the Congress. And if
the Congress ever gets control of the president’s authority, we will have
chaos in this country.”

Well, I readily understood that, because I had just come from Paris
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where the legislative branch had had complete domination of the executive branch and the average cabinet lasted only five or six months. I can give you four or five other cases where the president drew the line against congressional interference in his authority as president.

STAATS: The issue of the seventy-group air force was a good case in point. As I recall the president had recommended about forty-four or forty-five groups. Congress overrode that and appropriated funds for seventy, and he was going to impound the funds. The Bureau of the Budget and the attorney general both advised him that he did not have the legal authority.

He said, "I am commander in chief, am I not?" And he never let the money be spent.

HARRIMAN: There was another case. President Truman wanted to appoint Dean Acheson to run the Marshall Plan because Dean Acheson had been one of the originators of the idea. But Senator Vandenberg wanted a Republican, and the president was indignant that Vandenberg should interfere with his responsibilities of nominating an administrative officer. Of course, he never could have gotten the legislation through Congress without Vandenberg's approval, and Vandenberg was right that Congress needed a Republican to administer this program, a Republican businessman.

TANNENWALD: There is a counterpart to the watchdog committee story. I have forgotten whether it was in 1950 or 1951, but there was a provision which I believe the Senate put in the foreign aid bill directing the president to spend $25 million for aid to Spain. The president was adamant: Congress could authorize him to do it, they could give him the money (or not give him the money), but the one thing they could not do was give him the money and tell him how he had to use it. We succeeded in getting the provision knocked out in conference, but this was a very clear indication of the president's understanding of the role of his office.

HOBBS: Let me move the discussion now toward the budgeting process itself. Maybe we can start off by going back to a criticism which the Hoover Commission leveled against the Bureau of the Budget, charging that the bureau did too much of the budgeting for the departments and that the budgeting process should be more decentralized. Are there any reactions to that criticism?

JONES: Yes, I will react to it: They did not know what they were talking about. President Hoover himself admitted it a little bit later on.
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There was always a degree of tension between the agencies and the Budget Bureau; there has to be because the Budget Bureau's job was then, and I hope still is, to look at the overall budget from the point of view of the president. It is a presidential budget not just an accumulation of agency estimates, as it had been at the start of the Hoover administration. But a year or so after that criticism was made, President Hoover himself admitted that it had been based on a misunderstanding of the essential process and of the essential part that the president was then playing in putting the budget together.

Hobbs: Mr. Jones and Mr. Staats, could you give us, very briefly, a description of how this huge document known as the United States budget was put together during those years?

Staats: Essentially, the process began in the early spring. Working with the Council of Economic Advisers and the Treasury, we developed some general assumptions with respect to the size of the budget. We identified the major issues that were going to be before the president for a decision, and the president then met with the agency heads to discuss these issues and make sure everyone understood what the high priority issues were.

Then detailed presentations were made to the bureau during the course of the late summer and early fall, hearings were held, and tentative decisions were taken with the president's approval but with the understanding that they would be subject to negotiations with the agencies concerned. Then those negotiations took place; if an agreement could not be reached with the agencies as to the proper amount of funding, we went with the agency head to see the president. Usually a White House staff member was present in those discussions.

I worked closely with four presidents on the budget, and I am often asked which of the four was most deeply involved in the budget process. It has been an easy question to answer: President Truman. He understood the budget process, having served on the Appropriations Committee in the Senate; he had a retentive mind and could remember figures from one year to the next; and he did his homework. He had us prepare a little document called the "Budget in Brief" which he kept in the top drawer of his desk; when we would come to meetings, he would pull it out and refer to it. He had this kind of detailed interest and knowledge of the budget—the only president of the United States who ever held his own press briefing on the budget.

Hobbs: Thank you very much, Mr. Staats. May I now address a question to Mr. Lay, who was executive secretary of the National Secu-
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rity Council? I am a little confused about the relation of the executive secretary to the director of the CIA in terms of briefing the president. Did the director of the CIA brief the executive secretary, or did he go with him to the president for all these briefings? Can you enlighten us on the way these briefings were conducted?

JAMES F. LAY, JR.: I went over to see the president and briefed him every day. One of the briefings was on intelligence and that was provided to me by the CIA.

HOBBS: Routinely?

LAY: Routinely. They brought it over, and I was the mouthpiece. Of course, when we had direct problems of intelligence, the NSC would go over them and meet with the president to determine what should be done.

HOBBS: Did the president meet with the National Security Council on occasion, or did he do that often?

LAY: Well, sometimes he would meet with the director of the Central Intelligence Agency to talk over particular material, but the NSC was completely dependent on the CIA.

When the NSC was first developed, it certainly did not have the means of giving a good intelligence effort; and in those days the president really got his intelligence from the State Department and the military. But as time went on—and NSC-68 really gave a whole new direction to all of our work—we had a much improved and satisfactory National Security Council.

HARRIMAN: Could I say one thing which I missed having been said? I do not believe there has been any president of the United States who gave loyalty to the men who worked for him as did President Truman—and therefore he got that loyalty back.

Whenever a member of his cabinet or staff was attacked, he would say, "They are trying to get at me through you," and he would support the staff member. This was in marked contrast to President Roosevelt who rather enjoyed having some of his colleagues attacked in the press. He was a bit sadistic about it, and he used it to his own advantage. President Truman in some cases—perhaps with all of us, including myself—carried that loyalty almost to a fault. But the man who gave this kind of loyalty also got a loyalty which I doubt has been exceeded in the history of the United States.

HOBBS: I would like to ask Mr. Salant if he would make a few
comments about the coordination among the various agencies and the budget process—as a kind of general wrap-up observation.

SALANT: I would like to point out that as we came out of World War II, there was a big change in the role of the budget as an element of economic policy. The budget was much bigger, but more importantly, ideas about the role of fiscal policy in the effective functioning of the economy had changed a great deal since before the war. The budget process consisted not only of adding up the requirements of particular operating agencies (which Elmer Staats has referred to), but also encompassed the overall question of economic policy. This was the main concern of the Council of Economic Advisers.

The Bureau of the Budget was still the expert on expenditures; the tradition had been that revenues were estimated in the Treasury. But there had not been any tradition, or indeed much practice, about who was responsible for estimating the budget's impact on the national economy. That, of course, became the responsibility of the Council of Economic Advisers.

The possibilities for conflict between the Bureau of the Budget and the Council of Economic Advisers was seen by many people when the council was established. I recall that there were some people who thought that there was a very dangerous risk of conflicts between these two agencies within the Executive Office.

As it turned out, however, there was very little conflict, for reasons that Elmer Staats covered earlier: There were very good personal relations, helped along by physical proximity. Furthermore, one of the staff members of the Council of Economic Advisers, the one charged with responsibility for fiscal policy, Gerhard Colm, had come from the Bureau of the Budget where he had been the chief economist on fiscal policy. But I think there was something more than personal relations and physical proximity involved in this lack of conflict: namely, the similarity of views about economic policy that prevailed among the people at the top of the Budget Bureau during that period and those on the council, the staff as well as the members.

HOBBS: There is one question that I cannot resist asking. The CIA was created during Mr. Truman's presidency. Did he ever express any concern about its intelligence-gathering activities or about political intervention by the CIA?

LAY: I would not think so because he was right there, giving instructions and deciding what he wanted done.

ROBERT L. DENNISON: The answer to that question is, no. I think
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that in the early years of the CIA, the agency was not involved in matters that would lead to that kind of uneasiness on the part of the president.

Murphy: I would like to pursue that a little bit. It is my recollection that President Truman regarded the creation of the CIA as a means for him to get intelligence—and intelligence that was coordinated. He said he was getting intelligence from a number of different sources and somebody ought to pull it all together.

So far as I remember that is the only function he had in mind for the CIA, and I do not remember that he foresaw the CIA engaging in extensive covert operations or political intervention. I was not very deeply involved in the details of that, and I would like to know from Mr. Lay and Admiral Dennison if they share my same impression that President Truman would be startled, shocked, and very unhappy at some of the things that the CIA has done in recent years.

Lay: I agree completely.

Dennison: I do, too.

Lay: He looked upon the CIA as an intelligence operation to give him the information he needed, and that is what he wanted.
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