

LEAVING THE REPUBLICAN CONFERENCE

Interview #9

October 25, 1993

RITCHIE: In the last interview I asked about ideological divisions in the Republican Conference, and you had just responded by saying that Senator Chafee was sort of suspect because he was independent on issues like campaign financing reform. But that was when the tape ended and so did the interview.

VASTINE: Oh, really?

RITCHIE: We really didn't get very far into that question. My question had been: how severe were the ideological divisions in the Republican Party? And what problems did that create for Senator Chafee's and your own leadership of the Conference.

VASTINE: The ideological division grew stronger. Did I tell about how the whole leadership election, strategy for the conservatives had been forecast in the *National Review*?

RITCHIE: We talked only briefly about that.

VASTINE: I would say the party in the Senate had been growing more and more conservative after each successive election, particularly as more conservative members of the House came to the Senate as Republican members. Senator Trent Lott joined Senator Cochran of Mississippi. And Senator Dan Coats came over. And there were others. So the complexion of the Senate was growing more and more conservative. The previous Gang of Six members had been defeated or resigned. Senator Mathias, Senator Stafford, Senator Andrews, Senator Weicker. So Senator Chafee had fewer and fewer natural allies. The caucus was split nearly twenty—nearly in half on that issue. Senator Boschwitz's defeat was a low blow because he was definitely more

moderate, I would say, than hellbent for the conservative. Anyway. What was I leading to?

RITCHIE: The strategy.

VASTINE: Oh. Well, it became clear to me that Senator Chafee would be challenged. I felt certain he would be challenged by Senator Cochran even two years before it happened. I felt this in the way Senator Cochran behaved toward me, and even how his wife kind of interacted with me. I think if Dan Quayle had been in the Senate, Dan Quayle would have gone after Chafee.

But at any case, the strategy for the conservatives was laid out in the August, I believe it was, an early August issue of the *National Review* in which an article said that Senators Dole and Simpson couldn't be successfully challenged for their leadership jobs but they certainly were not reliable conservatives. They were pragmatists. And, therefore, because they couldn't be unseated, the only way to deal with them was to surround them with other members of the leadership who were bona fide conservatives. And that article identified Senator Cochran in place of Senator Chafee, Senator Nickles for policy committee to fill Senator Armstrong's slot rather than Senator Domenici, Senator Gramm at senatorial committee rather than Senator McConnell. Senator [Robert] Kasten at the Secretary of the Conference rather than Senator [Christopher] Bond. And that's exactly what happened. By one vote or two votes in several cases. Senator Domenici lost by two votes. Senator Chafee lost by one. If Senator [William] Cohen had not gone to France to fulfill a speaking engagement these two would have been a tie vote in Chafee's case, and I think probably his colleagues would have—I think in the end they would have switched toward him. There would have been enough switches to elect him because he's very well liked, and I really don't think people wanted to defeat him. I think they wanted to warn him. I really don't think that the moment had come quite to defeating him.

And there was the extremely unusual, unprecedented case of Senator Hatfield who had to go to the hospital suddenly. I think for a back problem. He

asked to be able to vote from the hospital bed, and he was allowed to, in an extraordinary decision. He gave his vote to another senator on the phone. We have *no idea* whether that senator cast Hatfield's vote correctly or not. That was Senator Gorton. Hatfield was definitely a Chafee man. But whether the vote was cast—there's no reason to think it wasn't. But you don't know those things. You don't know.

So all that led to Senator Chafee's defeat. In the caucus the discussion was not about whether he did—I mean, everybody acknowledged that the Republican Conference had been very well managed, very creative, very helpful to members. But that wasn't the issue. The issue was whether Senator Chafee could vote against the leader of the party so often and lay title or claim title to chair the party's caucus. It just came down to that, plain and simple. He was just plain too liberal for other members of the caucus.

After the event, after the vote was tallied, I talked with Senator Cochran's AA right away. In fact, it was I who told him his boss had won. And he said he was surprised—very surprised because he expected to lose. Their vote count had them coming up short. And our vote had us winning by one vote.

RITCHIE: What was Senator Chafee's reaction to it?

VASTINE: Well, he was very crestfallen. He was—at first—much more stoical about it than I. But it galled him. And it lingered. And it was very damaging to me, too. I was very upset by it. You know, in leadership elections—I don't know whether people have talked to you about this, I'm sure they have—the staff can do very little. When it comes down to getting the votes, it's member to member. There's nothing, nothing staff can do. You can talk to the AAs of the other members. And, indeed, I did. But they don't really know how their bosses are going to vote half the time. So it's very hard to know.

RITCHIE: Did Senator Dole take a position in any of these contests?

VASTINE: He refused to. He did not. I think toward the end of the day, but not very early in the day. The vote was delayed for half an hour or an hour for some damn reason—somebody not being there or something. Then there was a procedural argument that had to be settled: who would chair the meeting. Senator Cochran opposed Chafee chairing the Conference because he was being challenged. I think Senator Dole at some point may have indicated that it might be—I'm not sure of this—he may have indicated it might be good to have members representing all parts of the party in leadership. But, he didn't do it in such a way as to make it in fact. No, I think he was just letting events take their course.

RITCHIE: What impact has that had on the Conference? Did it change the directions that you were going? Have they used it for ideological purposes, or is it, essentially, pretty much the way it was going along? You had mentioned you were working for the whole party.

VASTINE: Yes.

RITCHIE: Have they shifted their emphasis in any way?

VASTINE: No. I would say not. As far as I can tell there has been no change of emphasis. Margot Carlisle, the former staff director, actually came back to act as Senator Cochran's chief of staff. And he appointed his former press secretary, a very nice person, a very able guy named Will Feltus, to be the staff director of the Conference.

They were very generous with me. I had anticipated the event and had immediately ready a budget. A briefing book for Senator Cochran on the organization of the staff, the individuals who were on the staff, etc. I made a point of pressing them on whom they would like to keep and whom they would like to have dismissed. You know, what changes they were going to make. People need to know. It was important for Christmas, and that kind of thing. They basically responded by saying that everybody could stay. In fact, nobody was asked to leave other than myself. And, in my case, they gave me through

February and plus with the possibility that I could remain through March if I needed to. So that was very generous.

But it wasn't necessarily a hostile takeover either. I tried to treat it in the most optimistic—most positive way I could, though it was very hard to do so.

RITCHIE: And they kept. . .

VASTINE: Quite a blow.

RITCHIE: Yes. They've kept the same emphasis on communication that you had brought about?

VASTINE: Yes. Actually, they've extended that. You may have seen in *Roll Call* that they have initiated a new program for internal television, the internal Senate Republican cable channel. On Monday mornings that is a program intended to brief legislative assistants of Republican senators on the upcoming events of the week. That's a half an hour sort of talk show format.

But probably more importantly what they're doing so—now that we're no longer in the leadership of the country and are much more reactive—the Republican Conference now has a very sophisticated way of tracking events, upcoming events, so that their staff can call up. . . . Let's say, if Clinton is going to San Francisco to make a speech on disarmament, we obviously know that Clinton will be getting local radio and television coverage, press coverage. Conference staff, as I understand it, will call the stations and the press, the media in San Francisco, and say: "You're obviously going to be quoting [Albert] Gore or Clinton on disarmament. Don't you think it would be a good idea to have from the standpoint of balance a Republican spokesperson to rejoin or comment as well?" In that way they are attempting to expand media coverage of Republican alternatives to the administration's programs.

So it remains a very sophisticated communications establishment. Seems to be going very well. They have continued to sort of expand the facility and build in more infrastructure and more sophistication. It's nice.

RITCHIE: They haven't gone back to the old days of writing opinion pieces?

VASTINE: Well, they did try it. Actually, there was a moment when they did. They can't seem to stay away from it. They hired two writers to try to write op-ed pieces for local papers, and it just didn't work. They fired them finally. It just did not work. Partly, the writing was terrible; but, also, you know, who is it that speaks for Republicans? And this was even during the last Bush administration, so it just wasn't going to work.

RITCHIE: During the period that you were staff director, you worked with Republican presidents. There is a big difference in what staff people are doing right now. You mentioned at one point how there wasn't that much connection between the Conference and the Republican administration. But, what *was* your assessment of the Reagan and Bush administrations from the perspective of Capitol Hill? Did you think they were performing well? Or did you wish they were doing differently? And did you get a sense from Republican senators that they were satisfied with the way things were going in the administrations?

VASTINE: Well, I think there is nothing original I can very much add about Reagan. I think he and his administration demonstrated a remarkable policy of consistency, and it was in line with what the American people seemed to want; and he was an enormously popular president who was able to talk directly to people and, somehow, internalize a popular point of view. An everyman's kind of language and style. He really had a great sense of that.

Bush was a tremendous failure because he expanded the role of government. He expanded taxes and spending. And he wasn't able to explain his decisions to people. When the crash came, that is to say when the Kuwait

war was over and it was clear the economy was turning sour, he was simply unable to fathom what was occurring in America. And from a communications standpoint, he just didn't get it! He didn't know what people were thinking, and he wasn't able to fashion a message. Therefore, he didn't respond to their needs. He just lost it! People felt that they were losing their jobs, or were about to lose their jobs, in the summer of 1990, was it? Or was it '91? Yes, in the summer of '91. And Sununu and Brady told people there was no recession and, you know, people shouldn't worry. It was all okay. And nobody believed that. And that was the great crack. I think that began the great fissure.

I took the Deputy Secretary of the Treasury, John Robson, to meet Newt Gingrich, the soon-to-be minority leader, in Gingrich's office in the first few days after the Labor Day recess in 1991. And he launched a tirade. He said, "My troops are scared! They've been out in the countryside. They've been talking to people, and they know that people are afraid for their jobs. And this administration has got to right now turn around its rhetoric and start talking about jobs and opportunity and the need for economic growth, or we're going to lose." And he was absolutely right!

I don't know anything about how the White House works internally or worked internally in those days, but it's clear that that message negotiated with the president. I think Sununu has a lot to do with it. His point of view, that very conservative point of view, prevailed in that respect. Sununu also let the president break his "no new taxes" pledge. Curious. Very strange. But what's clear to me is that Bush lost touch. He just did not have it.

I had Lee Atwater speak a couple of times to groups of Republican AA's. And once he told me an anecdote, waiting for the program to start, that he'd just come from California where he'd spent three days on the beach. This was in early June of the last year of Reagan's term. And everyone was wondering, after the primaries, what the hell had happened to George Bush. No one was hearing from him. He was going down in the polls. [Michael] Dukakis was becoming better known, and Bush was doing nothing. Atwater at that moment came to the Senate to talk to Senate Republican AAs, and he told me this story that he'd

just been on the beach for the weekend in Newport Beach, or Long Beach, California. And what did he do? Well, he walked along behind people, just listening to their conversations and then he followed them over to the supermarket and just strolled around and listened to what people were saying. He tried to get a sense of what was really on people's minds. And he said, "The national election is *not* on people's minds out here. They don't care! They care about gridlock on the freeways, and they care about crime. They don't care about Bush or Reagan's or Dukakis." And, he said, "This election isn't going to heat up until a couple of weeks before the election itself."

He went on from there. But, he said, "I try to do this every so often. I try to get out away from Washington and just mingle with people in order to figure out what it is their thinking." That Atwater touch was what was missing, tragically, from Bush's administration. It's a long answer.

RITCHIE: You mentioned going over to see Gingrich in the House and also, previously, you talked about House members who were moving over to the Senate. That was one other area we haven't talked much about which was relations between the Senate and the House. I wondered if the Senate Republican Conference had much contact at all with the House Republican Conference? Was there any like-mindedness, or were they really completely separately entities and going separate ways?

VASTINE: They're really completely separate. We tried from time to time. Under Sheila Burke's leadership we tried to have joint staff meetings—House and Senate staff meetings. It worked to an extent, but not well. It's unfortunate, but we didn't work together very much.

They're trying to do that now. Get cooperation institutionalized in a way. There's a man on [Bob] Michel's staff named Bob Okun, and David Taylor on Dole's staff whose responsibilities include going to the leadership meetings of the party in the other body and trying to act as a liaison. So there is more, much more, of an attempt at that than had been.

RITCHIE: It's an interesting picture that you have a Republican administration's and the two Republican organizations in the Congress. And yet, each faction seems to be independent of the others.

VASTINE: Well, there are good reasons for that. That is, the Republican Conference in the Senate had no analog on the House side. Nobody, I mean, really the House apparatus, the House leadership apparatus is really *quite* different from the Senate apparatus. They have a conference and a policy committee and a research committee and whips and deputy whips and leader and—it's a whole different apparatus. We were mainly a communications operation with occasional caucusing and conferencing capabilities. I don't know whether we've talked about our offsite conferences.

RITCHIE: Yes.

VASTINE: And the House folks, the House Conference, did a lot more research, much along the lines of the Senate Republican Policy Committee, but also along the lines of the House Republican Policy Committee and the House Republican Research Committee. So there's a lot of confusion about that. And, really, there is no analog on the House side to the Senate Republican Conference per se.

Also, there's nothing unusual about any of this. I didn't invent this standoff, as it were, or lack of cooperation. The two bodies found a very hard time coordinating. The leaders of the two bodies have a very hard time coordinating, at the top.

For example, you and I have a friend named Jeanine [Drysedale Lowe] who runs the Commission on the Preservation of the Capitol. She's been trying to have a meeting of the leadership—the joint leadership—of that Commission, which is, obviously, the leaders of the House and Senate—Republican and Democrat—for more than a year! And she can't get them together. And this is Joe Stewart, the secretary of the Senate's operation. So, you'd think he, with

Jeanine, would have the ability to get these folks in a room and discuss what they have to discuss for that purpose. But. It's very hard to do. You know that.

RITCHIE: Well, looking back over your career on Capitol Hill, in the House and the Senate, what's your general assessment? Does the system work? Or, would you like to see it drastically different than it is?

VASTINE: A hard question. Hmmmm. Well, what do you mean by the system? The legislative process?

RITCHIE: Yes.

VASTINE: Well, clearly, it works. It does work. It seems, however, to be working at a higher cost to the participants.

They seem to have less and less tolerance for the strains it places on them. And I think it hurts a lot. It hurts everybody a lot. It makes the job a lot less comfortable. A lot more stress-producing, and a lot more difficult. To have Congress to be held in such low esteem and be constantly the brunt or butt of public disdain. I think that Gingrich did the House a great disservice in making the [House] bank issue which, in a sense is a non-issue. How few members have really been—no one's been indicted over the House bank that I know.

RITCHIE: The sergeant at arms [Jack Russ] is the only one.

VASTINE: Yes. It was substantially distorted by the talk-show hosts into a scandal. It was a perk that was perhaps abused, but nobody lost money, I don't think. The public didn't lose a dime, I don't believe, as a result of the so-called bank scandal. But, what a cost to the reputation of the institution which is, essentially, very, very important.

In the Senate side, for years the issue—even in the Republican period, the period of Republican leadership—there have been quality of life committees. Did you know that?

RITCHIE: No. I've heard the expression, but I didn't realize there were committees.

VASTINE: Why, yes. There were sort of quality of life groups, task forces. Danforth and folks like that would be on small committees to report back to the leadership on changes to improve quality of life, which mainly meant: How do we avoid all these late nights?

The same theme has been played again and again for years. Grueling late nights, wearing sessions, long days spent with no legislative activity, and then, suddenly in the evening a burst of votes. I think the House of Commons usually works at night, in the evening. Isn't that right?

RITCHIE: I think so, yes.

VASTINE: So maybe there isn't anything so terribly unusual about this. No, there does seem to be an increase in the willful use—willful misuse—of delaying tactics, filibusters, motions to proceed, the use of procedural devices to delay action. It's very frustrating. It just takes a lot of time and is frustrating to the leadership. But others than I, probably, will comment more trenchantly on those sorts of things. I haven't thought a lot about the workings of the Senate in awhile. Well, what do *you* think?

RITCHIE: [Laughs] I'd rather stick to asking the questions!

VASTINE: Oh, ho, ho! [Laughs]

RITCHIE: I was going to ask you, what happened once you realized you were not going to be with the Republican Conference? How did you chart your course at that stage, when Senator Chafee lost his reelection as chairman?

VASTINE: Well, he was dining that night with the president. Being hosted by Bob Dole, and he was going to be seeing Nick Brady, the secretary of the Treasury. So I seized the moment and got him to talk to Brady about me.

There had been a job at the Treasury that I'd been interested in anyway, being senior deputy assistant secretary for international economic affairs. He did that. I was to call Brady the next day, and I did that. Spoke to his right-hand assistant, and that began a process of job searching in the Treasury, which resulted in my becoming vice president for congressional affairs at a Treasury-related entity called the Oversight Board of the Resolution Trust Corporation in which position I did work very substantially for Brady who was the chairman.

I took that job January 13 or something like that, on a Thursday. And, after lunch downtown with a friend, walked to my new work. I was still employed by the Senate, but was checking in, and was immediately given a rough draft of the secretary's testimony ten days later to the Senate Banking Committee on Resolution Trust Corporation funding. An extremely emotional, difficult, angry issue. And I knew nothing about that! I didn't know anything about it. But I sat right down and read the testimony and found problems with it and began to learn and never went back to the Hill. I had expected just to put my head in the door and come back and clean up my office. I'd cleaned up my office and Will Feltus was already in it, but, you know, get my stuff together. Get off the payroll.

I worked for two weeks and got the secretary through two hearings, one in the House and one in the Senate, before getting on the right payroll. I was still being paid by the Senate during that time. There was just no time. It was an incredible crush of activity. Learning a new subject. Putting together a briefing book. The questions and answers are endless. I don't know whether you know anything about how a secretary's briefed, but it's quite different from working with a senator. Because, in the case of Brady, he would bring twenty people into a giant conference room. Several assistant secretaries, a couple of deputy assistant secretaries, the under secretary for domestic finance, sometimes the deputy secretary, the president of the Oversight Board, and myself, and our general counsel. So there would be twenty people sitting around the room. Plus his special assistant. Amazing!

Then you would go through this excruciating process of explaining the basics. Secretary Brady was an extremely nice man, but he had a very hard time with this issue. And he was limited by the fact that he didn't do his homework too well. He was slightly, somewhat dyslexic. And he prefers to learn by being briefed. I was amazed when I listened to him for the first time read the testimony that I had written. I knew it word for word, of course. At the hearing, I realized, what a hard time he had 'cause he would stumble. It was an effort for him to read, sometimes. So he was quite a different person to work with.

The Treasury apparatus, of course, is extremely talented and, in general, so was the support there. The under secretary for Domestic Finance, Bob Glauber, was a very, very talented and brilliant man. And others were as well, so it was a lot of fun. Very interesting for the first year. I spent a great deal of time with the deputy secretary, John Robson, who headed our task force on RTC Affairs. I worked very hard to learn the issue and get up to speed and take on full responsibilities of congressional enactment of RTC funding legislation and succeeded in March of '92. Ninety-two?

I don't know why I'm turned around. Last year was '93. No, this is '93. Ninety-one. March of '91 in getting \$30 billion enacted by House and Senate for the RTC. And then, finally, in November of '91 in getting another \$25 billion enacted with some reservations attached and having the Oversight Board perpetuated.

Senator Riegle wanted to abolish my organization, and my job was to preserve it, because deputy secretary Robson *wanted* it preserved. I mean, we all wanted it preserved. We thought it was the right thing. But we fought that fight all summer long, and we finally beat Riegle. At five o'clock in the evening the night before Thanksgiving, we won \$25 billion and the right to continue to work on the Oversight Board. [Laughs].

Anyway, I spent two years doing that—found it very interesting for awhile and then very tiresome, because the subject is so limited and because the

Resolution Trust Corporation has no constituency. Nobody cares about it, has any interest in it. Most everybody thinks badly of the organization itself, with good reason. It's been terribly, badly managed. It's just one, huge, awful problem. It's never really been handled correctly, I don't think. But I don't know whether you want to get into that or not.

RITCHIE: Well, it's an amazing story in the sense that billions of dollars have been pouring into that to salvage the system.

VASTINE: Yes, it would cost overall about \$105 billion at the outside not including interest on the borrowed money. It would just be appropriated funds. But, worse than that, is that the Congress, by its various delays, has added perhaps as much as two to three billion. Certainly two, maybe three billion to the cost simply by refusing to fund the RTC so that it can close down dead institutions.

RITCHIE: They know they have to do it, but they don't want to do it. Congress comes around to pass the appropriations each time, but they drag their feet up to the last moment.

VASTINE: Drag their feet terribly. Gingrich decided he was going to hate Secretary Brady because Brady refused, during that period I was describing to you, the immediate early fall of '91, to acknowledge the problem with the economy and come forward with a plan to fix it. And Gingrich more or less asked for Brady's resignation. Other people did as well. In fact, at one of our hearings, Connie Mack did—one of the hearings at which the secretary had to testify. Senator Mack and Senator D'Amato, I believe, asked for Brady's resignation. Not very nice. I mean, deliberately timed to create a problem. Where was I?

RITCHIE: About Gingrich's opposition.

VASTINE: But, Gingrich simply refused to . . . well, he permitted a bill providing for \$25 billion to be enacted and to be passed by both bodies in

November of '91. But that bill had on it a provision that none of the, no money thereunder provided could be spent after April 1992. And that meant that the RTC could only within that very limited period of time of four months spend, maybe \$7 to \$8 billion dollars. That meant it only could do part of its remaining job.

Thereafter Gingrich refused to cooperate in assisting in the passage of the RTC bill. That meant that on April 1, 1992, the bill which had been previously passed by the Senate in March, the bill was defeated on the House floor with Gingrich sitting on his hands at the back of the chamber, refusing to lobby for the bill and permitting the conservatives in his party—the nay sayers—to just vote as they wished. In other words, not whipping as the president had asked him to. Not doing his job as whip and getting the votes to pass this damn thing. So it went down with 125 votes only, and a huge 260 opposing vote. Most Democrats and a great number of Republicans voting against it.

So we went to see him before the end of the Congress. I took my immediate boss. After a tremendous amount of negotiation had gone back and forth. Gingrich had been negotiating with the Treasury but not directly with the secretary. The secretary refused, as I understand it, ever to see Gingrich one on one, which is the way the problem could have been settled. It could have been settled by the secretary going along to see Gingrich and saying, “Look here—here we are. We’re both working for this president, and we want him to succeed. And this is an embarrassment. Why don’t we just bury our hatchet here?”

Well, we went to see Gingrich—my immediate boss, Peter Monroe, the president of the Oversight Board, and I—two weeks before the House adjourned sine die in, I guess, would have been October or late September of '92. And Gingrich said, “Look, I’ve made my position absolutely clear.” He said, “I learned from Bob Byrd at the economic summit at Andrews Air Force Base, the Budget Summit. I learned how to deal,” he said. “You say what you want and you stick to it and you get it. And I tell you what I want. It’s simple as my telling you I want a yellow Miatta. I want a yellow Miatta.”

He said, “All I want is for a group of economists—private sector economists—whom I have a hand in picking to be able to go down to the Treasury and use the Treasury’s resources—its computers—and consult with its tax experts on the issue so we can see if we can’t get dynamic modeling rather than static modeling of the effect of tax law changes on economic growth.”

Now this is an old, old argument: static versus dynamic modeling. Treasury insists on static. People who want to make changes and have a different approach to the tax code like dynamic modeling. It all had to do with the issue of the capital gains tax and whether or not the capital gains tax would lose money or make money. If you did static modeling, it would lose money. And if you did dynamic modeling, it would gain money. That is the idea, I think. And Gingrich, having lost the capital gains tax issue, wanted at the very least to change the modeling mechanism or at least provide an alternative one.

He said, “And until I get my yellow Miatta, RTC is not going to be funded.” And he waved at me, he said, “Bob knows that I could start this process tonight and we have it done in a few days. But you have to convince Nick Brady of that first. So I’m telling you what I need,” he said.

And, of course, it never happened. The Treasury just got its back up. The secretary and the others of the Treasury said, “We can’t give the Congress a free run in the halls of the Treasury.” And, of course, that’s not at all what, you know—it could have been handled. It could have been finessed in other ways.

So, the bottom line is that there was no RTC funding in ’92. It took until March this year, I believe, for the Senate to pass the bill again. The House just passed it by hair’s breadth on the second week in September, second or third week in September. It’s in conference. It’s a very confused conference over the issue of minority preferences. And, I suspect it will get out of conference some day; but nobody knows how right now. So, RTC funding is an issue I’m *delighted* not to be dealing with any longer. What a mess!

RITCHIE: At one point you said that you'd helped Lloyd Bentsen when he was coming into the Treasury Department? Walking him through his confirmation hearings.

VASTINE: Not confirmation hearing. His first Banking Committee hearings.

RITCHIE: How did that come about?

VASTINE: Well, I had responsibilities for—well, first of all, I was not a political appointee. I mean, it was clear to everyone that I was a Republican but my job classification was not political. It was a schedule A classification which is something called Excepted Service. So, it was clear when the new group came I was not expected to resign and was not asked to. On the other hand, it was clear I was an enemy [chuckles], an alien, a Republican, and, therefore, not to be trusted in spite of the fact that folks in the permanent bureaucracy of the Treasury liked me very much and were very much in my corner wanting me to stay on and continue to do the job that I'd done.

So, the new assistant secretary for congressional relations, Michael Levy, came to Treasury. We got along just fine, at least in a superficial way. But, it became clear, almost immediately, that he was not going to rely on me for very much. Except that I did know how to write this testimony, put briefing books together, do the Q's and A's, and run the process for the secretary to get past his first big hearings in the House and Senate before the Banking Committees. So I ended up briefing the secretary and help preparing, as I had before, the Q's and A's, and the written testimony.

Actually, it went very, very well. The secretary was easy to brief. He's extremely bright. He's very focused. He always runs on time. He did all of his homework. He read everything he was asked to. He took notes. He was, really, very much on top of things. And his special assistant, the chief of the executive secretariat was delighted with the way I'd managed the briefing, the initial briefings, and even later, and expressed his approval and gratitude. But it

really became clear as the time for the marking up of the bill and the political negotiations with the staffs of the committees came—as that time came—that I was *persona non grata* from the standpoint of some Democrats. And it made it very hard for me to stay on and do my job, so I, basically, began to look for other options at that point. And toward the end of spring I was approached to head the Congressional Economic Leadership Institute, which after a period of negotiation, I did accept in August and left the RTC. So that's what I'm doing now.

RITCHIE: And what does this organization entail?

VASTINE: This is a 501(c)3, a charitable organization. An eleemosynary organization for the purpose of educating members of Congress and their staffs about leading economic issues, especially having to do with American competitiveness in international markets. We work very closely with the House and Senate Competitiveness Caucuses, which are organizations or groups of 150 House members and 50 senators. I organize, essentially, programs in the Capitol that are topical and timely, and I try to bring in the very best people to discuss with congressmen and senators the issues of the day.

My purpose has been to have the most aggressive autumn program that I could because there had been a hiatus between my coming aboard and the prior president's departure during which the caucus and the institute had done very little. And I wanted to change that quickly.

My first program was with three leading members of the Japan Renewal Party, which is the major Japanese reform party. It was sort of a Japan groupies event that attracted a number of congressmen. Then we had a briefing by Bob Ruben, the chairman of the National Economic Council on the work of the National Economic Council. Then I had a program on the Uruguay round with three trade ambassadors, mainly for staff and most recently by the deputy secretary of defense and the deputy secretary of commerce and the under secretary of energy on administrative technology policy.

And I'm organizing for next Friday a briefing by [Labor] Secretary [Robert] Reich and debate with a NAFTA opponent. And then we'll have a few other programs before the end of the session. So, that's the kind of thing we're up to.

RITCHIE: Does the leadership conference take a position on anything?

VASTINE: No, no. We're a neutral forum. Our purpose is to provide the forum and the opportunity for members to discuss both sides of an issue. And, I think if we took a position—first of all, it would be extremely difficult to because the caucus members are so diverse, we would lose a tremendous portion of our audience. My job is to be sure the programs are well balanced. For awhile, the programs had gotten to be a little bit in the protectionist side; and my charge is to make sure that they're not any longer.

RITCHIE: Well, you've come full cycle in that respect, at least. You started out advising *a* member of Congress on economic issues, and particularly on trade issues; and now you're advising *all* the members of Congress.

VASTINE: It's actually very creative and very much my own organization to make successful or unsuccessful. We have a number of private-sector sponsors, and I'm very glad that they are loyal and committed to our goals and eager, it seems, or at least willing to continue to contribute. My job is, partly, to rebuild that and expand that funding base. I do that by exciting programs and attracting members of Congress to them and that kind of thing. But, it's quite different from some other things that I've done.

I guess that the same, continuing thread is relations with members. I suppose if there is one thing I'm supposed to know is how to relate to members of Congress and how to identify issues and design programs that will be of interest to them.

RITCHIE: Are the members changing? Are they different than they were when you first started working for members?

VASTINE: Oh, yes. Tremendously. I think maybe I commented on this earlier. In the sixties a member was a member, and there was no guessing about who it was who was a member of Congress. You could see a guy walking down the hall in the sense in that: There was a member of Congress.

Nowadays, they're so young, it seems, and so diverse. They all have to wear badges! I mean, it's easy to mistake a member! Before, at least to my young eyes, they didn't seem like ordinary people. They seemed like members of Congress, and they were distinguished partly by their age. The fact is that they were older. Lots older. Had a lot of silver hair, most of them. That has certainly changed.

And with it, perhaps also, the tolerance of new ideas and interest in discussing new aspects of things and new ideas. So, from my standpoint perhaps, the changed complexion, the youth—the relative youth—of the caucus, of the members on the House side is an advantage because they're most interested in seeking out new thoughts, new people.

I had to work with a lot of the new members of the Banking Committee. The Banking Committee in the House had twenty-six new members, out of a full membership of fifty-two. So that tremendous turnover, and a process of education. And, for the most part, they're very bright and skilled people who'd spent a long time in government, at local and state levels. They know all about government. They were not a bunch of neophytes to government.

It represented, really, the moving up into the national legislature a lot of people who had been at the city council and county and state legislature level. And I find them very interesting. The governor of Delaware, for example, is a guy that I lobbied. A legislator from New Jersey named Herb Klein, so it's very interesting to watch the changes in the House.

Anyway, I don't know whether that answers your question.

RITCHIE: It's definitely been a huge change.

VASTINE: Yes.

RITCHIE: It's interesting to see that, in addition to the numbers, that the characters and the types of people are changing, perhaps, as well. So we may have just gone through one of the major generational changes of membership. It remains to be seen how long these people are going to last, whether they'll stay as long as the people they replaced.

VASTINE: Well, that would depend on term limits, partly won't it? The term limit movement.

I suppose that scholars of the institution are already studying the makeup of the freshman class compared to the makeup of other freshman classes to determine how many people are new to government versus those who have had government experience. Legislative experience. But I don't know, I'm sure those studies are being done, but I don't know what they have shown or will show.

RITCHIE: Well, I think of the big blip classes of Congress of 1958 and 1974 and 1980 when they had great changes. They tended to stay for awhile, for a dozen to twenty years or more. Once they get those seats they tend to stay around.

VASTINE: Yes.

RITCHIE: Then it remains to be seen what their impact will be on the institution.

VASTINE: Umhmmm.

RITCHIE: This last time around was a big numbers change, certainly, if nothing else.

VASTINE: Well, if congressional reform means term limits, it means an end to the chairman system. And I don't know, frankly, whether that's good or bad. I can perfectly rationalize the current system in that it brings to the floor skilled legislators who are politically secure, who know how to run and maintain their seats, and who, usually, if they're able—and many of them are—rise to their positions of power with great knowledge of the committee and its legislative responsibility, substantive responsibilities, and they're experts!

Tom Curtis was an expert. He knew more about Social Security law than any damn secretary of the Treasury or secretary of HHS. But, on the other hand, there's just no doubt—and I've seen it in the finest people that I've worked for—and I've been very privileged to work for three extremely fine, honest, upstanding, solid legislators. But I've seen, even in them, the desire to perpetuate themselves in office.

So, that's not good. And when it gets to the place where preserving your seat—Republican or Democrat—is your major goal, that really does weaken, I think, the country. I despair. Here I am an author of the budget, and I really despair of Congress ever getting control itself of its spending process. On the other hand, the balanced budget amendment is *not* the way to do it. That is not going to work. I do believe that, in spite of arguments—good arguments by Senator Byrd—against it, the line-item veto is probably the best thing, the best immediate step to take. But, I think, simply passing a constitutional amendment that says we shall have balanced budgets is crazy, is demagoguery, I guess. I don't know how exactly, precisely, to characterize it, but it won't work, I believe, and it will cheapen the Constitution, as a result.

Anyway, I do believe that something has to be done. But I don't know what it will be. I mean something has to be done about the deficit.

RITCHIE: Well, I want to thank you. You've participated in a long series of interviews. . .

VASTINE: I've enjoyed it very much.

RITCHIE: . . . and we've covered a lot of territory.

VASTINE: Yes. Thank you very much for the opportunity to do it. It's been very interesting and you are a wonderful conversationalist—in that you *listen* with such evident, either real or feigned [laughs] interest that it helps draw one out. So I thank you very much for making it fun.

RITCHIE: Good.

End of Interview #9