

THE CONGRESSIONAL BUDGET OFFICE

Interview #1

Tuesday, November 28, 2006

RITCHIE: Looking over your biography, the first question I had was what does the G. stand for?

HOAGLAND: George. It's George William Hoagland. My grandmother always held it against me that I never went by my first name, which was George. Her husband was George, my grandfather. But I didn't feel like a George when I was growing up, so I went with the William. And it's always been a little bit of a problem because when you are filling out those applications, "first name, middle initial," I would put "G" down as my first name and my middle initial was "William," so it's been an issue, but it's George.

RITCHIE: And you were born in Covington, Indiana?

HOAGLAND: Covington, Indiana, that's my hometown. I literally was born across the Wabash River in Danville, Illinois. That's been an issue, too, because I grew up on a farm in the Midwest and the closest hospital was in Danville, larger community than where I grew up in, Covington, which had no hospital, so that was where I was born. Sometimes it shows up on resumes that I am a resident of Illinois. But it was just simply across the Wabash River in Illinois, where I was born.

RITCHIE: What did your family do?

HOAGLAND: I grew up on a farm. It was a large farm family in those days. I have four brothers. There were five of us. We liked to say we had a basketball team in Indiana, which was important. It was an agricultural community. The farm was about 400 acres, which was not large for that area of the country, but sufficient. We grew mainly corn and soybeans and, while I was growing up, we had livestock. We had lots of swine, and we had some poultry, and some cattle. But as the sons grew up and left the farm and moved on, it gradually just became a grain farm. The farm is still in the family, and was given an Indiana award recently as having been in the family for over a hundred

years. I'd like to say that it has stayed in the family for that long because none of us five brothers have depended on the income it produces. Either my brother John farms it or somebody else has farmed it for us and we've had outside income to retain it.

My mother is still alive, she's 91. And my oldest brother lives in the area. He teaches at a community college in Danville, Illinois. Nowadays agriculture has changed so dramatically since I was a kid growing up that my oldest brother can farm this in a couple of days with the big equipment they have. But in those early days, it required almost all of us, and particularly during the harvest season, and in the planting season in the spring.

RITCHIE: I was going to ask you how long your family had been there, but you said it's over a hundred years?

HOAGLAND: Over a hundred years. The farm was in my mother's family. They were pioneers who went to the Midwest, and landed in Indiana. It's one of those typical families of the pioneer era where, as far as we can trace the heritage, we had family that was mustered out at Williamsburg after the Revolution and then started west through the Cumberland Gap, and into Kentucky, and split. Some went on south and some went north, and so it is one of those families that had cousins fighting cousins during the Civil War. It's a sad commentary, I think—I've been here in Washington for over thirty-some years now, but this is never home. Home is still back there on the farm, it's still where the roots are. Though my wife is not from the Midwest, she was a Navy brat, she says, "Navy Junior," her family kept coming back here to the Washington area. I doubt if we'll retire in Indiana, but at least it's still home, and will always be home to me.

RITCHIE: Well the family kept it through the Depression, too. That's also pretty remarkable.

HOAGLAND: Kept it through the Depression. In fact, my mother tells stories about how, yes, it was tough, but they had milk, they had eggs. They survived quite well. It was not the dust bowl area, but it was a tough time.

RITCHIE: As long as you owned your land and you weren't paying mortgage on it, I suppose that made the difference.

HOAGLAND: That's right.

RITCHIE: Now did you go to local schools?

HOAGLAND: On a big yellow bus every morning. I went to all the public schools in the local community, Covington elementary and secondary. Then, interestingly, this was the age of Sputnik, and the age of John F. Kennedy, and "What can you do for your country?" I was engrossed in that and I thought I wanted to be an aeronautical engineer, because I had built model rockets, to my mother's chagrin, by taking kitchen cookie makers and other things and built rockets. The fuel I extracted from my father's shotgun shells—it's a wonder I didn't blow myself up, it's a wonder I'm still here—getting the gunpowder to build little rockets. I was really into the rocketry stuff, so I applied when I was toward my junior year/senior year to go to the Air Force Academy.

One day, I'll never forget, it was senior English class and I received this telegram and it was from Senator Birch Bayh. I reminded his son [Evan Bayh] here a couple of times that your father started my career. It said, "Congratulations, I've appointed you to the United States Merchant Marine Academy." And I said, well, I've heard of Annapolis, the Naval Academy, I've heard of West Point, and, obviously, I was trying to go to the Air Force Academy. I'd even heard of the Coast Guard Academy, because I remember seeing on the TV the big, beautiful white clipper ship, the Eagle ship. But I had never heard of this academy. Ostensibly, the appointment was because I came from a mixed family. My father was a diehard Republican and my mother was a diehard Democrat, so Democratic Senator Bayh couldn't give me my appointment. That was the reason given, I don't know if that's true or not. My two older brothers—I'm right in the middle, I have two older brothers and two younger brothers—were in school and it was tough financially, as it always is on the farm, and this was a free education, even if it wasn't the Air Force Academy.

In those days, I was the senior class president, and we made a senior class trip in the spring of 1965 to the East Coast, particularly to Washington, DC, and to New York

City. I said, well we're going out to New York, and when I found out where the academy was located. You know where it is?

RITCHIE: Throgs Neck, isn't it?

HOAGLAND: Great Neck [on Long Island]. So I said let me check it out. When the senior class trip came out here to New York City, to the World's Fair in Flushing Meadows, I left the class and I went out to visit the academy. It's a beautiful academy, the old estate of the Chrysler Foundation where they built the academy. It's small, but a federal academy, and it was an education. You could get two degrees: you could get an engineering degree or a deck degree. So I decided to go ahead and try it. This was really kind of out of the mold for a farm boy from Indiana to come to the big city. But it was just like an academy, it was the same with the plebes and all the stuff you had to go through as a plebe.

I did fine the first year, and then the second year was a training year. They put you aboard ship. The ship that I was placed on, I think I realized very quickly that I was not going to make a good mariner, because we didn't even get below the Statue of Liberty and I was seasick. By the time we hit the Verrazano Bridge, I knew my career was going to be limited. But a year at sea was an eye-opening experience, if nothing else, for a young man, I guess I would have been, eighteen. I got used to it, but one of the first ships I was on was the Grace Line ship the Santa Rosa, it had some passengers, but not like these big passenger ships of today. We were hauling apples and commodities into the Carribean and bringing back pineapples and bananas. One of its stops was in Port-au-Prince, Haiti. And I mean that really struck me, the poverty, coming into Port-au-Prince.

I presume like today, I haven't been on a passenger liner since, but they quickly take the passengers and put them in little buses, and haul them up to the resort area, and get them out of the dock area. But that was Port-au-Prince, and I was a young sailor. The starkness of the poverty in the streets, and beautiful people, but very clearly poor, and what I saw shocked me. I felt I wasn't rich, growing up on the farm, but boy this was sad. I think it helped start to develop my mind set on what I really wanted to do. What I thought I wanted to do at that time was not really ship goods back and forth but see if there was some way I could help alleviate poverty, particularly in the developing countries.

Eventually, after the second year at sea, I went back to a landlocked university, Purdue University, where I went into agriculture economics. Again, I was going to focus on income distribution and poverty issues. That really is how it got started, at Purdue. I did my undergraduate work at Purdue, in agriculture economics, and then I went on to Penn State to do my graduate work, also in economics. I was always focusing on the consumption side of the equation, not the production side.

RITCHIE: Why in particular?

HOAGLAND: Because on the consumption side this was the beginning of the federal food stamp program. It was a new program under Richard Nixon. I guess technically it had already started on the commodity side—we were talking about the Depression and there was a commodity distribution program, but it was gradually changing over to this new program. President Kennedy had launched it as a pilot program for the War on Poverty and I think President Nixon then moved it into a full-fledged program. So at Penn State I concentrated on this new program, trying to understand how it worked. Did it work? Did it change or did it help in terms of nutrition of low-income people? In fact, that was the study. That was my graduate thesis. I don't know if they still do theses nowadays at that level or not. I went on and did a little bit more toward my Ph.D., but, quite frankly, ran out of money and decided it was time to get a job. But that set the foundation.

Also, while I was at Penn State, I had a lot of economics and statistics, and learned some of the tools that I found a little bit lacking when I came here to the Hill. Some just basic statistical analysis. I used that tool at Penn State to develop a model to project food stamp participation, which I didn't think was very sophisticated, but lo and behold, caught the eye of a Dr. Heimstra down here at USDA [US Department of Agriculture]. Eventually that was what brought me to Washington, to become a statistician economist, low-level, in the Food and Nutrition Service in the Department of Agriculture, because I could “project” this program for budgetary purposes into the future.

After Penn State, there was a short stint with a health planning agency in a rural area of Pennsylvania, there again dealing with poverty issues and health care. But immediately, within about a year, they called me and asked me if I would be willing to

come to Washington. My wife, as I said, was from this area, so we thought well, we'll try it. So we came here and we've been here ever since 1974.

RITCHIE: When you were in college and in graduate school, were there any faculty who were particularly influential in your career?

HOAGLAND: Well, interestingly enough, particularly at Purdue, there are some names that you will probably remember yourself. When I started my senior policy course in agriculture policy, the professor that started the course in the fall was Earl Butz. He didn't finish the course because he then became the Secretary of Agriculture. I didn't have a lot of exposure to Secretary Butz, but I did have some. An important person there, who just recently passed away, Don Parlberg, who in that discipline was recognized as one of the leaders. They had some very good people. A lot of these people came from Cornell. Purdue and Cornell had a relationship as I understand it. A young Ph.D. graduate student at that time—now he's head of the department out at Kansas State—was Barry Flinchbaugh. Barry Flinchbaugh had done his undergraduate work at Penn State and he's the one who asked me to consider Penn State. Many years later, working with Senator Bob Dole, Barry and I once again worked together on a project. Barry Flinchbaugh, along with Ron Knutson now at Texas A&M, were my senior advisors at Purdue. Those people stick in my mind.

Up in Pennsylvania, in the relatively short time I was there, J. Patrick Madden was my thesis advisor there. He's the one who really got me involved in the analysis of the nutritional aspects of the food stamp program. I was very lucky. I had some very good professors in statistics, K.R. Bennett, and the Department head, Lee Day. People who took an interest in me, and were willing to work with me and help me along the way.

RITCHIE: Could you tell me what you found about food stamps?

HOAGLAND: Well, the study that I did, and the thesis I wrote, was based on information and data being collected under an ongoing study. I think there was on a contract, on some of the basic work here with USDA at that time. There were two aspects to it. It was what were the factors—and this was something a little bit more socioeconomic—what were factors involved in people's decision to participate or not participate in the program? It is a voluntary program. I had a large regression analysis

that I went through with data that we collected from about four rural areas of Pennsylvania, and a couple of urban areas—that was another issue we looked at the difference in rural versus urban participation. To this day, I guess, the thing that I seem to remember that sticks most in my mind was one of the most important factors which should have been obvious—but these things aren't always obvious until after you look at them, was that the reasons why people did not participate was the way they were treated in the checkout line. It was the stigma associated with it. That interested me. Now, you know, it was a rural area, and a poor area, but still there was a stigma associated with it, even though they needed it and their family needed it and particularly their children.

The other thing we studied was the nutritional impact of the program—and this was a rather involved, more technical aspect because you had to have dietary surveys and you didn't know how well they kept the surveys or not in terms of their consumption—but we did find that yes it did improve their consumption of certain vitamins and minerals relative to the group that did not participate. So I think we at least came to the conclusion that it was a positive program in terms of improving peoples' nutrition and health. But the real issues, the factors that were involved, were more this social climate surrounding the stigma of being poor, and acknowledging that by having to use that coupon going through a checkout line.

RITCHIE: That's not necessarily something that the planners would have taken into consideration.

HOAGLAND: I think that it has in fact evolved, along in this history, when I came back here and eventually became the administrator of the agency. It was a strange situation to come here and then with Ronald Reagan in 1981 to be asked to be the administrator of the agency that ran the food stamp program, the child nutrition program, not just food stamps but all the federal food programs. One of the first things I was interested in, and has now come to pass, was what I called "smartcards." I said, "Is there a way that rather than having coupons, we have credit cards, and then embed within the credit card how much the food stamp recipient is eligible for?" It would look just like anybody else going through a checkout line, so it's not quite as obvious that they are on federal support. I haven't kept up with it as much as I should, but that eventually became part of the modifications to the program. It's called "electronic benefit transfer," EBT cards. Eventually, we had phased out the coupons and had moved toward something that

I would hope would be a little less stigmatizing for those people who really need the program.

RITCHIE: On the political side, one of the things that interested me when I was reading a biography of Richard Russell, was that he was one of the promoters of the school lunch program, which seemed politically out of character for him, except that as the chairman of the Agricultural Committee from an agricultural state, he was thinking of it in terms of the production end as well as the consumption end.

HOAGLAND: Absolutely. That's always been one of the dichotomies of the program: Why is it in the Department of Agriculture? In fact, when I was the administrator, John Block, who was the Secretary of Agriculture at that time, was upset that my agency, which he thought was an urban agency, had the biggest budget in the Agriculture Department at that time. But it was exactly because of that. There were those who said, "Well, maybe we should move it." There were a couple of programs—still today—one called the WIC Program, Women, Infants and Children Program, which Hubert Humphrey was directly involved in. There might be reasons why they should be over in Health and Human Services. But this has always been the issue, that this still grew out of the old commodity distribution program. It was an Agriculture program, and it was a consumption program first. I don't know if it matters in this day and age which agency, but that is exactly why its always been in the Department of Agriculture.

RITCHIE: But it also gave it a nice political base that you had conservatives as well as liberals in favor of it.

HOAGLAND: I think it made for actions taking place, trade-offs as they always happen around here. Farm bills where you have a title on nutrition and you have a title on production, and then you get the urban and the rural interests involved, which makes for what good legislation is all about, is trade-offs.

RITCHIE: One other line in your vitae that interested me was that you had some military service in 1969 and '70.

HOAGLAND: Well, when I was getting out of college, my oldest brother John was in Vietnam at the time. He was one of the early people over there. My next brother was at Purdue with me. He became a doctor of veterinary medicine and still practices veterinary medicine, so he had the student deferral. Here I was coming out in '69 right in the midst of the war. My brother, I'll never forget, called me from Vietnam. Somehow he got a phone and called me and said, "I recommend that you get into the Reserves or the Guard and not come over here," which of course, my mother definitely supported. So along with many others at the time, I went into the National Guard. Not only Dan Quayle, but George Bush, too, when you think about it. [laughs] But it was because of what John advised me.

I went through training as soon as I graduated, before I went to graduate school. It was a terrible winter in Fort Knox, Kentucky. You know, it's funny how you remember names. Even though it was what, six, eight weeks of boot training, I'll never forget Drill Sergeant Robinson. He will always be there in my memory, Drill Sergeant Robinson, who had just come back from Vietnam at the time. A tough, tough drill sergeant. But I had been in the marching band in my high school and played the drums. In fact, that's half the reason why they wanted me at the Merchant Marine Academy, because I could play the drums in the band. So I could march and so the drill sergeant took favor with me, which was nice.

We were all either draftees or we were in the Guard. So as I moved from Fort Knox in Kentucky to Fort Benning in Georgia, I was trained on telecommunications. This was before the Internet, and I was trained on Morse Code, did-doditdit-did-doditdit, that stuff. I was to be a radio person, which was at that time in Vietnam one of the more dangerous positions to have in a squad, to be the guy carrying the radio. The people I traveled with in Fort Benning went on, I presume, mostly to Vietnam, and I came back to graduate school, but then continued to serve. I changed from the Army to the Air Force Guard. I had to be in a unit. I didn't pull what some of them did to lose the time, but I moved from Army to the Air Force, and served my time here in fact. I finished up here in Washington out at Andrews Air Force Base, after the war had ended, having fulfilled my six-year obligation. I look back on that and wonder if I shouldn't just have gone ahead and gone active, but you probably know as well as I do, Don, how difficult that time was for everybody. It reminds me a little bit of where we are today, too.

RITCHIE: Yes, I was a draftee in 1969, but I never saw any combat. It was a roll of the dice. You had no control over what was happening to you.

HOAGLAND: Right. My draft number was coming up and it was high, and I was lucky. I was lucky that I got into the Guard at that time. But it was an interesting time.

RITCHIE: One other question about when you were in economics is I remember that at least the basic economics textbook was [Paul] Samuelson and the great fight was between the Keynesians and Galbraithians and [Milton] Friedman, who was coming along. Everybody was reading Friedman at the time. Was much of that influential in your education?

HOAGLAND: The one thing, the Phillips curve, I always was a fan of the Phillips curve, because I could understand it. It seemed to me that there was a logical trade-off between inflation and unemployment. I used the Phillips curve a lot. I tried to understand it better. I had to read a lot of [John Kenneth] Galbraith. I probably was leaning towards the Keynesian side. In fact, I find these things interesting, how you bring these things out of a person, Don, but I seem to recall a *Time* Magazine cover story in the early 1970s where Richard Nixon said, “We are all Keynesians now.” And I thought, well, that’s right, I kind of agree that government does have a role to play. Government can influence policy—which I have moved a little bit away from over time. But during those years, I thought, yes, back to my poverty issue, we can make macropolicy help us in terms of dealing with income distributions and poor people. So I leaned heavily towards the Keynesian. As you say, Friedman was just coming on board at that time, at the Chicago school. Most of the professors I had, particularly in the regular economics as opposed to the ag-econ, were of the mind set that government policies, tax policies, fiscal policies, could influence economic growth into the future, but not monetary policy as Friedman was lecturing and writing about.

RITCHIE: I would think especially in agriculture economics, being influenced by the AAA of the New Deal and all those agricultural subsidies that really defined so much of what was going on.

HOAGLAND: One of the concerns I have about agriculture is the consolidation that's taken place over the years. I'm critical of it because, as I say, our farm is still farmed. Of course, we don't have any debt on it, either, and that helps. But there has been a tremendous amount of consolidation creating large farms. What still concerns me on the agriculture side is what it's done to small communities. As my brother would say, now he has to go fifty miles to replace a broken piece for his combine, it used to be he could just go downtown to the local implement dealer. They don't exist anymore. The small town squares with the implement dealers and everybody around, they're just not there anymore. So I'm a little concerned about how consolidation and large agriculture has impacted rural communities. Definitely, some of the subsidies have helped, while the subsidies may have helped the small farmers, they also may have helped to precipitate a consolidation in agriculture that I'm not quite sure has been in the best interest of the country.

The one thing that agriculture taught me—and I was back at Purdue a couple of years ago for an alumni award they gave me—I observed that when I was an undergraduate we really didn't have a current account deficit. We didn't have a trade deficit. *We* were the big exporters. *We* were the strength. Even in agriculture, which was the key to our exports in terms of grain, agriculture was the one that kept us in the positive for so many years in terms of our trade deficit, now even agriculture has come down in terms of its contribution to the trade balance. So over the last thirty years, and that comes back to the economics around here, what's happened over the last thirty years, at least from my observation, has been a tremendous amount of changes in a global financial market, which brings me back to fiscal policy as I saw it first coming here.

In my first job over on the Budget Committee, back over in the Carroll Arms building, that was a hotel back here that they tore down to build a parking lot, I thought it was obvious that if you run a deficit you crowd out private investment, you drive up interest rates and dampen the economy. That may have been true, but over time now with capital flows in a global economy, it's not quite the same. It brings me back to my, I guess, my dilemma leaving here is: Does fiscal policy have the same impact? Does Keynesianism still work like it used to in a global environment? Back at Purdue, when I was an undergraduate, I never worried about the global economy because we always dominated, we were the 800-pound gorilla in the world economy. Not the case anymore, and it has changed even the dynamics around here in fiscal policy.

RITCHIE: Back in those days you were less likely to eat grapes from Chile or tomatoes from Israel.

HOAGLAND: That's right, absolutely, and you were less likely to get red tomatoes in November and December, too. So I mean there are many of these kinds of trade-offs. But we always were taught the typical arguments that trade was good for the all and that we all benefitted from it, and if true, then trade will take place.

RITCHIE: One other thing about your economic background is that this is an institution full of lawyers—

HOAGLAND: Yes.

RITCHIE: —trained in law school to think like lawyers. Did you find that having had training in economics gave you a different perspective than some of the people you've worked with over the years?

HOAGLAND: Well, that's a good question. It's a different perspective. It used to be nervous about saying I was an agriculture economist, I used to say economist, because even that's different than the traditional theoretical economist. Because the agriculture economist one thinks of actually has a product. You can say it's hogs, corn, cattle, hay. It's something that's very specific, the grain you're dealing with. I'll try to answer your question this way by saying I have a feeling that my training in economics and agriculture combined brought a perspective on maybe a little of the real world, of the way markets operate or don't operate. My lawyer friends, all good and smart and all that, tended to come from more of a theoretical perspective. So it's more of a practical versus more of a theoretical approach.

I have complete respect for all of the lawyers and I understand that's what we do here: We make law. I'll be the first one to admit that I'm probably the worst one when it comes to drafting legislation, but you draft legislation based upon some principle that you have established, whether it be in economics or some other discipline, particularly as it relates to the area I have been dealing with fiscal policy, where you're trying to make a particular fiscal policy work. So I've always said, "Okay, this is what we want to do," and the lawyers write it. I assume that they've written it correctly. But no, there are

enough economists and there are quite a few good lawyers that have economics backgrounds, too. It takes all of us, I guess, to work together here, hopefully as a team way of approaching these issues.

RITCHIE: I remember hearing a story about Harry Truman who once said he wanted to find a one-armed economist who couldn't say, "on the other hand."

HOAGLAND: Yes, absolutely.

RITCHIE: But the agriculture economics is a little more practical than some economics.

HOAGLAND: Well, after being at the USDA for those initial years, being a GS-9 or something like that, a low-level economist statistician, I received this phone call from Alice Rivlin, who I had read about or knew about but had never met. She said she was going to be the director of this new office on Capitol Hill that had just come into existence [the Congressional Budget Office]. I said, "I'm just a lowly economist in the Department of Agriculture," and she said, "Well, what we're trying to put together here is a combination of people with practical and government experience versus the theoretical." She would bring people from academia, and her friends from Brookings, and Bob Reishauer, and others over. She said, "We're putting a mix together." The one-handed economist reminds me one of the first logos at CBO we had on tee-shirts for softball: "on the one hand/on the other hand" was the logo [puts his fists together].

That was another aspect in this which I just have to be grateful for and thankful for, was that Alice had the perspective on this that it couldn't just be academics and lawyers. It also had to be people who actually had some experience with programs. The real reason for bringing me was we were writing a farm bill in 1976 and she knew that was coming up and she knew that a major title of the farm bill was going to be the food stamp program. That's what really brought me to the Hill, Alice, with the establishment of the new Congressional Budget Office. I am happy to say we have remained friends over all these years.

RITCHIE: So she found you because of your expertise in food stamps?

HOAGLAND: Yes, in fact that was the only reason why I came to the CBO. I think she picked me out because she had heard that I had some experience in this particular program, a little analytical but also practical experience with the program. And she knew one of the traditional farm bills, every four years, was coming up, and she knew that this was going to hit the CBO as one of its early tests as to whether CBO would be able to do the analytical work, to do the estimating, and to provide that kind of information to the Congress. So that's what brought me to the Hill in '75.

RITCHIE: And that was right after the Budget Act of 1974 created that.

HOAGLAND: Right. The CBO, Alice and Bob Reischauer, and others were over here in the Carroll Arms building, sharing space with the Senate Budget Committee staff at that time, Jim Storey and others, and [Edmund] Muskie's staff. By the time I got here, they had just moved to the Ford building. It wasn't even called the Ford building at that time, it was House Annex #1, I think. Oh, it was stark. It was like just a big warehouse over there. But that's where we started and where now you wouldn't know it if you go over there today, the way they've improved it, the technology and all that.

I stayed there at CBO until I received the administration's appointment to the Food Nutrition Service in 1981. I had worked with Tom Foley, Bob Dole, and George McGovern during that period of time. One of the big issues in 1974 was another policy issue associated with this particular program called the "elimination of the purchase requirement." Say you're eligible for \$100 worth of food stamps, in terms of this is what you need is \$100, but because of your income and your assets you had to pay \$50 to get the \$100. We gave you the \$100, but you had to pay \$50. The question was, could we just give you the \$50 so you didn't have to put up the other half? How would that affect your purchasing? That was the big issue. I worked with Senator Dole and Senator McGovern on that legislation, trying to make that estimate. Would it have any impact? Some of the experience back at Penn State probably came to bear there. Again a little bit of modeling at the time. We didn't have the tools. My word, this sounds so old on my part to young staff, we didn't have the spreadsheet capabilities we have today. This was hard analytical work with punch-cards carried to large mainframe computers—we at least had those.

I was considered a—I guess Alice referred to me a couple of times as “one of the bastardized children,” because they had a policy group, and they had the budget analysis group, still to this day at CBO. It was the budget analysis group that did the cost estimates. Whenever you passed a bill or reported a bill, you had to have a cost estimate under the new law. Because I had some analytical experience, but also policy, I would slip over and do the analytical work for the budget analysis group. So I became kind of a dual person. I also wrote one of their first papers on nutrition programs and how they work at CBO. So I had, I guess, the best of both worlds, both the academic and the analytical that she was looking for.

That’s where we did a lot of child nutrition work, and that, also, expanded my horizon because then we moved into what I used to call “peanut butter and jelly.” It was program for better jobs and income. It was Jimmy Carter’s welfare reform, in ‘77 or ‘78, somewhere along in there. This program was in the income security field, so I moved into the broader area of income distribution issues, welfare reform, unemployment insurance, SSI, social security. So it started to expand my reach in terms of my knowledge of programs and activities. My foundation was laid over there for not just food programs but broader public policy issues.

RITCHIE: I would guess that the staff wasn’t as large to start with, so that gave you a chance to move into other fields as well.

HOAGLAND: Bill Fisher was my first supervisor over there, who came from the old budget office, the Bureau of the Budget, before it was converted into OMB [Office of Management and Budget]. There were a couple of others who came from that era. It was a smaller staff, but you’re right, it gave you more experience. One of the experiences I had, and I realize to this day, thinking back about it, was my naivete. I had done an estimate on the food stamp program, and there was a markup going on over here in the Senate Agriculture Committee. Now this is a young guy that’s still star-struck by the people over here. They called me over and said, “Come on.” It was Jim Storey, who worked for Muskie, who was on the Budget Committee, who said that CBO has made this estimate. I think it was Hubert Humphrey who said, “Get him over here. I want to understand this.” So they called me and here I am a young staffer coming over to the Senate where this big markup was going on in the Senate Agricultural Committee Room. There was a roomful of people, senators sitting around the markup table. I was a little

nervous, as one would expect starting out.

As I walked into the room, Jim Storey stood up—and I was a little late getting there because they called me to come on over—and Humphrey asked me a question as I was walking into the room. I kind of said, “Well Jim Storey can speak for me because he understands this.” I didn’t think about it at the time, but Humphrey’s response was, “It didn’t take long for that to happen, did it?” For the Budget Committee to be speaking for CBO, which was a mistake, because I should have been independent of the Budget Committee.

But Senator Humphrey was such a great man, and I enjoyed getting to know him a little bit before he got ill. He was passionate about these programs, and about feeding programs. And as I say, he was instrumental in starting what we call the Women, Infants and Children program, which is a similar kind of program directed particularly at lactating mothers and pregnant mothers and poor mothers. Anyway, that was my learning experience the first time here in the Senate.

RITCHIE: That’s an interesting observation because the Budget Office was supposed to be a neutral office—

HOAGLAND: Absolutely.

RITCHIE: —and the question was whether anything could actually be neutral on Capitol Hill.

HOAGLAND: And that’s why I said, I now realize in retrospect, I was nervous so I simply said, “He can speak for me.” I shouldn’t have said that because I was supposed to be representing the CBO. He was the Budget Committee and I was CBO and we were supposed to be separate. But you’re right. I realized that after the fact, but it worked out okay.

RITCHIE: Well, did the Budget Office operate in a neutral manner in those days?

HOAGLAND: I do believe it did. Alice took a little heat early on, setting up the place. I recall one of the big issues—I thought it was a little ridiculous but I kind of felt for her—was she wanted a car. She was way down at the Ford building and she had to keep coming back up here, and the GAO director, the Comptroller, had a car, why couldn't she have a car? That became a little issue early on. I think that caused a little bit more problems than it was worth. But no, I think she did a very good job. It's clear that she had her political biases, but I think she let the staff be very clear in doing the best work they could analytically and presenting it. She didn't try to tip it one way or the other. Jim Bloom, C.G. Nuckles, people who were in charge of this group called BAD—Budget Analysis Division—they were very good budgeteers. They were just green eyeshades, and they didn't tip the scale.

The experience over there helped me when I came over here in this sense, that we have lawyers here who say, "Give me a cost estimate. I want a cost estimate right now! Got to have it right now! We're going to file." If you haven't gone through the experience of, "Well, I've got to look at the legislation. I've got to look at the amendment. I've got to understand what it is," some of these things are not that easy to estimate. And as I said, in those days, you didn't have the great modeling capabilities that you have with Excel or Lotus spreadsheets. So it's not quite that easy, but you get this sense, sometimes, with staff around here, "Well, just call CBO and let's get an estimate." Like it's right there. But that give and take back and forth eventually developed, where staff on the committees start working with staff at CBO, and I think that there was an educational process that went on. Those tended to be more economists over there, and public policy types, than lawyers. I think that helped, although you're right the economist is "on the one hand/on the other hand," but at least raised the point that it's not as black and white as people would like to make it up here.

When I, as a statistician—a very small statistician—I always learned about the distribution around an estimate. I seem to recall another of the naive statements I made one time, putting together a budget resolution. I was still at CBO, and I said, "Well, why don't they just give a range?" Because there is a range around these things. Appropriately, the response was, "We don't appropriate ranges. We appropriate a number." That has maybe helped, maybe complicated, it makes decision making more difficult, but at the end of the day, at least there's information there. What Alice tried to do from the beginning was say, "Listen, whatever you do, all you can do is provide them

the information. The best you can do. They are the ones with the certificate of election. They'll make the final decision. All you can do is try to give them what you think is the best information for the decision. They may not make the decision the way you like, but you're not the elected official." She beat that into us, and that's the way we approached it and I think she did a good job.

Quite frankly, I think that CBO under Alice, and then under Bob Reischaur, and Rudy Penner, I knew them all. Jim Bloom, Ned Gramly, who went onto the Federal Reserve for a little while. There were some acting positions. Doug Holtz-Eakin did a great job. My friend, and I feel sorry for him on this, Dan Crippen had a rough time. He lost his wife right as he came in to take the job. He also had a terrible accident and broke his leg. He had just a tough time coming in and so I think it was a little bit of a down period, but I still think that the solid foundation upon which Alice, Bob, Rudy and others set for that organization still exists to this day.

I have suggestions and ideas, which always get me in trouble, but one of them, which I still would like to see, is the Joint Committee on Taxation should be folded somehow into CBO, because in the end it's both spending and taxes. It's fiscal policy. They do run it through, but I don't sometimes feel that the Joint Tax Committee has the same independence that say CBO does, because basically they are working for the two chairmen of the two committees. I know that my friends, we've discussed this and my Finance Committee friends and my Ways and Means Committee friends just get very mad at me because they have control over the Joint Tax Committee and they would not have that same degree of control over it if it was embodied within CBO, which I think speaks well for CBO as being more independent.

RITCHIE: When you raised the Humphrey comment about the committee and the CBO, what was the relationship between the CBO, when it first got started, and the Budget Committee, which was also just getting started?

HOAGLAND: At my level at that time, it seemed to me that there was a lot more interaction with the Budget Committee than the other committees. It was a lot closer in the sense that the Budget Act set up CBO and these two new budget committees. I think the other committees, in fact, the Appropriations Committee was the other power, never liked the Act anyway, and to this day still has problems with the Act. [laughs] I think

there was a lot closer relationship between Muskie and Alice and [Robert A.] Giaimo in the House. Basically, the budget committees and CBO were it. I think they had a good working relationship. As I said, there were glitches along the way in getting ourselves established, but over time what I have seen is that while it used to be that the call came from the Budget Committee saying “What does this cost?” Now it’s every committee, “Let’s call CBO.” They don’t go through the Budget Committee.

In fact, to the extent I think what’s happened is CBO has gone up and the two budget committees have come down, in terms of their roles around here, in terms of fiscal policy. You can just cut out the middle man, if you like, and say, “We’ll just go straight to CBO.” Again, that speaks well for the Congressional Budget Office, but it also recognizes that you don’t want to waste your time going through this staff, and that staff, and that staff, when they’re here.

RITCHIE: I was thinking in the ‘70’s, the authors of the legislation were, in a sense, running the committees and probably loathe to give up any control of any of it. At least, they were very interested in what was happening and keeping an eye on all of the facets.

HOAGLAND: To Senator Pete Domenici’s chagrin because he says he invented reconciliation, I keep reminding him every once in awhile, “No sir, you didn’t.” The first reconciliation bill was done the way the Budget Act envisioned it, at the end of the fiscal year to correct for any differences between the budget blueprint adopted early in the session and the final actions before the fiscal year began. The first reconciliation bill was done under Jimmy Carter as it related to the school lunch program. Now as the Administrator of this program at the other end of Pennsylvania Avenue, I was to find savings by reducing the subsidy for the non-needy child. It was a nickle off the paid lunches and two-and-a-half cents off the reduced-price lunch, we were implementing the reconciliation bill. I had worked on that bill while still up here. That was the first and the last reconciliation bill under Jimmy Carter’s presidency. So then I go down to the administration, and lo and behold, legislation I had helped at least estimate, if not craft, I had now become the administrator of the agency to implement this reduction.

This is where the story gets a little out of hand, but the bottom line was that I was a young new administrator. Just seven or eight years earlier, I had been a lowly GS-9 and

now I'm running the whole damn place. The first thing was: You've got to reduce the subsidies for the non-needy kids by five cents. I said, okay, let's do this a little bit methodically. Now I had these regional offices all across the United States, let's do a little bit of checking out and seeing what the people who run these programs think about how we should do this. The school lunch program to get the reimbursement from the federal government has to meet certain qualifications in terms of protein and calcium and milk and various other aspects of it.

So the first time I had ever been in San Francisco, I went to the regional office out there and discussed it with some of the people who ran the school lunch programs, and they said, "Listen, we have an awful lot of Asian students out here, and they like tofu, but we can't serve tofu. It doesn't qualify because you guys won't let it be credited toward the protein." I'm not a tofu fan. I don't know, but it's fine with me if it's protein. I don't care if it comes in meat or if it's in soy. So sure. Then I don't know where it was, someplace in one of the districts or regions, said, "We like yogurt. Why can't that qualify as the calcium requirement for the milk requirement?" I said, "sure, again, I'm not ideological about this. Sure." Those are a couple of examples.

They said, listen, if you're going to take a nickle away, give us some flexibility. That's what they wanted, they wanted flexibility in these meal reimbursement requirements. So we put out these regulations and essentially let tofu substitute for meat, let yogurt substitute for milk, and the other mistake I made as a young administrator was we issued those regulations in August. I thought it was everything that everybody wanted, flexibility. Well, the American Meat Institute realized what was going on and all of the sudden they didn't like it. And then the other powerful interest, the American Dairy Association didn't like it, because milk—which I have yet to understand completely our subsidies on milk in this country, which is ridiculous—is based upon the fat content, and yogurt does not have the fat content. So they were upset. I didn't realize all of this. I didn't think of this. Then it didn't help that Nancy Reagan purchased, I think, that August, a bunch of new china at the White House. It was a confluence of events.

There was something in the regulations that had to do with condiments and, to this day, I still don't understand how all of this got blown out of proportion, but all of a sudden it became "ketchup is a vegetable." Even though the regulations never said anything like that, I think the American Meat Association and Dairy Association thought,

“Aha, we’ve got something here. We can take care of these regulations.” That was my downfall in the sense that I had signed off on the regulations. At that time, Jim Miller, who later became OMB director, was the regulatory man at OMB. Probably the last conversation I had with Jim Miller was while I was sitting at the desk as FNS administrator, and him yelling at me and me kind of yelling back at him. Because I said, “You signed off on these regulations. Why am I taking all the heat from the White House?” Eventually that was it, that I was the one responsible for embarrassing President Reagan. They had these big—Lowell Weicker and that other senator from Minnesota—a huge man—

RITCHIE: There’s Rudy Boschwitz and David Durenberger, or was it was before that?

HOAGLAND: No, it was before.

RITCHIE: Minnesota?

HOAGLAND: Maybe it wasn’t Minnesota. Maybe North Dakota. I remember that had him down and they had pictures in the paper of Lowell Weicker and this other senator, big men, sitting down with this little hamburger down here.

RITCHIE: Was it Mark Andrews of North Dakota?

HOAGLAND: It might be. And so it got out of hand.

RITCHIE: I remember Paula Hawkins got some bad press on this as well.

HOAGLAND: That’s right, yes. So I ended up being the fall guy, and went over to be a special advisor to the Secretary for awhile. Then I received this phone call shortly thereafter. It was Senator Dole, who said, “Having a rough time, huh?” And I said, “Yeah, I’m learning the way this town works, early.” And he said, “Well, Pete needs some help on the Budget Committee.” I had never met Pete Domenici. I said, sure I would come up and talk to him. So I came to the Budget Committee in ‘82.

They had finished the first round, '81 reconciliation, and I came to the Budget Committee in August of '82. My son was born the week I came here. In fact, I promised my wife a week off that week and we're going to get that week now when I leave the Senate. That is what's going to happen and as she reminds me every once and awhile that I never gave her that week off when my son was born.

But I came back. I came up here and it was still Carroll Arms at that time, so I started my real career here with the Budget Committee in August of '82. I walked in and the first person I met was Steve Bell, a character—you learn to love, hate, and respect him at the same time—but he's a good man, good man, extremely intelligent, who was close to Domenici. Steve and I are good friends to this day. But the other guy I met was Sid Brown, who was the number cruncher. There's the whole federal budget right here, and he's doing it on a little hand calculator! I thought, oh my gosh. This was the beginning of the PCs. I had purchased at home a personal computer with a lotus spreadsheet, so I said, "Well, I'm going to bring my computer in. I'm not going to do this with a hand calculator. The whole federal budget and you're doing it on that!"

That's the other thing that's changed so dramatically around here is the technology. At that particular time, of course, "squawk boxes" were in the corner of each room. We didn't have television, but we listened to "squawk boxes." Every morning I'd listen to Senator [Howard] Metzenbaum and Senator [Ted] Stevens arguing over the Alaska Railroad, and going on and on and on. Eventually, when I became staff director, we worked with Rick [Richard] Brandon, who was with Senator [Lawton] Chiles, a class Senator. Senator Chiles, and Rick, and I said we wanted to somehow modernize this technology here. The Budget Committee was one of the first ones to get some form of computerization. Then I had this dream, which eventually came to pass, which now works, that I wanted to be connected to CBO. Because we used to have people make computer runs all the way from CBO all the way up here, back and forth. It probably wasn't until the late '80s or almost '90s before we actually had the technology so that we moved into improving our analytical capabilities and communication capabilities throughout that period of time.

RITCHIE: Just one point about Bob Dole calling you up, you also mentioned about how you had worked with him and Senator McGovern. Just recently in the *Congressional Record*, before they adjourned, they reprinted a Dole speech at the

McGovern Institute. It was one of the most remarkable things I've read because it was this warm tribute by Bob Dole about George McGovern, not only that they both served in World War II, but that they thought alike about farm policy and that they had worked together all this period. They represented adjoining agricultural states and they had this great bond, despite the fact that they were completely ideologically opposed to each other. They had fought each other tooth and nail. Dole was the chairman of the Republican Party at the time that McGovern was running for president. It was the most unlikely tribute that I have ever read, they managed to find common ground.

HOAGLAND: Yes, on the issues that I dealt with there was a humanitarian aspect to it that both of them had, a big one. Yes, I enjoyed working with both of them and still do. I see Senator Dole every once and awhile. He's still active.

RITCHIE: It seems to me that no matter what the personalities or the politics that there's at least going to be some issue that they find some way to come together, and that the institution provides that.

HOAGLAND: Well, this may be jumping ahead, but one story that sticks in my mind that I want to get on the record somehow and this is not the proper placement of it, I'm sure, but particularly when Senator Dole was the majority leader, we had long nights. It seemed like we worked much later into the night, and he was willing to go to one or two or three o'clock in the morning sometimes. Even for a young staff, it was tough. I certainly can't do it anymore. I've had to do it a couple of times, but boy, it's not like it used to be. I recall exactly what you're talking about here, with the two ideological opposites. I left the Senate late one night. We were on the floor finishing up a budget resolution or something. I was by myself and nobody else was around except when I came down the elevator, going down the escalator to get to the tram down here, and there were these two senators in front of me, two elderly senators, and they were helping one another. One was having difficulty walking and the other was having difficulty also. They had their arms around each other. It was Jesse Helms and Claiborne Pell. Nobody else was around. They weren't playing for a photo or the press. I stayed back and I thought to myself, you know, here are two senators probably as far apart as they possibly could be political, but helps one another along—it's the old Senate. They still have that humanitarian aspect. Two senior senators helping one another. They could go back on

the floor and have a rousing debate, but still have that respect for one another as human beings.

That's a little bit of the part that I miss from the old Senate. Maybe it's age, and maybe it's not true, but there was something different in those days. Not as partisan. Not as political, maybe, as it has become. But that's exactly the same kind of situation as with Dole and McGovern, and Jesse Helms and Claiborne Pell. That's the side that the American public doesn't see. I don't know if they need to see it but it helped me. It solidified what I always thought was this institution and what it stood for anyway at the end of the day.

RITCHIE: Well speaking of the end of the day, it's probably a good time for us to stop. What's your schedule going to be like in the next few weeks?

HOAGLAND: I'm going to be around, well up until December 22nd. We haven't even gotten to Gramm-Rudman-Hollings and the 1990 budget agreement. We do need to get through some of the summit years and talk a little bit about that.

RITCHIE: Good, I like to spend more time talking about all of those things.

HOAGLAND: Next week is going to be difficult, because we're going to try to do this CR. Literally, I think we're going to try to finish by the 8th, at least the continuing resolution and maybe the tax extender bill. My sense is the Senate might be in into that following week a little bit, but it will be on nominations. We may be cleaning up the [Robert] Gates nomination or something of that nature. But the following week I should have some free time to get over here. I haven't made a decision as to what I'm going to do in January, but I'll be around. We do need to get through the summit years, and talk about that, if I can keep them all separate.

End of the first interview