

**ON THE STAFF OF SENATOR LIEBERMAN**

**Interview #4**

**Wednesday, October 20, 2004**

**RITCHIE:** We talked the other day about some of the issues you have been working on with Senator Lieberman, including bioterrorism and debt. We didn't finish that discussion. I wondered if you could talk about some of those other issues.

**LUDLAM:** There are three other issues which I'll just mention briefly. I have been working a lot on the subject of charitable giving incentives and individual development accounts (IDAs). We just had the CARE Act go down in the conference on the Foreign Sales Corporation tax bill. We lost everything, the whole CARE Act and the IDAs.<sup>162</sup>

I've been working on the charitable giving incentives and IDAs for three years. Losing this bill, and the IDAs, is a bitter defeat. It's bitter because IDAs provide a whole new way of attacking poverty. The idea behind IDAs is that even poor people can save. If poor people do save, if they buy a home, they can invest in a business, and they can accumulate assets. Income alone is not sufficient to create wealth in our society. You have to own assets.

Most people, especially in the District of Columbia, find that their homes have been the ticket to wealth. I invested \$30,000 in a house in upper Northwest D.C. in 1975, and the house I'm in now is worth probably \$1.5 million. I think that's a little excessive in the District of Columbia but not unknown in this area.

**RITCHIE:** You moved up and used your equity?

**LUDLAM:** I only sold the first home and bought a second, and I've gone from \$30,000 in equity to about \$1.5 million in equity. For poor people to become members of the middle class, they have to own a home. No question, that's the principal ticket to wealth in our society. Most people use their home to borrow against to pay for big expenses like college.

The idea of IDAs is to help poor people to save, a radical idea. Most Democrats think

that the ticket to the middle class for poor people is income support, and there's certainly some truth to that. But if these people don't end up owning assets, they will never get in the middle class. They will never have a margin for error when they face unforeseen financial demands. If their car breaks down, or they have some big medical expense or something else, they need assets as a margin, as a hedge against the uncertainties of life.

I've been working on the CARE Act and IDAs very hard for three years, and we just lost it in the conference. President Bush said he supported the CARE Act and IDAs, and he's in favor of an ownership society. I think he's really only in favor of ownership by people who already own plenty, and not ownership by people who don't.

**RITCHIE:** So why do you think it didn't get through? Where was the main opposition from?

**LUDLAM:** It wasn't opposition. It was just the K Street lobbyists grabbing some expensive business tax cuts. They have more clout than poor people will ever have. So we were just outclassed in the competition for a limited pot of money.

**RITCHIE:** This was Lieberman's bill?

**LUDLAM:** Yes, with [Senator Rick] Santorum. We've had a wonderful relationship with Santorum on it. Randy Brandt was his staffer, and I worked very well with Randy. He's a dedicated, resourceful professional and fought every step of the way. But we didn't have the guns to win. It's a bitter defeat.

One aspect of it that's been fun is that Jim Davidson has been one of my allies on IDAs. Jim protected me when Abourezk retired and I was moving to the Carter White House. He said I could take as long as I needed to make the transition. I'll never forget that. Jim then turned out to be my antagonist on the Regulatory Flexibility Act. In recent years he surfaced as a big champion for IDAs. I admire Jim for his commitment to public policy. He's a first-rate player and an old and reliable friend. Ray Boshara is the leading advocate for IDAs and other savings programs for low income individuals. He's one of the smartest, most effective advocates I've ever worked with.

Working with people like them is what makes this political game so rewarding.

Despite our best efforts, so far we've lost. The IDA fight has been a labor of love for me and one of my most bitter defeats.

In October of 2003 Lieberman and Santorum approached the Census Bureau, which had just released the official poverty rate for 2002. It was using a method of calculation that was created by a government statistician some forty years ago that focuses on income rather than assets.<sup>163</sup> We argued that a better measure of the poverty rate is to focus on assets and not just income. Sufficient levels of income can generate wealth, and most types of assets can quickly be turned into income, making it a convenient source of potential consumption. Both are important to well-being.<sup>164</sup>

Yet, when judging the well-being of families and individuals, especially over the long term, assets are an even more pertinent indicator. While income is used for day-to-day necessities, assets, by contrast, can be turned into income, relieve individuals from being dependent on others for income, and provide a crucial safety net during times such as unemployment or illness, when income is disrupted. Assets are also directly transferable from generation to generation and are critical to planning for the future, including for retirement and education. Assets are a basic statement of what one owns and a sure indicator of one's capability to be truly self-reliant.<sup>165</sup>

Because it is so pertinent to well being, the accumulation of assets has always been an essential element of the American dream. Indeed, for millions of Americans, their ticket into the middle class rests primarily on the fact that they own their own home—a process that, as a matter of public policy, is supported by billions of dollars in mortgage interest tax deductions each year. Those Americans whose claim to middle class status rests solely on income, without any real wealth or assets to back it up, often and unfortunately find that their claims are precarious at best.

This is why I fought so hard for IDAs and why losing them is such a bitter defeat.<sup>166</sup>

**RITCHIE:** It's interesting, you mentioned Lieberman did this in conjunction with Santorum. Santorum, of course, has been a hard-line person in his party, very partisan, very conservative. How does somebody like Lieberman make an alliance with Santorum on an issue like this?

**LUDLAM:** Spirituality. They're both spiritual individuals. Santorum is very religious. I think he attends Mass every day. Lieberman, of course, is an Orthodox Jew. They actually believe that faith-based organizations, and people of faith, and religious institutions can provide tremendous value in social services. The IDAs have been part of the larger faith-based, charitable-giving incentive package.

It's a bit strange for me to be involved as Lieberman's champion on the bill, given the fact that I'm a hard-core atheist. But I do believe, based upon a lot of experience, that faith-based organizations provide wonderful quality service to people in the greatest of need. So I'm not troubled by the church-state issues. Lieberman is not troubled by them, and Santorum is not troubled by them. Some of our liberal friends are certainly troubled by them. I guess I'm practical. I will go anywhere it takes to get the services provided.

Another bill that I'm working on which addresses another overriding issue is a bill I'm drafting on the economics of global demographics. We're already dealing with the demographics issue as it impacts spending on Social Security and Medicare. But we're also drafting up a bill—that we haven't briefed Lieberman as yet—which will focus on the impact of global demographics on world GDP growth. If we see a massive aging of the populations in developed countries, and massive numbers of young people in the less developed countries, where will global GDP growth come from? The implications for global macroeconomics are very frightening. That's another case where I'm trying to deal with the biggest forces that we can possibly see.

**RITCHIE:** But the senator hasn't expressed interest in this yet?

**LUDLAM:** I haven't fully taken it to him for his final approval, but he tends to be a member who loves big ideas and this is another big idea.<sup>167</sup>

Finally, because my wife and I are now focusing on joining the Peace Corps, and we're both just about sixty years old, we have run into a whole series of policies that are disincentives for people of our age, our financial status, and our vested financial interest in rejoining the Peace Corps. So naturally, I am now working to eliminate these disincentives!

For example, when I retire from the federal service, I can buy federal employee health insurance. But there's a "continuity" rule saying that you must continue to buy it. As soon

as you cease buying it, you cannot re-buy it at a later point in time. Well, I don't need to maintain my health insurance coverage while I'm in the Peace Corps. But, we'll only be sixty-two or sixty-three when we finish our service, so we need to maintain continuity—and spend about \$8000 buying this insurance while we serve. So the Office of Personnel Management has agreed to adopt a rule to waive the continuity rule for people serving in the Peace Corps. They haven't finalized the rule yet. It would help me personally, but it's obviously a legitimate policy response. There's no reason to require continuity in the purchase of health insurance for federal annuitants who are serving in the Peace Corps.

**RITCHIE:** They just hadn't thought about it.

**LUDLAM:** They hadn't thought about it. In terms of the Peace Corps disincentives, I'm also focused on capital gains on home sales. They just passed a law that said that if you're serving in the military overseas and you rent your home while you serve, the new capital gains rules would not discriminate against you. The new rules are you must live in your home two out of the last five years before you sell it to qualify for the massive \$250,000/\$500,000 capital gains exclusion. The new rule for military is that the two out of five rule does not apply during the time a military person is residing abroad.<sup>168</sup> Well, that also should apply for the time that a Peace Corps Volunteer is living abroad. I'm trying to work with the two tax committees on that issue.<sup>169</sup>

So that sums up my agenda for Senator Lieberman. The point is that there is ample running room to take on the big issues and propose creative and ambitious solutions. The Hill is a fantastic pulpit, at least when you're working with superb people like Bill Bonvillian and Joe Lieberman.

**RITCHIE:** That's interesting. In wrapping up this discussion, are there any other initiatives of yours over the years that you want to mention?

**LUDLAM:** Yes, I'd like to mention a few other initiatives that run as themes through my career. I want to mention them because it may be interesting to outsiders, and to Stanford students, just how wide-ranging the agenda can be when you're up here, and just how fascinating it can be. The Senate is an extraordinarily stimulating place intellectually.

First, let me take one subject matter that I've worked on now for twenty years,

industrial policy. Industrial policy focuses on the competitiveness of the United States. Back in 1984, I was deeply involved with the question of the competitiveness of the United States. Then, the challenge was from Japan, and everybody thought that Japan was going to eat our lunch. President Reagan set up what was called the Young Commission, which focused on the policies that would make America more competitive. One of the proposals that arose at that time from the Democrats was the idea to set up an Industrial Development Bank. The bill was H.R. 4360, introduced by Congressman John LaFalce. The bill was reported from the Banking Committee. He had 132 cosponsors. And it looked like it was going to be one of the Democrats prime ideas to make America more competitive.

I thought it was a thoroughly stupid idea, because basically it would be a bank to fund all of the losers who couldn't get funding any other way. It would be like a Reconstruction Finance Corporation. Eventually, the RFC was terminated because of the scandals. It was giving money away based upon political criteria. So I was looking for ways to kill this stupid idea. I cared about industrial competitiveness in general, but I thought this idea, which was the lead idea of the House Democrats, to be a truly stupid idea.

So I worked with a dear friend of mine, Mark Goldberg, who was the editor of *The Brookings Review*.<sup>170</sup> Mark got Charlie Schultze, the former CEA chairman under Carter, to write an article in the fall of 1983 referring to this idea as "a dangerous solution for an imaginary problem." He went on to say, "We have enough real problems without creating new ones," and went on and on and on.<sup>171</sup> The article was a key element of my strategy to kill the LaFalce Industrial Development Bank. And it worked. The bill died and never even came up for a vote in the House. You can kill a bill in lots of different ways around here. And this was actually a proposal we could kill with a trenchant analysis.<sup>172</sup>

Now we're having another massive debate on industrial development policy vis-à-vis the Chinese. And the fear is the Chinese will eat our lunch. On that subject, we have just introduced a bill, which I worked on with Sara Hagigh and Elka Koehler in our office, to set up a second John Young Commission.<sup>173</sup> The first one was the very useful commission back in 1984-1985, under Reagan, and it focused on all of the things we could do to make America more competitive. Our idea is we ought to try the same thing again. Sara and Elka wrote a brilliant report on this.

We have also introduced a bill focusing on Chinese currency manipulation, which is

thought to be a big part of this problem,<sup>174</sup> because they have a cheap currency and a strong dollar that permits them to steal our manufacturing jobs. So we've introduced a bill on that subject. Michael Baum, a Fellow from NIST, was our capable lead on that.

Finally, we have issued a series of massive reports about U.S. competitiveness. One of the reports focused on deployment of broadband, which might be very important for our competitiveness. We introduced a bill on that subject.<sup>175</sup> Skip Watts, a fellow from Radford University, was our lead on that. He's a geologist, but he became a world-class expert on broadband deployment issues. These fellows, and my current fellow, Paul Brand of NIST, are a God-send for our office. They are sophisticated professionals and wonderful people to work with. Bill Bonvillian gets credit for setting up our system of fellows in our office and turning them loose to produce sophisticated and influential work products.

The point is that in my career, over a period of twenty years, I've played a constructive and leadership role on an ongoing issue like U.S. competitiveness. I've seen the issue ebb and flow and recycle back onto itself. This time it's the Chinese, not the Japanese, but in all other respects it is exactly the same issue as it was twenty years ago.

So in this game, you keep your files, because issues are recycled. You may think that you're finished with an issue, but you'd better keep your files because five or ten years later the same issue may come back again.

**RITCHIE:** I remember back in the 1980s, some were using Japan to justify the deregulation of the banks, saying that since the Japanese have a different banking system and theirs seemed to be working better, we had to copy the Japanese banking system. Right after that the Japanese banking system went bust. The instinct is: we need to change our system to be like another system because it is doing better.

**LUDLAM:** It's a fascinating debate that arises when we are pressured, when jobs are in jeopardy. Since the Second World War, the U.S. has worked to create an international free-enterprise economy, with peaceful economic competitiveness among the countries rather than war. We don't always believe that free enterprise applies to us! Sometimes we run into competitors who are better at free enterprise than we. We may find with the Chinese that they are better at free enterprise than we are in many different sectors. They will be phenomenal competitors.

At some point, the U.S. is tested on the consistency of our beliefs. Do we believe that we are, in fact, capable of competing with anybody on fair terms or don't we? Do we need to rig the game to avoid competition or compete with brighter people who have greater skills, and more innovation? This is always the debate between the protectionists and the people who want competition. I've always been on the competition side and not on the protection side. But it's a debate that will cycle back again, and again, and again. You will have one sector, like the automobile sector, or the textile sector, or some other important sector that will be aggravated and lead the opposition to free trade. It's been a privilege for me, over twenty years, to be in the middle of these industrial policy debates. And Lieberman is very much on the competition side, so it's been lots of fun working with him on these complex issues.

As I mentioned in my first interview, the conflict of interest issue for the Legal Counsel led to a major investigation of the Justice Department and its defense of the COINTELPRO operations of the FBI and CIA, which were targeted at the Weathermen and other radical underground groups in the '70s. The FBA and CIA had bugged the radicals without warrants, broken into their homes and offices, and otherwise violated their rights.<sup>176</sup> When this got public, the radicals sued the FBI and CIA director and many others alleging constitutional torts. Today, we probably call the radicals "terrorists," but back then we probably called them "protestors."

The lawsuits by the radicals put the Justice Department in a fascinating conflict of interest position, because normally the department would defend these executive branch officials. But at the time the department was investigating whether or not it should prosecute [Richard] Helms and other COINTELPRO operatives for violating the law, for break-ins or other illegal activity. So the department was supposed to represent government employees at the same time it was investigating them for criminal acts.

The Justice Department said, "This is too much for us" and it hired private legal counsel to represent all of these guys, and paid the private legal counsel. They even paid the private legal counsel in a bunch of cases because the defendant wanted to raise Nuremberg defenses, superior orders defenses. The Justice Department said, "We will never, in our own name as your defense counsel, raise a Nuremberg defense." But it did agree to pay private counsel to raise Nuremberg defenses on behalf of public employees. I thought that was rather outrageous.



I wanted to kill these private counsel contracts. As part of my strategy, I researched a legislative history of the Justice Department to find out whether it has the authority to hire private legal counsel to represent the “United States.” I found at least forty cases saying they couldn’t do it, and did a definitive legislative history saying that this was totally illegal. Mort Rosenberg at CRS—you ought to bring Mort in here because Mort is a fabulous resource for the history of the Congress and its powers—confirmed in a big CRS memorandum that the Justice Department had no legal authority to hire a private legal counsel to do indirectly what it would not do directly. My thirty-seven page history and his tome reviewed dozens of cases involving lawyers hired to condemn land that became Rock Creek Park.

Ultimately, the legality of these contracts went to the GAO [Government Accountability Office] because it rules on the validity of contracts. In an outrageous violation of its fiduciary duty to the government, the GAO said that these contracts were perfectly legal. The GAO said, “Oh, my God, this is the director of the FBI, this is the director of the CIA, this is half of the CIA, and half of the FBI. We’ve got to defend them.” They basically rigged the outcome and said these contracts were legal, and authorized the retention of the private counsel.

So not wanting to completely concede defeat, I wrote a massive “staff report” on the whole investigation and issue—1120 pages long—prefaced by a very critical commentary on what the Justice Department was doing, its legal authority, and the issue of Nuremberg defenses.<sup>177</sup>

I was able, however, to kill the department’s proposed tort immunity bill. The department wanted to grant immunity to FBI and CIA agents in civil suits brought against them for violating the civil rights of suspects and protestors. You can see that whole story—all about S. 2117 and S. 3314—outlined in the October 14, 1978, *Record* at 37897-06. Abourezk said, using my words, “It is not possible to overstate how dangerous the provisions of the original Department bill, S. 2117, were. That bill can fairly be characterized as a private relief bill for every Federal official who violates the constitutional rights of American citizens.” It was a sweet victory—all in a day’s work on the Hill. I just wish I’d managed to kill those private counsel retention contracts.

In the end, the department spent millions and millions of dollars on these private legal counsels to represent these guys. It was all part of the Watergate abuses of power. The

Weathermen were terrorists. I understand that. But what the government did to undermine them, the COINTELPRO program against the Weathermen, was a sorry chapter in our country—an illegal witch hunt. The agents violated every law available. Illegal wiretaps, illegal break-ins, all kinds of things. We can't tolerate that even when we're dealing with terrorists.

Let me give another example of the same point—the range of issues on which staff focus up here. I've been handling tax issues going back to 1982. One idea I had back in 1992 was that women who are not able to collect child support should be entitled to a bad debt deduction on their tax returns. The idea came from a relative who had been unable to collect child support from her deadbeat husband in Texas. She said to me one day, "I wish I could deduct what the bum owes me." I looked into it and drafted the bill. It gave the women a bad debt deduction and matched this with a "discharge of indebtedness" for the deadbeat dad—forcing him to pay income taxes on the amount he didn't pay to her. So she'd get a deduction and he'd get hit up for taxes.<sup>178</sup> Because the Joint Tax Committee believed that the deadbeat dad would be in a higher tax bracket than the mother, it found that on a net basis my bill actually raised revenue for the government! Unfortunately the IRS hated the whole idea. It didn't want to get dragged into the middle of these messy child support payment fights, so I've never been able to enact the bill into law. It still strikes me as a good idea.<sup>179</sup>

Another bill I drafted focused on ways to reduce unemployment in the country. The idea was to encourage companies to base their compensation more on profit-sharing and less on fixed wages. When wages are fixed, companies have a fixed overhead per employee, and they are more likely to lay people off in a downturn. If their wage structure is flexible and based on profits, when bad times come, the company's compensation budget falls with a decline in profits. Then the company has less need and reason to lay people off.<sup>180</sup> The bill I drafted provided a "human capital gains incentive" in favor of that portion of an employee's compensation that came from cash profit sharing.<sup>181</sup> I loved this project, but it was doomed when all the unions and others—who love fixed wages and hate flexible wage formulas—opposed it. I guess they'd rather see people laid off. I argued it was better for these employees to see their fixed wages decline than to be laid off. When you're laid off, your wages are zero!

I also drafted and secured introduction of a bill to provide value for unprofitable companies that only generate net operating losses.<sup>182</sup> These would be principally companies

like biotech companies that run losses for a great number of years. The question is: how can you provide liquidity for their losses and enable them to use those losses as a form of capital? It's a fascinating question for a small, struggling company. I did this work when I was at BIO. I repeatedly warned the board that this proposal would be DOA [dead on arrival] on the Hill, which was exactly correct, but I enjoyed working through the technical issues with Jim Rafferty, my consultant at Harkins Cunningham. Jim is a first-rate legal thinker and it was one of the most stimulating intellectual odysseys working with him on this bill. Jim was later a huge help on the bioterrorism initiative, which contains some very innovative tax incentives.

I've written legislation on the subject of stock options.<sup>183</sup> Lieberman has been involved with the stock option accounting issue for eleven or twelve years now, and he's been vulnerable to attacks for his role in 1994-'95 pressuring the Financial Accounting Standards Board not to force companies to take a charge against earnings for their stock option grants. That move, which I think was correct on the merits, left Lieberman vulnerable to charges that he'd contributed to the Enron stock option scandal where the executives were manipulating their earnings statements so they could cash in on huge stock option profits. This was an ugly, and I believe unfair, charge, and it was very unpleasant trying to deflect it. The bill we introduced was part of our strategy to show that stock option accounting was not the key issue in the Enron case and that the stock option abuses addressed in the bill were the culprit. It never went anywhere, but all we were trying to do was use the bill to make a political argument.

I had the great pleasure to work with Katherine McGuire on this issue. She's with [Mike] Enzi. She's smart as a whip and funny. She's got a twinkle in her eye as she wades through the issues and political muck.<sup>184</sup>

If you're serving as a staffer up here over a long period of time, you will never know how many issues you are going to have to deal with. One of the great fascinations of work up here is you never know, day to day, when you come in, what you might be hit with next. Industrial policy, child support, stock options, embryonic stem cells, separation of powers, patents, China—you never know what's next around here.

**RITCHIE:** Do you have some examples of guerilla tactics you've used here to try to secure an advantage? You told us earlier about the ingenious parliamentary tactics you

used to kill the Airline Noise bill.

**LUDLAM:** Sure, in terms of tactics, you have to be creative around here!

When the Senate passed the tax reform bill in 1986, Senator Dole inserted a provision in the bill that repealed the Investment Tax Credit (ITC), saying that the ITC would still be available for aircraft purchased from companies in Kansas. It's called a "transition" rule and it was worth tens of millions of dollars to the aircraft manufacturers in his home state. Well, there were aircraft manufacturers in Arkansas, and my boss was the senator from Arkansas, and the Dole deal was going to screw them. I worked hard to get this provision deleted, but when I failed I introduced a bill—the last bill introduced in that Congress—saying that no one should rely on the Dole transition rule because it was going to be repealed! It was a bluff, of course, but I was attempting to deter companies from buying these planes in Kansas.<sup>185</sup> I have no idea whether it intimidated anyone, but it was the best I could do under the circumstances!

Actually, I wanted to introduce this bill on the last day to prevent Dole from doing anything to counter my move, but I lost track of time and suddenly discovered that the Congress had adjourned Sine Die. So I ran over to the floor and no one was there! I ran down to my friends in the parliamentarian's office and they did me a favor by permitting me to introduce the bill three to four hours after the Congress had adjourned!

There was one other gambit like this. I was working on a Bumpers capital gains amendment and I didn't want anyone to know how I was paying for it. I had to include an "offset" so that the amendment was paid for. I didn't want the interest groups who were representing those who would be asked to pay more taxes to know that they were targeted. If they knew, they'd organize against me. So I circulated the amendment widely and said, "I'll tell you the offset as long as you keep it confidential." This kept the interest group in the dark. The interest group was the one that represented those who take the moving expense deduction—when their company doesn't pay the full cost of a transfer or something. The deduction said that you had to move at least a certain number of miles away from your current home to qualify, and I'd found out how many more miles we'd have to add to raise the revenue I needed to pay for my amendment. My strategy worked. The interest group was totally surprised, and we passed the amendment, but later the whole bill died for other reasons.<sup>186</sup>

So you have to be tough and sneaky sometimes around here.

**RITCHIE:** You mentioned that over time you see these issues recur and you develop a depth of knowledge about them. But the average person who works on Capitol Hill these days is here for about two years at the most. Do you think that's a detriment to the system, that there's so much turnover in the staff?

**LUDLAM:** I think it's a massive problem for the institution. The members tolerate it for reasons I don't really understand. The solution is obviously to provide much higher salaries for the staff. I'm currently paid \$86,000 a year. I'm on personal staff and they are not paid as well as committee staff. I graduated from law school, a first-rate law school, in 1972 and I have thirty-two years of experience on the Hill and other professional positions.

Compare my current salary with the starting salary at a law firm downtown for a first-year associate, directly out of law school; that's about \$125,000 a year. At Baker and Botts it's \$135,000 a year. At Akin Gump it's \$135,000. At Covington and Burling it's \$162,000. At Dickstein Shapiro it's \$185,000. At Fish and Richardson it's \$171,000. And at Hogan Hartson it's \$152,000. The salary in the eighth year averages at Baker and Botts \$250,000. At Akin Gump, \$235,000. At Covington and Burling, \$272,000. At Dickstein, \$302,000. At Fish and Richardson, \$286,000. And at Hogan and Hartson, \$262,000.

The Congressional Management Foundation puts out surveys of House and Senate salaries. Its latest survey finds that House salaries are 48 percent less than comparable federal government salaries and, of course, much worse than private sector salaries. For staff with doctorates, the pay gap is 65 percent. In a very expensive town, these discrepancies are a massive problem for the Congress.

For a variety of reasons, I can afford to live on my salary. When I was working at BIO, I was earning up to \$275,000 as VP for government relations. They were putting aside, free to me, \$30,000 a year in my retirement fund. I don't have any kids. My wife works. I've had phenomenal appreciation of my home. I am qualified for a civil servant annuity and my wife and I are both qualified for a Social Security annuity. So we can live on that salary.

We're not saving much more at this point, but I can afford to work at that salary because I love the work and I respect Lieberman. Obviously, if I had kids, and my wife didn't

work, and I didn't have all of the equity buildup in my home, this salary would be completely intolerable. If the institution really cares about keeping people like me around, to get the continuity of vision and skills that I have, it needs to drastically overhaul the compensation system. I mean drastically.

One of the barriers there is that they are afraid to raise their own salaries, and they don't want staff people to earn more than they do. But I think they need to get over that if they want to upgrade the staff. Many members hate their salary also because many of them struggle to remain in public service, maintaining two homes. Politics is a very expensive business for them. When they leave, they can earn \$1 million. The bidding now for John Breaux and Don Nickles will go up well above \$1 million. The bidding for Congressman [James C.] Greenwood, who went to my old firm at BIO, was intense and he'll be paid \$750,000.<sup>187</sup>

These salary issues are incredibly important questions for the institution. If they don't maintain the institutional memory, and they don't have the staff who know how to draft a bill, and they don't have the staff who understand parliamentary procedure, who understand the Budget Act, who understand administrative law, who understand the technical issues, they can't govern effectively.

Another part of the problem is the uncertainty of the employment itself. Not just the rate of employment, but the uncertainty of it. I have been through four major transitions in my career. I was working for Jim Abourezk on the Senate Judiciary Committee when he retired. Jim Davidson protected me, and I got a job in the Carter White House. If it hadn't been for Jim, I could have been unemployed. The new chairman of that subcommittee, John Culver, brought in a whole new staff.

I was in the Carter White House when he got beat by Reagan. At that point I got a six month transition because I worked for Harrison Wellford. I then went on unemployment for six months and finally got a job at a very low rate of pay at the Alliance for Justice. Eventually, I ended up back with the Joint Economic Committee and Gillis Long. Then Gillis died in 1985. At that point, I was told by the new staff director that I had two more weeks to go and I would be unemployed. At the last minute, I managed to land a new job with Dale Bumpers, and moved from the Joint Economic Committee over to Bumpers and the Small Business Committee.

I was at BIO in my seventh year and for a variety of reasons which I will not go into, I left BIO. I can say that I had a demonic boss who was a monster of epic proportions. The process of leaving BIO on my terms took several years. It was clear to me that this monster and I could not continue to work together. His temper tantrums and narcissism were endless and destructive. I spent huge amounts of time defending my staff and myself. Even before I took the job at BIO, I had a special understanding of the man I was dealing with.<sup>188</sup> Nothing he did surprised me and I took none of it personally. To protect myself, for the last several years at BIO, I had a lawyer on retainer, Peter Kolker, to counsel me. Peter was a first-rate professional and I will always be grateful to him for his sage advice on how to handle this situation. On Peter's advice, I wrote endless memos to the file to document events so that BIO would have no basis for firing me for cause and not paying me severance.

At one point, this boss—in a truly ironic gesture—brought in a management consultant to help all the vice presidents become better managers! I found this rather humorous. During the session the consultant went off for awhile about how destructive it is to yell at your employees. So I looked right at the consultant and went off for awhile agreeing with him and amplified his point with some fervor. I did this right in front of my boss, but I didn't look at him as I talked. Everyone in the room—except the consultant—knew I was talking about the boss. What I did was quite outrageous. Then, to make it all even more delicious, the sycophant who the boss had hired started yelling at me that I was criticizing the boss and arguing that the boss had reasons for yelling at people! Of course, I loved this. It couldn't have been more perfect. I kept my cool and just shrugged my shoulders, as if to say “who, me?” and laughed inside.

My point here is that you have to be tough in this town. You may well run into monsters. You may have to hang tough, like I did when Frank Moore tried to fire me, when I wouldn't blink in the fight on the Airline Noise bill, when I fought for five years to fix the patent term mess, when I fought Lott and Bond on the stem cell bill, and when I fought to save my job after the stem cell victory. This is a rough town and some of the people you run into are pathological.

My strength to handle these confrontations and threats comes in part from my Peace Corps experience. It's clear to me that none of what I face at work is as tough as what I faced in Nepal. If I survived that, and thrived, then what happens here day to day is manageable. After eight months of rest and recreation following my departure from BIO, I landed my

current position with Lieberman. So there are four major transitions just in my career, all of which could have had substantial negative financial implications. I handled all of those transitions well enough: from Abourezk to Carter, from Carter to the Alliance for Justice, from Gillis Long to Bumpers, and from BIO to Lieberman. But they were all struggles and threatening. It was my intense commitment to public service and a supportive network of friends that sustained me.

If the Senate wants people like me to stick around, with the knowledge that I have, where I can follow an issue for twenty years, follow the tax issues for twenty years, follow the budget issues for twenty years, and come up with some really big ideas, where I can figure out how to draft them, and take on the entrenched special interests, they have to change the economics of this profession.

**RITCHIE:** When I first came here, some of the chairmen of committees had smaller staffs on their committees than the ranking minority members did. I came to realize that it was because the chairmen had a handful of people who had been there for a very long time, knew what they were doing, and were getting paid top dollar. The ranking members were taking students straight from college, working them twenty hours a day intensely for two years, burning them out, and then turning them over and getting new people in. They were creating their own committee staffs, in a sense, by having all these bright young people who were just running through the Senate to add a line on their vitae. It seems like the “ranking mentality” has taken over the institution in some respects. The idea of cultivating people and keeping them here for long periods of time really is very much a minority point of view now.

**LUDLAM:** That point of view, with which I agree, is almost non-existent up here. I’m perfectly happy to deal with bright young staffers, but they don’t know anything about the institution. They don’t know anything about the subject matter. They don’t have any sense of their own power. They don’t have a sense of their own responsibility. They don’t know how to draft bills. They don’t know parliamentary procedure. They don’t know the Budget Act. They don’t know what happens to laws after they are enacted.

This is a major problem for the institution. We need people who can take an issue, and I mean a massive issue like bioterrorism, or debt, or demographics, or relationships with China, and fashion a meaningful, substantive, aggressive agenda and then enact it into law. That takes a lot of skills, and a lot of intensity.



You can work people for twenty hours a day but that doesn't give them judgment. In my career, I have never worked nights and weekends. I think the number of times that I have worked nights and weekends in the last thirty-two years up here is less than half a dozen. I won't do it. I refuse. I have better things to do with my time. But I can work very efficiently when I'm here. I can get hit with a new issue, and I can deal with it one way or another, and process it in fifteen minutes or a half an hour.

I try to spend 80 percent of my time working just on the one or two or three big issues where I'm taking the lead. I don't want to spend my time working on somebody else's agenda, just responding to a lobbyist or a vote. I want to cover the daily distractions in the shortest possible amount of time so that I can move back to the agenda where I'm trying to change the world. Time management—keeping your focus—is a critical skill up here. If you let the daily distractions dominate, you'll never get anything done. It takes a ton of effort to keep focused.

I have always had a fellow assigned to me in Senator Lieberman's office and they have been superb people to work with—Skip Watts, Michael Baum, Sarah Hagigh, and Paul Brand. I give them as much of the miscellaneous work as I can. That helps, but in many other cases I duck and run. I avoid pitching in, I avoid certain issues like appropriations, I don't respond to e-mails, I don't respond to phone calls, just so I can concentrate on the few issues where I'm trying to make an impact. I think young staffers don't know how to say “no” and don't know how to do triage on the welter of distractions. That's why they get so little done. Concentration is an acquired skill.

**RITCHIE:** Because you've been here for so long, how much has the institution of the Senate changed, do you think, over that period? Is this the same place that you first came to or do you see significant differences?

**LUDLAM:** I think it's totally different. It's obviously different because when I got here in 1975, the Democrats had 61 seats in the Senate and 291 seats in the House. Now they have 49 seats in the Senate and 204 seats in the House.<sup>189</sup> That is a revolution, there's no question about it. Democrats have lost 12 seats in the Senate and 87 seats in the House over that period of time. Obviously, the Republicans have a very distinctive style and agenda from the Democrats.

This realignment occurred because the Democrats had been in power way too long. They'd become completely entrenched and corrupt in many ways, uninspired, complacent. The Republicans advanced a more interesting agenda, assembled huge amounts of new energy, and they were absolutely right on a few big issues. They have really trumped the Democrats.

The Democrats, I think, have done very little to retool themselves. Clinton retooled himself as a New Democrat and finally got the Democrats back in the White House, but he turned out to be a sex addict. Gore never stood up to Clinton, just as Humphrey never stood up to Johnson, so we got bounced out of the White House. We'll find out in a few weeks whether [John] Kerry can take the White House, and I'm pretty sure he won't win. If he wins, he'd be a throwback to the old liberal times among the Democrats. So Kerry would be quite a swing. He's certainly not a New Democrat. We'll see what happens on November 2. Win or lose, I have to say that Kerry is a loser as a senator. I've followed him closely up here during his twenty-year career and I've never once seen him lead, seen him work hard, seen him say something interesting, or seen him laugh. He walks onto the Senate floor, votes, and leaves without talking with anyone. It's ghostly.

Even if Kerry wins, the congressional mandate for the Democrats has been destroyed and I don't see Democrats regaining control for a dozen or many dozens of years. I don't see how the Democrats can get back in power in the House at least until the next decade. And at the rate they're going in the Senate, they'll probably lose a few seats in this election and more in the next. We'll see.

Aside from the issue of control of the Congress, another major difference is that the country is so evenly split. This means that anybody could win any vote and anybody could win any election. This leads to much of the nastiness and struggle here. For fifty years the Democrats had undisputed control, and there wasn't any ambiguity about it. But now there is ambiguity everywhere you look, which means there is more pandering, there's more campaign finance, and there's more negative advertising. Relationships are more partisan. There's lots of character assassination. There's a lot of instability in the political system, with lots of new members who are less experienced and more ideological. The staffers are totally inexperienced, which is a huge problem. Campaign finance is completely out of control. The lobbying profession and the trade associations are now incredibly professional, and incredibly well-organized, and incredibly well-funded, and very intense. And it's difficult

to deal with them.

The constituents are wildly involved in everything we do here, and are constantly pressuring the members and staff. They're organized by associations or organized by interest groups. The biggest single result of all of that is the irresponsible pandering by both parties. The result of all of this instability, and all of this division, and all this intensity, is that everybody is happy to spend any amount of money, either through the tax cuts or through the spending system, to buy an election. Our fiscal policy is heading towards the rocks. Our public indebtedness is completely unsustainable. We are looking at a run on the dollar or a spike in interest rates, and then we have the baby boom demographics. All of it is totally out of control.

**RITCHIE:** How about just the general day-to-day operations of the Senate? Was there a different atmosphere in terms of what you did on a daily basis when you came in the '70s to today? Certainly the number of staff has increased over that time.

**LUDLAM:** I think the day-to-day job is the same. It's hard to make the institution work given the even division. It used to be when Democrats were totally in control the only fight was among Democrats, and not between Democrats and Republicans. Now, it is difficult for the Republicans to govern the Senate with a one seat margin. And it will be difficult even if they have a two or three seat margin. So it's just harder to get things done around here in general.

I remember back in 1975-1976, Dick Wegman's staff on the Senate Government Affairs Committee successfully enacted fifty-seven laws in just one Congress. One committee, one Congress. The whole Congress hardly enacts that many anymore. So we're vastly less productive.

The budget process is totally broken. I mean it doesn't work at all. Appropriations are totally out of control. The tax cuts are totally out of control. Entitlements are totally out of control. We have responded, I think, fairly well to the 9/11 challenge, but, by and large, it is a bitter and partisan stand-off here.

I've already recounted the story of how we broke the "no pants" rule for women on the floor of the Senate. Let me make several other observations. It so happened that I was the

only male professional employed on the Separation of Powers Subcommittee, and a second Judiciary subcommittee's staff director was a woman, Jane Frank. Later Jane was elected to Congress under her new married name of Jane Harmon. So my experience is anything but typical. There were very few women professional staff in the Senate during this period. Now, women staff—even LDs and staff directors—are pretty common. And of course, there are many more women senators and representatives now.

To show you how times have changed, back in 1975 a dear woman friend of mine from law school was offered a staff counsel position in the House and the subcommittee chairman said, "I'll never hire a woman." She'd been offered the position by the staff director. She only landed the position when the full committee chairman, Jack Brooks, forced the subcommittee chairman to hire her. Brooks threatened to take the case public and that got my friend the job.

I recall when I was on the floor of the Senate after Jim Allen's widow had taken his seat. She asked me for directions to the bathroom for women senators. I had to inform her that no such bathroom existed. Right next to the floor is a bathroom for male senators, but there existed none for women senators. That was remedied in time.

I was here for the confirmation hearings of Justice [Clarence] Thomas. They were held just downstairs from my office in the Russell Caucus Room. There was a massive national debate about why Anita Hill had not filed any complaint about Thomas and had maintained contact with him. Some understood that she was trapped and others just thought this proved she was lying.<sup>190</sup>

At any rate, the year before these hearings, a dear friend of mine here had suffered through some gruesome sexual harassment from her LD. She'd been physically assaulted and when she wouldn't submit to his advances, the LD moved to fire her. She and I met every day for about eight months strategizing how to handle this mess. She and I wrote memos to the file, documented each new incident, explored her legal rights, and commiserated. Eventually, she was forced to confront the LD's boss, the senator. He was skeptical of her complaints and said, "How do I know to believe you?" She thought he was taping the confrontation. She was able to respond that there was a second woman in the office being harassed by the LD, but that did not impress the senator.

Eventually my friend landed a new job and left voluntarily. The LD was never disciplined and is now the head of a major K Street non-profit. The senator is still here and every time I see him I get angry. My friend has had several opportunities to go public—including going public during the senator’s reelection campaigns. It’s safe to say that she has nothing but contempt for him. But she won’t go public and as her friend—and effectively as her lawyer—I will do nothing to “out” her. I have omitted many details from this story that could lead someone to guess the identity of the senator and LD.

Anyway, this experience made it easy for me to understand why Anita Hill never filed a complaint against Thomas and maintained contact with him. I have no difficulty believing her story.

In 1995 the Congress enacted the Congressional Accountability Act (Public Law 104-1), the first legislation enacted in the 104<sup>th</sup> Congress. The bill applies eleven existing employment, civil rights, health, and safety-related statutes and regulations to the legislative branch. I am happy to say that my current boss, Senator Lieberman, was a major player in securing the enactment of this law. So now Senate employees have many more options in protecting their rights. The [Bob] Packwood case shows that they need them.<sup>191</sup>

**RITCHIE:** You mentioned that you’ve worked for a variety of senators over this period of time. I wondered if you might want to talk about the most interesting senators with whom you have worked?

**LUDLAM:** Well, I’ve recounted some crazy stories about Jim Abourezk, who was a fascinating member, unlike anybody we see around here anymore. Gillis Long, who I worked for in the early 1980s, was a brilliant leader of the House Democrats, trying to recover from the Reagan election debacle. Dale Bumpers was a champion of the little man, and a die-hard opponent of constitutional amendments, a wonderful and charming person.

Lieberman is a brilliant conservative Democrat, extremely diligent as a member, very entrepreneurial. I have tremendous respect for some of the members who are no longer here—like Connie Mack and Mansfield, Hart, Ribicoff, Percy, Javits, Danforth, the first John Chafee. In terms of current members, I have tremendous respect for Orrin Hatch and Judd Gregg and Tom Daschle, whom I’ve known since his days as Abourezk’s LD. Ted Kennedy

is an incredibly effective member with superb staff. Breaux is a master manipulator of the system. [Mike] Enzi is a coming member of great talent. So is [Chuck] Hagel. Of course, John McCain is fascinating to watch. [Barbara] Mikulski is a wild individual to be around, and very effective in fighting for her state and her issues. I think Bill Frist is interesting, and sometimes has great vision. Bobby Byrd is still at the height of his powers. Lindsay Graham shows great promise.

**RITCHIE:** I regret when some of them run for president, because I think that the Senate is a great stage for an active person, and there are a lot of them who have contributed so much. You have been working for a senator who has had presidential ambitions. Do you think that the presidential ring has distracted senators from their calling? Or do you think it just inspires them to do better things? I'm not sure. So many of them seem to be so ambitious for the presidency.

**LUDLAM:** Yes, I'm not sure whether this is good or bad. When Lieberman was running, it was distracting because he wasn't around very much and he was focused on his presidential campaign. His presidential ambitions now are over and Lieberman will settle back to be a great member for several more decades here in the Senate. I think it was good for the State of Connecticut that he ran; the state should be proud that they're represented by a man of national stature who thinks nationally, not just about Connecticut.

In some ways, when they run for president, or think about running for president, it gives the senators a different perspective. When you're voting as a senator, you can often be voting because of your committee interests or because of your constituent interests. When you're running for president, you have a different clientele. In some ways, that's helpful. In some ways, it means that they're just pandering to a bigger audience. In many cases, because of the primary process, they are literally pandering right and left to anybody who might promise them anything. The campaign finance pressures, I think, are the worst force around here. That is distracting, literally, to every single member, and every single staff. But in many cases, the national perspective is important and it offsets parochial, narrow, regional interests. We need a balance.

**RITCHIE:** The reforms don't seem to have made it any better, as far as I can see. I'm not sure what your feeling is on that.

**LUDLAM:** Well, I think it was an act of suicide for the Democrats to crack down on soft money.<sup>192</sup> Soft money was the only type of political money where Democrats were competitive with Republicans. Democrats have never been competitive with Republicans on hard money. So why Democrats would be so zealous in favor of a reform that would only hurt them is a little hard for me to understand.

**RITCHIE:** Every time that there is a reform enacted, it just seems to cause the money to shift to another vehicle, which keeps going. There's been just as much fund-raising going on this year as there's ever been.

**LUDLAM:** Well, campaigns cost a certain amount and that's the given. The political system is very competitive, and very evenly divided. So the money will have to be raised, and will be raised. The people who make the investments with campaign donations think they get a very good rate of return on their investment. And I think they do.

**RITCHIE:** That's probably one of the other major changes around here. Senators spend a lot more time now than they did, at one time, raising funds, although raising funds has always been an issue. Maybe it's because campaigns have gotten so much more expensive.

**LUDLAM:** Well, I think that campaigns are more expensive because TV is more expensive. But I think it's also that campaigns are more competitive. Members like Mansfield and [William] Proxmire never had to pay much attention to it, because they became institutions, but all the other members are immersed in fund-raising.

**RITCHIE:** You suggested a question about what were the craziest times you've had here.

**LUDLAM:** Well the craziest interlude was the thirty-six hours I worked the Senate floor killing the Airline Noise bill, when we had Dick Tuck down from the gallery. That was just hysterical fun.

**RITCHIE:** And what are the great regrets? What are the losses that you regret at this stage?

**LUDLAM:** You take your losses in this game. I had a bitter defeat at the Federal Trade Commission in '75 on corporate image advertising. I tried to get them to regulate it, and they wouldn't do it. I had some defeats on the Senate Legal Counsel proposal. Not stopping the retention of private attorneys defending the COINTELPRO perpetrators was a bitter defeat at the hands of GAO.

I had a terrible defeat at the hands of Charlene Barshefsky, my good friend, on the natural resource subsidy issue in the 1984 Trade Bill. I got a new type of capital gains incentive enacted in 1993, but it was gutted by the administration. I had great hopes for the Entrepreneurs Coalition that were not realized. And then a few days ago I lost IDAs. So I have had some bitter defeats in this game. Anybody who wants to have a career in politics is going to have to be ready for that.

**RITCHIE:** Well, then the counterpart to that is what do you measure as the most satisfying moments of the last several decades?

**LUDLAM:** Well, establishing the Senate Legal Counsel, which we talked about in the first interview, was a very satisfying accomplishment. Killing the Airline Noise bill was important and tremendous fun. Enacting the first law on organizational conflict of interest. Killing the constitutional tort claims bill was great victory after losing the COINTELPRO representation fight.

Eviscerating the Regulatory Flexibility Act when I was in the Carter White House, and killing the Bumpers amendment and hybrid rule-making, were great victories. Saving the tax exempt bonds for hospitals and universities was fun and something I believe was due to my efforts. When I was at BIO, enacting the Patent Reform Bill, repealing NIH's reasonable price clause, making the Orphan Drug Tax Credit permanent, defeating the bans on gene patents and the Ganske bill, and defeating the ban on stem cell research were all very satisfying. I managed to get BioShield I enacted. It isn't enough, but it's a start. I'm proud of my work on industrial policy.

I hope that before I wrap up my career I can make more progress on BioShield II, the budget process reform, U.S.-China issues, and maybe IDAs. My legacy on these initiatives will be written after I retire. I have no doubt I can retire on this record. It's enough, it's sufficient for one person in one public service career.



**RITCHIE:** You've talked a lot about the Stanford students and other students coming to Washington, the interns, and the fellows. What advice do you give them in terms of how they can prosper in a career on Capitol Hill?

**LUDLAM:** The single most important skill is to put this work in perspective. If work is the dominant activity and value in their lives, and they let it run their lives, they will burn out. You have to have other interests that are just as important and in many cases more important than the work interests. The work here can be interesting, but they don't call it "work" for nothing. Nothing has given me more perspective on work and public service than the Peace Corps.

In order to prosper here, they have to work in both the House and the Senate, because they are totally different bodies. They need to work in the administration, preferably in the White House, and maybe with a trade association. Once they have worked in all of those places, they will have a clear picture of how all of these institutions and interests interrelate.

They need to become an expert in parliamentary procedure, the budget process, legislative drafting, and administrative law, because these are the basic skills that you need to command in order to work here in any capacity.

After quite a few years here, they should be able to know exactly what it is they will need to do, every single day, to move the ball forward on any initiative on which they are working. They will know exactly what is forward and what is sideways. They will know when they're winning and losing and why. They will know exactly who can help them and who can hurt them. They will know exactly what arguments will advance the ball. They will know exactly how their initiative fits into the larger political agenda. And they will know how to avoid surprises. They will gain peripheral vision in the grandest possible sense. Everything will proceed as if in slow motion.

Another skill is to listen well to the other side. Advocates tend not to listen. They tend to argue and fight, but they don't stop to listen. When you listen, you learn what the other guy is thinking, why he or she is taking a different point of view. If you understand that, you can be a more effective advocate. I didn't come by listening naturally! I have always been an assertive, sometimes argumentative person. I am confident, some would say cocky. But I've seen some humiliating failures in my personal life that forced me to think about me. In

coping with these disasters, I got into art therapy and twelve-step groups.

Regarding the former, my therapist said, “You use words to control and I am going to send you to a therapist who won’t let you use your words”—an art therapist, where I could only communicate in drawings. Regarding the latter, twelve-step groups were relevant in helping me understand a girlfriend who was a dysfunctional adult child of an alcoholic. I was never an alcoholic or an abuser of any substance, but I could learn in these groups to spot and deal with dysfunctional people, of whom there are plenty in this town and on the Hill. In these groups, there is a very heavy emphasis on listening and a bar on “cross-talk,” meaning comments by one member of the group on another’s statements. The discipline of the groups is to listen and listen and listen some more. It’s clear to me that art therapy and twelve-step groups have made me a much more effective advocate.

In addition, I’ve traveled in about sixty-five countries, so I’m constantly immersed in cross-cultural situations. I’ve lived for two years in Nepal, a year or so in Europe, and traveled in such countries as India, Afghanistan, Thailand, Malaysia, Cambodia, China, Indonesia, New Guinea, Chile, Argentina, Peru, Venezuela, Ecuador, Costa Rica, Mexico, Belize, Zaire, Kenya, Uganda, Morocco, Egypt, and South Africa. This gives me an imagination about how people can be different.

Many political fights are essentially cross-cultural. You can learn a good deal by thinking like an anthropologist. My wife is trained as an anthropologist and I might as well have been. When I was meeting with the Right to Life staffers during the stem cell fight, the conversations were cross-cultural.

One key skill in a political career, or any other career, is to hire yourself a great boss. I had great bosses in my career. Jerry Thain at the FTC, Irene Margolis with Senator Abourezk and Judiciary, Si Lazarus at the Carter White House, and now Bill Bonvillian with Senator Lieberman. They are all absolutely first-rate public servants who love to turn their staff loose and give them freedom and responsibility, and who know how to help you to craft the best strategy.

If you don’t have a great boss, you’re in desperate trouble in this game. Unfortunately, there are a fair number of people in this game who take themselves way too seriously and deal with their counterparts way too harshly.

Another key skill is finding superb professionals to work with, like Dick Wegman, Dave Schaefer, Ira Shapiro, Jim Davidson, Dave Schmickel, Nancy Myers, Bruce Artim, Patty DeLoatche, Kira Bacal, Randy Brandt, Frank Rapoport, John Clerici, and Dack Dalrymple, Jeff Kushan, Jim Rafferty, Katherine McGuire and dozens of others. I'd get into any foxhole with them on any issue. They are a credit to the public service.

Another key skill in this game is that they must be fearless. They have to have a sense that, whatever the issue, no matter how complicated it is, no matter how hard or fast the political process is coming at you, no matter how new it is and how confusing it is, they must have the confidence to believe that they can figure it out and make it manageable. If it's learning all about stems cells or stock options or broadband or Chinese currency manipulation or separation of powers or airline noise or organizational conflict of interest or profit sharing or bad debts or net present value accounting, whatever it is, they have to believe they can figure it out and work with it. A huge percentage of this town is bluff and you need to bluff your way through the uncertainties and craziness.

It's quite indispensable to have a fantastic wife, as I do in Paula Hirschhoff. For me, the energy and risk-taking required in this political game are possible because of her. Paula is my rock, my best friend, and my source for endless nurturing. Without her, I'd be vastly less effective and vastly less happy. She's a fantastic source of love and support. She understands what I'm trying to do, and how hard it is; she worked on the House side with Ted Weiss. She replenishes me when I come home whipped. She listens to me kvetch and dream. She helps me keep all this in perspective. And we have just tons of fun together, day and night, week after week. She's simply the finest human being I know, the wisest, the kindest, and the most generous. She's quite perfect for me and I am grateful every day that she's my wife and partner. She gets some credit for everything I've recounted here and when I've failed she's been the one to get me back on my feet to fight a few more rounds in the ring. I can't wait to spend two years with her in a village in Africa—that is a dream. Then I can't wait for what comes next. With her by my side, I'm sure my life will be charmed every day.<sup>193</sup>

**RITCHIE:** Did your father have any influence on your public service career?

**LUDLAM:** Yes, he was a great role model. First of all he went to Stanford and became a lawyer, and so did I. Then, although he never held public office or worked as a

public servant, he was a pioneer and advocate regarding health-care law and policy. It's fair to say that he founded the specialty field of health-care law. His value system has certainly influenced mine. He's a problem solver and he's well known for being able to bring people together. He tackles global issues and works effectively towards a solution. He's a very effective advocate<sup>194</sup> and certainly a role model for me.

**RITCHIE:** You are heading out now to the Peace Corps with Paula. What is it you're hoping to accomplish in the next couple of years?

**LUDLAM:** We've written "aspiration statements" as part of our Peace Corps applications and I'll print them in the appendix. We believe that acts of kindness are the highest calling. In the case of the Peace Corps, we believe trying to help a few people in a small village, in a small place in Africa, is a high calling.

It's easy to talk about all the grandiose issues on which I've worked. But, ultimately, we are measured by how kind we are to one other person, or two other people, or three other people. I have never been as kind a person as I was when I served as a volunteer in Nepal in the Peace Corps. I've never been a better person. I've never been more patient. I've never been more understanding. I think Paula would probably say that about her service in Kenya.

The idea of serving again is to get back to a state where we can be as kind as possible, and as useful as possible, to people who have none of our advantages, and who are suffering in many ways in terms of their health and their economic status, who are probably victimized in many respects by their societies, and to help them, if we can, to find a better life.

It's somewhat selfish of us to do this because they have so much to offer to us. They can teach us so much about patience and about generosity. I've never met more generous people than I have in the developing world.

Spending two years in Africa will provide us with a wonderful transition from the crazy, intense, self-important, aggressive and manipulative life we have here in the Senate. But I'm ready for this transition. I can't wait for the culture shock that this will involve.

**RITCHIE:** What kinds of things do you think you'll actually be involved in? Will you be teaching or what would you be doing?

**LUDLAM:** We've given them a series of ideas about what we could do. Paula is a teacher and could be a teacher again. I could work in community development, or in NGO development, or quite a few other possibilities. When I was in Nepal, I was an agriculture extension agent and Paula was a teacher in Kenya. We've given them a wide range of possibilities.<sup>195</sup>

We've told them that we want to work in a rural area, in a village if possible, and not in a town. We'd much rather live there rather than a town or a city where it's very hard to establish a personal relationship with the community. We're perfectly happy if there's no electricity, no running water, no sanitation, no roads. We expect that. We expect rats, lice, and things like that. That just goes with the developing world.

We expect that we'll be sick because that's the norm in the third world. We want it tough because we don't want to be gypped by our Peace Corps experience. We want the real thing, not something cushy. We're not going because it's easy. We're going precisely because it'll be difficult.

**RITCHIE:** Down the road, when you come back, do you have any long-range plans for your retirement?

**LUDLAM:** I don't know. I think I'll never again work at a desk, work for someone else, or work in public policy. I might try to establish an advocacy center for public policy internships. It would advocate for better funded internships, better structured internships. It would basically take the Stanford intern program and nationalize it so that every college or university would manage a program to recruit members of their community to sample public service. It might try to make those internships more substantive and better funded so that a wider range of individuals could take advantage of the possibility.

But it's also possible that I will apprentice myself to a master baker and learn how to bake really good crusty bread. I would love to spend more time painting watercolors and hanging out with my watercolor painting group. I've been a member of this watercolor painting group—five women and me—for more than twenty years. They are the sisters I never had. I love them dearly and respect them tremendously. Audrey, Barbara, Wilma, Nancy, and Sadie, who died a few years back. They have all been professional art therapists. I joined the group as an offshoot of art therapy—my art teacher, Bernard Levy, was a

legendary art therapist. These women are sensitive, feeling, expressive women. Their love and support—and that of my wife and many other dear friends—give me the strength I need to play this intense political game and take so many risks.

In addition, watercolor painting is the perfect challenge for someone like me, who can be intense and manipulatory. With watercolors you have to let the colors flow with the water—“accidents” are a good thing in watercolor painting. If you go back into the paints, you turn the colors to mud! Spending more time with this group and with my painting would be a dream retirement.

There are lots of aspects of charitable service that I want to pursue. We might take off for one-month stints somewhere in the world to serve—do that two or three times every year. We’ve got all kinds of additional world traveling that we want to do. I still love sea kayaking, listening to classical music, gardening, and working with Stanford-in-Government and all of these kinds of things.

Most important, I’ve got a fabulous wife, a fabulous watercolor group, and fabulous friends to run around with. So I imagine that I will be very busy and all of my friends who are retired say that they are very busy.

**RITCHIE:** People who are retired say that they often don’t have all the time that they thought they were going to have. You think that because you have no set schedule, you can accept every good offer that comes along, and then wind up working twice as hard as you did when you were working. Are you really sure you’re ready to move on?

**LUDLAM:** I think these interviews give me a sense, as I look back, and as I sum up all of what I’ve accomplished or tried to accomplish, that I am justified in ending my public service career. I feel like I’ve done enough, done plenty. I could do more. I’m still enjoying what I’m doing today. I love working with Lieberman and Bill Bonvillian. I’m trying to set up these projects that I’m now working on in bioterrorism, fiscal responsibility, and the U.S.-China bill so that somebody else can handle them and push them through to enactment. I don’t feel as if I’m indispensable and I have a very deep sense that it’s time for me to move on and to go do something else, and to go spend several years in a village in Africa with my wife.

**RITCHIE:** Of course, you never know when one of these issues may call you back. There's always the possibility of extended service, since you've come and gone from the Congress over the years.

**LUDLAM:** Well I intend to be very hard to reach.

**RITCHIE:** Well, thank you very much for participating in this. We will proceed to get you the transcripts and then take them with the other materials you've edited and put them together. We have several different options for making it public.

**LUDLAM:** I'm not afraid to open it up to the public the day I retire. I've said a few harsh things about a few people, but I'm known for being blunt-spoken, so I am accustomed to handling any consequences from that.

Overall I've tried to paint a picture of a career in government. It may not be typical in many respects or in all respects, but here I've outlined what a public service career could entail. I hope it encourages some others to accept public service as a career. It's certainly been a great choice for me. It's been a privilege and tremendous fun. There's been some pain, some risk, and some major defeats. But it's always been stimulating, and given me freedom to fight for good causes. In work and life, it doesn't get any better than that.

**RITCHIE:** Good, your oral history is going to have a strong educational value, so I'm glad to hear you are going to open it up.

**LUDLAM:** Thank you Don. I've thoroughly enjoyed the opportunity to tell my story. You've been very patient with me. I very much appreciate your time and the important work you do in documenting the history of this great institution. Thanks.<sup>196</sup>

### **End of the Fourth Interview**

## Endnotes

<sup>162</sup> The CARE Act was H.R. 7 in the House and S. 476 in the Senate. The House bill passed by a vote of 408-13 on September 17, 2003. The Senate bill passed the Senate by 95-5 on April 9, 2003. Despite these overwhelming votes, we could never get the bills to conference due to the obstructionism of the Senate Democrats and the bills both died. Senators Lieberman and Santorum introduced their version of the CARE Act as S. 272 on January 30, 2003. IDAs were included in the Senate bills.

<sup>163</sup> The data indicated that the official poverty rate in the United States in 2002 was 12.1 percent, up from 11.7 percent in 2001. There were 34.6 million people below the official poverty threshold, an increase of 1.7 million over 2001.

<sup>164</sup> In his book, *Assets and the Poor*, Michael Sherraden observed that over the long term, flows and stocks (income and assets) play complementary roles. It is not a matter of choosing one or the other. Rather, it is a matter of balancing one with the other.

<sup>165</sup> As Ray Boshara, director of the Asset Building Program of the New America Foundation, explains in the September 29, 2002, issue of the *New York Times*, in an article titled, "Poverty is More Than a Matter of Income," "When families don't have enough income, they can't buy enough food, shelter, clothing and other necessities. With 33 million Americans now classified as 'poor,' income poverty is a huge problem. But at least twice as many families don't have enough assets—and so they lose their economic security and their ability to plan, dream and pass on opportunities to future generations. Lack of income means you don't get by; lack of assets means you don't get ahead."

<sup>166</sup> Senator Santorum and Senator Lieberman reintroduced legislation to establish IDAs on April 27, 2005, S. 922. IDAs were also included in the Republican leadership agenda, as one element of S. 6 introduced on January 24, 2005. We're positioning IDAs to remain part of the CARE Act, but we know that Ways and Means Committee Chairman Bill Thomas hates IDAs, so we see that even if we prevail in the Senate, we might well lose IDAs in the conference. So we're also repositioning IDAs for inclusion in the Senate Social Security reform package. When personal Social Security accounts finally die as a concept, which we believe is inevitable, we hope that the debate will focus on enhancing retirement savings incentives, e.g. 401Ks and Individual Retirement Accounts (IRAs). We will press to include IDAs as part of that package, arguing that at a minimum these savings incentives should apply to those at the low end of the income ladder for whom savings is a new and life changing experience. The fate of the CARE Act and Social Security reform effort should be determined in the fall of 2005.



<sup>167</sup> I was not able to complete the drafting of this bill and secure its introduction prior to my retirement.

<sup>168</sup> See Public Law 108-121 (November 11, 2003).

<sup>169</sup> The Peace Corps has shown essentially no interest in working with me to address these disincentives. Out of frustration, I finally e-mailed the Peace Corps director to tell him that his staff was dropping the ball. That got his attention and perhaps these initiatives might be pressed through to completion. If they don't fix the retiree health benefits problem before I join the Peace Corps, I'm inclined to send my premium notices to the Peace Corps director and ask him to reimburse me.

<sup>170</sup> Mark now serves as senior vice president for policy and strategy of the National Coalition on Health Care. He's also vice chairman of the Climate Institute, a non-profit research and educational organization focused on global climate change. At the Yale School of Management as the Lester Crown visiting professor of management and then as distinguished faculty fellow, he taught courses on health-care policy and business strategy, strategic management, political analysis, communications strategy, and entrepreneurship in the non-profit sector. He has been a consultant to the Robert Wood Johnson Foundation; the Brookings Institution; the Carnegie Foundation for the Advancement of Teaching; the Center for Studying Health System Change; and the Annenberg Rural Challenge. He was previously the director of public affairs for the international management consulting firm of McKinsey & Company, and publisher of the *McKinsey Quarterly*, a widely circulated journal on business strategy. At the Brookings Institution in Washington, he was editor and publisher of the *Brookings Review* and the think tank's development officer. He was a member of the White House staff during the Carter administration, where he worked with Ed Cohen on regulatory reform, telecommunications, consumer protection, and environmental issues. He also served on the director's staff at the president's Reorganization Project.

<sup>171</sup> Charles L. Schultze, "Industrial Policy: A Dissent," *The Brookings Review*, Vol. 2, no. 1 (Fall 1983), at page 3.

<sup>172</sup> Mark worked with Ed Cohen, another dear friend of mine going back to 1972. Ed and his wife, Charlene Barshefsky, former U.S. trade representative, were close friends, but I had managed to find some occasions to work with both of them. Charlene was my opponent on the natural resource subsidy issue. Ed worked in the Carter White House and we found some regulatory issues to work on. He's always shown himself to be a fierce public interest advocate and an utterly loyal and delightful friend. Ed now serves as vice president, government and industry affairs for Honda North America, Inc., a position he has held since

September 2000. He first worked for Honda as an attorney with the Washington, D.C., office of Davis Wright Tremaine where for thirteen years he was a federal regulatory specialist. Ed also served as deputy solicitor of the U.S. Department of the Interior and counselor to the secretary (1994-2000) and as deputy special assistant to President Jimmy Carter from 1979-1981 and as general counsel of the White House Office of Consumer Affairs from 1977-1979. From 1971-1977, Ed was a member of the professional staff and counsel to the U.S. Senate Committee on Commerce.

<sup>173</sup> See S. 2747, Second Young Commission (July 22, 2004). This bill accompanied a report issued by our staff entitled, "Offshore Outsourcing and America's Competitive Edge: Losing out in the High Technology R&D and Services Sector," Office of Senator Joseph Lieberman, May 11, 2004. See <http://lieberman.senate.gov/newsroom/reports/ManufacturingReport.pdf>

<sup>174</sup> See S. S. 1592 (September 8, 2003). This bill accompanied a report entitled, "Making America Stronger: A Report with Legislative Recommendations on Restoring U.S. Manufacturing," Office of Senator Lieberman, September 2003. (see <http://lieberman.senate.gov/newsroom/whitepapers/Offshoring.pdf>)

<sup>175</sup> See S. 2582 (June 5, 2002). This bill was accompanied by a report entitled, "Broadband: A 21<sup>st</sup> Century Technology and Productivity Strategy," Office of Senator Lieberman, May 2002. See [http://lieberman.senate.gov/newsroom/whitepapers/Broadband\\_Lieberman\\_5\\_28\\_02.pdf](http://lieberman.senate.gov/newsroom/whitepapers/Broadband_Lieberman_5_28_02.pdf)

<sup>176</sup> One of the defendants was Mark Felt, who has surfaced as Deep Throat. He was indicted for his authorization of illegal activities and then pardoned by Reagan.

<sup>177</sup> See Appendix T, Justice Department Retention of Private Legal Counsel to Represent Federal Employees in Civil Lawsuits, Staff Report, Subcommittee on Administrative Practice and Procedure, Senate Judiciary Committee, May 1978.

<sup>178</sup> See S. 2514 (April 2, 1992).

<sup>179</sup> Senator Boxer has picked up on the idea. She's introduced several bills essentially identical to the one I drafted for Senator Bumpers. See S. 2732, introduced on July 16, 2002, and S. 121, introduced on January 9, 2003. A version of this proposal was accepted as an amendment to the 2003 tax bill on May 15, 2003, but it was dropped in the conference.

<sup>180</sup> Martin Weitzman, in the mid-1980s, proposed a simple recipe to cope with stagflation, namely the substitution of fixed wages with a mixture, consisting of a fixed part and a share of firm's profit, such that, on average, the remuneration is unchanged. This would allow firms to retain workers during a recession. Indeed, this scheme implies a reduction of marginal cost of labor, which drops to the fixed component of wage. As a consequence, the adjustment in response to productivity shocks takes place through prices rather than quantities. Weitzman's recovery of this old idea brought about considerable debate among economists at the time (more than one would expect), and has been often advocated by policymakers (e.g. the Italian central banker) as a possible device to cope with the weakness currently affecting several European economies.

<sup>181</sup> See S. 932 (April 7, 1987).

<sup>182</sup> See S. 1049 (June 14, 2001).

<sup>183</sup> See S. 2877 (August 1, 2002).

<sup>184</sup> Katherine has become staff director at the HELP Committee, where she and I have very worked closely on the bioterrorism legislation.

<sup>185</sup> See S. 2954 introduced on October 18, 1986.

<sup>186</sup> See Bumpers amendment to H.R. 11, September 25, 1992.

<sup>187</sup> The June 22, 2005, *Washington Post* reports that there are more than 34,000 registered lobbyists in Washington and that the amount they charge their clients has doubled. Monthly retainers of \$30,000-\$40,000 are not uncommon. Bidding wars for congressional staff have occurred.

<sup>188</sup> See "Driver Guilty in Fatality During TV Production," Molly Moore, December 15, 1982 *Washington Post* at B2, and "Two Charged in Fatal Crash During TV Filming in Reston," Kenneth E. John, Aug 19, 1982 *Washington Post* at pg. C2.

<sup>189</sup> Democrats lost additional seats in the November 2004 election.

<sup>190</sup> In 1991, upon the resignation of Thurgood Marshall, President George H. W. Bush nominated Thomas to replace him. This was widely considered a move in the conservative direction for the court. His selection as a justice also preserved the presence of a black justice on the court. Liberal organizations including the NAACP, the Urban League, and the National Organization for Women opposed his appointment to the Supreme Court because of his criticism of affirmative action and supposed anti-abortion position. In response to the anti-abortion assertion, Thomas reiterated that he had not developed a stance on the *Roe v. Wade* decision, which legalized abortion. Others thought he was unqualified, having served only two years as a federal judge. He was the first nominee since 1970 (Harrold Carswell) to not receive a “well qualified” rating from the American Bar Association judicial evaluation committee, although he did receive a rating of “qualified.” The Senate Judiciary Committee questioned Thomas about his political opinions and constitutional interpretation over several days. Toward the expected end of the confirmation hearings, Democratic staffers for the committee leaked to the media the contents of an FBI report which alleged that a former colleague of Thomas, University of Oklahoma law school professor Anita Hill, had accused him of sexually harassing her when the two had worked together at the US Department of Education and Equal Employment Opportunity Commission (EEOC). Hill was summoned to testify before the committee, and the hearings were broadcast on national television. When questioned about the allegations, Thomas emotionally called the hearings “a high-tech lynching for uppity blacks,” a charge which brought Thomas sympathy and effectively blunted the assault against him. Thomas avoided answering the charges directly until forced to do so; ultimately he rested on a blanket denial of all the accusations. The chief objection to Hill’s claims was that she did not register her complaint promptly, which Hill’s advocates argue is characteristic behavior in women encountering sexual harassment. In the end, the committee did not find sufficient evidence to corroborate Anita Hill’s claim. Hill’s supporters insisted relevant testimony from Angela Wright, a PR director for the EEOC and a witness to the alleged offensive conduct, was suppressed. Thomas was confirmed by the Senate with a 52-48 vote on October 15, 1991. He took his seat on October 23, 1991.

<sup>191</sup> Bob Packwood was Republican senator from Oregon from 1968-1995, when he was forced to resign after allegations of sexual harassment of women emerged. Packwood’s political demise began in November 1992, when the *Washington Post* confronted him with detailed allegations of sexual misconduct. By threatening legal action, Packwood was able to delay publication of the story until after the election, where he defeated NOW-endorsed Les Aucoin by a razor-thin margin. The National Organization for Women took up the cause of at least twenty-nine women who eventually came forward to allege sexual abuse and assaults, dating back over the years. The sexual abuse side of Packwood’s problems, played up in the public media, obscured charges that he encouraged offers of financial assistance from lobbyists and other persons who had a particular interest in legislation or issues that Senator Packwood could influence. As the situation developed, he was also charged with trying to obstruct the investigation. The Senate decided against public hearings. With pressure mounting against him, Packwood finally announced his resignation from the Senate on September 7, 1995, after the Senate Ethics Committee unanimously recommended that

he be expelled from the Senate for ethical misconduct. Senator Packwood's diary became a key issue: whether a diary can be subpoenaed, whether Packwood attempted to blackmail his fellow senators with threats concerning the purported content of his diaries, and his blatant excisions from it.

<sup>192</sup> Soft money that is given to a political party but is not given specifically to support a particular candidate. This money is supposed to be used for purposes such as voter registration drives, administrative costs, and general political party expenses, but is often used by the parties to help particular candidates.

<sup>193</sup> Paula has had a distinguished career in writing and teaching. For many years, she wrote and reported on social, political and economic issues, as a newspaper reporter/editor/photographer, as managing editor of a publication that covered labor and economic issues, and as editor/writer at a magazine on Africa. From 1989-92 she was Senior Writer/Editor for USAID consulting firms. Since 2002, she has taught English composition and literature at the University of the District of Columbia. In addition, since 1989, she has served as a Smithsonian museum docent, National Museum of African Art, and since 1993, as a mentor/tutor and librarian at Community Club, a tutoring program for public school students. In the Peace Corps she was teacher and headmistress at a girls' boarding school in Kenya, where she secured government accreditation and funding for the school. She earned a B.A. in English from Macalester College and an M.A. in Anthropology from George Washington University, which she followed with field research on community-based natural resource management in Mozambique under a University Cotlow Grant.

<sup>194</sup> From 1940 to today, Dad has led the development of health-care law and policy in California, and had a major impact on health-care law and policy nationally. Beginning with his authorship of model contracts, by-laws, and agreements, he established educational hospital and medical law institutes held throughout the state for professionals, pioneered a standard rationale for hospital rates, initiated uniform safety programs, and drafted and counseled numerous legislative actions concerning the industry and personnel practices among many other successful initiatives. As long-time legal counsel and board member of Blue Cross of Southern California, he fostered relations between the health-care payors, hospitals, physicians, and providers rooted in his over-riding philosophy that "the patient comes first." He's received every available award for lifetime achievement, including the Partners in Care Foundation Award For Vision and Excellence in Healthcare Leadership, the California Hospital Association Award of Merit, American Hospital Association Trustee's Award, honorary fellowships from the American College of Healthcare Executives and the American College of Legal Medicine, UniHealth America Foundation Pinnacle Award, the Boy Scouts of America Award, and the Hospital Council of Southern California Leadership in Health Affairs Award. He was inducted into the Healthcare Hall of Fame in March 2002. He founded the Society of Hospital Attorneys. He served in industry leadership positions on

the boards of the American Academy of Hospital Attorneys; Blue Cross of Southern California; Hospital Council of Southern California; Health Providers Insurance Company; Association of Independent California Colleges and Universities; Association for California Tort Reform; National Health Foundation; California Health Policy Task Force Los Angeles; UniHealth America; and Californians Allied for Patient Protection. He has also served the California Association of Hospitals and Health Systems; American Hospital Association; American Arbitration Association; American College of Hospital Administrators; HEW Secretary's Commission on Medical Malpractice; and the National Commission for the Study of Nursing and Nursing Education. His civic and community involvement spans Good Hope Medical Foundation; California Civic Light Opera; Performing Arts Council; United Way; Welfare Planning Council; Alcoholism Planning Council; Moore-White Foundation; House Ear Institute; Friends of Claremont Colleges; Stanford Associates; Harvard Law School Association of Southern California; USC School of Law; Board of Councilors; USC Health Advisory Board; Pacific Center for Health Policy; and the American Center for Music Theater. One award to him stated, "There is so much more to the man beyond the accolades for a career of effective work in healthcare. Perhaps the most enduring and endearing aspect of Jim's career is the impact he has made on colleagues and associates. His keen sense of wit and humor, his gentle hand of leadership, and his incisive wisdom and in-depth understanding of the issues at hand have inspired and instructed those who have worked with him and for him. Never too busy to take a moment to explain a rationale or point the way to greater effectiveness, Jim, a mentor to generations of healthcare attorneys and professionals, continues to provide the healthcare community with dynamic healthcare leadership on numerous issues through many community organizations including the National Health Foundation. When you know Jim, you know the history and future of the healthcare medical-legal system in California and the nation. And he is the one to know first."

<sup>195</sup> Chuck has been accepted for agroforestry extension and Paula for small enterprise development.

<sup>196</sup> In order to maximize the impact of this history, I'm sending it to the leaders of the principal congressional studies programs at the universities, including Norm Ornstein at AEI, John H. Aldrich at Duke, Sarah A. Binder at George Washington University, Kenneth Shepsle at Harvard, James Snyder at MIT, Larry Bartels at Princeton, David Brady at Stanford, Nelson Polsby at UC Berkeley, Bunche Hall at UCLA, Gary Cox at UCSD, Steven Smith at Washington University, David Mayhew at Yale, Morris P. Fiorina at Stanford, David Rohde at Michigan State University, Keith Krehbiel at Stanford, Larry Evans at William & Marry College, and Wendy Schiller at Brown. I am hopeful they'll find my history useful in their curriculums.