

THE VIEW FROM THE EXECUTIVE BRANCH

Interview #4

September 10, 1993

RITCHIE: At the end of the last interview you said you were going to think about Sam Ervin and see if there is a story that related. I wondered if it had come to mind, or if you wanted to postpone that?

VASTINE: Well, about Sam Ervin, I worked around the man and he knew precisely who I was. He was not a friendly, easy senator. He was nice, and he was polite to his staff. But he wasn't someone who acknowledged staff as he passed them in the corridor, that kind of senator. He was remote, always it seemed, absorbed in thought.

Nonetheless, having worked so hard on the Budget and Impoundment Act, I wanted a picture and acknowledgment of some sort. So I asked for that. I learned that, first of all, you didn't get a picture. You got a copy of a drawing, and that this was not something that was easy to obtain. His pictures were not just passed out. Finally, I got a copy of the drawing of Sam Ervin with—in his block hand lettering at the bottom—a cordial but not effusive acknowledgment of my work and his signature, Sam J. Ervin. And the drawing, of course, has him clutching—not the Bible, of course—but the Constitution. [Laughs] But I'm sure I've got better stories than that.

RITCHIE: He had a relatively short term. He was chairman only for two years, I guess.

VASTINE: Yes. Then Ribicoff took over. Why was Ervin chairman for only two years? Did he leave the Senate?

RITCHIE: He left the Senate in '74. He took over when McClellan became chairman of Appropriations.

VASTINE: Yes. And I guess it was his first chairmanship.

RITCHIE: He'd been chairman of the Constitutional Rights Subcommittee for years, but he'd never been chairman of a full committee.

VASTINE: I guess I told you that it was a great coup to steal the Privacy Act away from the Constitutional Subcommittee, whose staff director was the arch rival of Ervin's new staff director, Bob Smith, of the Government Affairs Committee. What I did was grab a bill that had been written by a friend in the House for introduction in the House, that was structured to be a Government Affairs Committee bill. The parliamentarian in the House directed it to the House Government Affairs Committee. So on learning that, I seized that draft, modified it, and keeping its structural components—because we didn't agree with all the substantive provisions—we got the assistant parliamentarian, Bob Dove, with whom I worked on the Budget Act, to refer it to Government Affairs Committee. So it became an Ervin-Percy bill, and we got it through in a year or so.

I don't know what its great contribution has been to mankind's betterment. One of the items I felt very strongly about was the growing misuse and abuse of the Social Security number as a personal identifier. We had a provision that said that the Social Security number could not be used unless otherwise provided by law. In other words, any casual credit agency or licensing bureau couldn't demand to have your social security number as your identifier unless other provisions of law, such as banking laws provided for that.

I'm constantly amazed now how Americans put up with—have gotten used to—the use of their Social Security numbers. It's become almost pro forma. We tend to forget about police stateism. We go overboard with these excesses about bearing arms, and we don't acknowledge that maybe the greatest threat to our liberty is government's knowledge—not just government, but people's knowledge of very intimate details of our lives through computerized records. It's amazing. Anyway, I've gotten up on my soap box.

RITCHIE: Social Security cards used to have a little notice that it was *not* to be used for identification purposes.

VASTINE: Did it really? I've long since lost mine.

RITCHIE: But now it's your driver's license and every other number.

VASTINE: It really is! It's amazing. And at George Mason University, for example, it is the student identifier. If you want to get a book from the library, it's your number! I have a friend there who's a professor who refuses to permit it to be used. He's bucking the system, so they assigned him a number, 000-000-0G19. [Laughs] Or something close thereto.

RITCHIE: In the last interview we had gotten to the point when you had left the Senate to go to work for the Treasury Department in 1975. I wondered if you could tell me how is it different working for the executive branch as opposed to the legislative branch? Did you find it a very different experience?

VASTINE: It was glorious. Because of instead of always being the alter ego I had responsibility. I administered a staff of sixty. I had four major policy areas that I was responsible for Treasury's positioning, Treasury's action on. They were extremely important and hot issue areas. One was multilateral trade negotiations. Another was East-West trade. Another was Commodity agreements—U.S. commodity policy, vis-a-vis tin, rubber, things like that, coffee, sugar. And Law of the Sea, which was very, very controversial.

My job was to carry the Treasury Department's flag in inter-agency meetings and in international meetings on these issues and make sure that the policy of the Secretary was implemented. If there was a fight, if we disagreed with State—mainly we disagreed with State—my job was to either win or force it to a higher level and very often, particularly on these commodity agreements, particularly on commodity agreements that might raise American consumers' prices, Law of the Sea and things like that we went right to the president. Starting with my group, we'd force into the assistant secretary level, then to the secretary, and then into the council that Simon chaired. And there it advanced to a meeting with Kissinger and the secretary and others and the president.

I remember a meeting we had about shoes. Now, on some issues we and State and USTR [United States Trade Representative] agreed. And those were usually whether to protect American industries or not. So, Treasury, being the defender of free markets and economic competitiveness and efficiency in the economy was very much opposed to protectionism. Of course, this was *music* to me! That is my stand, my belief. On those issues we and State would gather together and defend against the Commerce Department which more often than not had the then-USTR in the person of Fred Dent, who was a former textile magnate and protectionist-bent, on their side. It usually would wind up as USTR and Commerce versus Treasury and State.

We had one great meeting in the Roosevelt Room of the Trade Advisory Committee. This was the top-most cabinet committee on trade policy where all the big decisions were made before they went to the president. The issue was to protect shoes or not. It was about whether to keep a quota or impose a quota regime on imported shoes. It was to be at two o'clock. And at twelve o'clock I had a call from the secretary who said, "I want you to call shoe manufacturers all over the country and find out how they're doing; and bring me success stories." That was all he said. My staff had gone to lunch. And I found one person to help me. And what I did was get a couple back copies of *Footwear News* and began calling shoe companies in various parts of the country, just randomly. I got to the president or the top dog and I said, "Look the secretary of the Treasury would like to know how you're doing. How's business?"

The stories were great! They weren't about to say they were bad. I didn't tell them why I was calling. I just said, "We just want to know how you're doing." Well, the story from Los Angeles was—I remember it very clearly. "We can't get enough workers." "We've just got too many orders." "Business is booming." I called the shoe company in my own home town of Shamokin, Pennsylvania, and they were doing fine, too. This is a very depressed area.

So we went off to this meeting armed to the gills. We had about twenty examples of companies all over the place who were just doing fine, thank you! And it *infuriated* the Commerce Department. It, of course, carried the day.

Simon—I don't think he ever thanked me, it wasn't his style, really. But we just creamed the opposition. They were infuriated, and the trade press carried an attack on Simon for using an underhanded tactic in shaping the decision. It was a fun event. But it gives you an insight into Simon and how he worked.

Simon as Treasury secretary had many failings, but he had many strengths that outweighed them. And the great strength was that this man absolutely understood what he believed in. And had no hesitancy about articulating it and demanding it. Demanding that we adhere to it. At every step. I mean, you understood exactly what the Treasury secretary stood for. And it was fine to go out and fight hard for it. He would back you up.

And we did fight. We fought on Law of the Sea. The rough fights were against commodity policy. Were against commodity agreements, agreements on coffee pricing. A big donnybrook was on setting the price for coffee above world-market levels. That quickly got out of my hands because it became very political—presidential political. But, again, we were able to shape and modify the State Department's drive to obtain very generous kinds of pricing agreements for the developing countries, because the State Department felt that the best way to transfer wealth to developing countries so they could grow—they would have the capital to grow—would be through inflating their commodity prices since we couldn't deliver them foreign aid. Give them aid in another way, through this kind of trade agreement. But this is hardly the operation of a free market.

The great debate in those years really came down to: Okay, we'll concede it finally, said the State Department, that we shouldn't artificially set prices because the markets won't support them eventually; and they'll collapse. But what we must do instead, is try to *even out* the prices—the goal, the role for government in a commodity agreement is to avoid the large, “destructive” swings between excessively high prices and excessively low prices determined by “temperamental—and fickle—world markets.” We must protect those developing countries against that. That became the debate. Well, how do you do that? You have to then have some sort of entity that's going to be in the

markets, empowered to buy and sell, like central banks now do to protect currencies. You have some sort of fund like the exchange stabilization fund, which would step into the coffee market when prices are “abnormally low” and prop them up by buying beans. Or, to have the power, because the fund owns coffee, to enter markets, to sell beans when prices are “abnormally high,” thus bringing down prices to a more “correct” level.

Well, what kind of entity is going to do this and do it wisely and use governmental money to do it? Very tricky questions. These were all being worked out in the two years or so that I was at Treasury, through many international meetings and hashed and rehashed as US commodity policy was reshaped under the pressure of the developing world—the so-called “third world”—and Kissinger’s ardent desire to build relationships with them.

RITCHIE: You have three parts of the executive branch that are disagreeing with each other over, in a sense, philosophy. The Treasury which is for free trade; Commerce which is protecting its constituencies; and the State Department which is interested in its relations with other countries, particularly third world countries. How does the Congress get involved in this equation?

VASTINE: Ahhh, Congress. Well, it’s funny because, as a creature of Congress, a creature of the Senate, having spent four years with Senator Percy—we found Congress dreadfully ill-informed about most of what was going on. And we didn’t help very much to inform it. In other words, the less they knew the better.

Unfortunately, there were those—Democrats—who felt that the Treasury Department’s stand on commodity agreements was the wrong stand, that we ought to be much more lenient with developing countries in agreeing to commodity price agreements. So there was a little bit of a backfire built on the Hill *for* such agreements. We, occasionally as I recall, had to testify. My boss had to testify. I testified four or five times. My first testimony was on Merchant Marine Fisheries, can you believe it? On subsidies for shipbuilding—the thesis

being in the House Merchant Marine Committee—I think that’s still its title, isn’t it? That these subsidies were good for the economy! Good for jobs. That they actually enhanced tax revenues. So the framework in which I was invited to testify was: “Come and tell us how subsidies help America.” Well, the Treasury didn’t believe in subsidies, so my testimony was to go up and say: This is all nonsense, you know. They *don’t* help! The Treasury is opposed to subsidies, and there’s no way they help anybody. Any employment they create is employment created at the cost of another sector. It’s higher cost employment, and it’s less productive by definition.

RITCHIE: Did the different branches, let’s say the State Department or Commerce or Treasury, go to the Hill for support? In other words, would the Commerce Department use chairmen of the committees to try to counteract Treasury Department efforts, or did they basically try to keep the fight within the executive branch?

VASTINE: I know what you mean, and it happens, but the fights on these things were mainly internal executive branch fights. The people who used the Hill were the outside interests. For example, in the shoe case. Then we did hear from congressmen and senators. It was mainly the industry folks who got the Hill involved. But on very complex, very complex negotiations, like what’s going to be the shape of a buffer fund—a stabilization fund for the coffee agreement—that was usually way beyond the interest and the knowledge of almost everybody on the Hill.

That is the kind of detail in which I specialized when I was with Tom Curtis, getting into the nitty-gritty of these agreements and trying to understand exactly what the American selling price system of customs evaluation was, or how a quota worked and how it would work in the case of shoes, and what would be the economic impact. Getting into the details of some things like that was something Tom Curtis let me do. But there were very few people in the Hill in those days who paid much attention to that sort of detail. As I recall.

This has now changed. There are now more staff especially in the Committees, whose job is to follow complex trade negotiations closely.

RITCHIE: In addition to testifying, did you have to do any lobbying for the administration?

VASTINE: Actually I was never—maybe once or twice I was called on to go pay a Hill call. But very seldom, very seldom. No, not a lot of lobbying.

RITCHIE: Or Ford's nomination of Graham Martin for ambassador to Law of the Seas? He was the last ambassador to Vietnam, and never got confirmed, as I recall.

VASTINE: Right. We had, our ambassador on the Law of the Sea was uh. . .

RITCHIE: Elliot Richardson for awhile.

VASTINE: Oh, no. That was after. No, it was another man. It was another lawyer, formerly a top executive of IBM. There were two guys there when I was there, and Graham Martin was not one of them.

RITCHIE: He never got confirmed.

VASTINE: The last one I worked with was not, not very able. It was a formidable job, of course. Very controversial. We used to have terrible fights! There's a lot been written about those negotiations. They went on forever. They must have gone on for ten years or twelve years by the time the curtain finally was rung down and the United States refused to ratify, or sign.

RITCHIE: Sign. The Senate ratifies.

VASTINE: Well, the president never signed. We never validated. And the Reagan administration never put our signature to the agreement that

Richardson helped to negotiate. We haven't heard about Law of the Sea since very much. It was one of these huge enterprises, where every agency in the government felt it ought to have a representative. But not just one! Oh, no. Two, and sometimes three. And in the case of the Commerce Department, four! And all of these folks would go off to Geneva for these endless negotiations that would go on and on and on. And at enormous cost to the taxpayer to have a U.S. Delegation of 150 people! That boondoggle got sharply curtailed, just as I came on the scene, and the delegation sizes got cut way back.

But we at Treasury had myself and a lawyer, one of the lawyers in the department, and one or two people who worked for me, dedicated to Law of the Sea issues. That's just the Treasury! Our focus was commodity policy and the deep-sea bed minerals and the regime—the international regime—that would be created to, I've forgotten the term, but to husband these resources. But these were considered to be the patrimony of mankind—oh, gosh, there was a phrase that was used, that indicated that, beyond territorial limits, these resources were to be used for the benefit of mankind. And not for crass exploitation by private interests.

So there was something created called an Enterprise that would mine the seabed. I wonder who *is* mining the seabed? Have all these things been forgotten about? I even have a nodule somewhere, one of these manganese nodules that come up from the seabed, that lie around on the floor of the sea in certain places. They lie thickly. Anyway, enough. I can wander off. Don't let me wander off any further.

These were fascinating issues. Of course, you can tell I loved them. I was under tremendous strain because I was new to the game in the executive branch, and I worked for Assistant Secretary Gerald Parsky, whom I mentioned last time. Parsky was under tremendous pressure to succeed in his new job as assistant secretary. And Simon was relentless and ruthless. He never got angry with me, never used his temper on me, but lots of other people felt his lash. But it created an air of great tension. I got to work at 7:30 in the morning, and when my boss couldn't go, I would go to the secretary's staff meetings, and I would

watch him routinely humiliate senior officers of the department. He seemed to enjoy embarrassing the deputy secretary, George Dixon, a very fine former chairman of a bank from Minnesota.

There was a time when—did I tell you about this? On July 3, 1976. Is this conceivable? Or was it '75? It must have been '75, just after I got there. There was no other news that weekend, and Simon went out with a speech written by David Gergen who was then the speechwriter, went out and made a speech about the federal budget being out of control and how food stamps was the best example. And this was the second paragraph—food stamps, for example, “is the best example of a government program spinning wildly out of control, fraught with waste, fraud and abuse,” and maybe one other sentence. That was all. That was the headline in every Sunday paper. I’m telling you. That was the *news*! That was the Sunday news! Unbelievable!

Well, a crash of criticism came down on Simon. And so he ordered me to justify his statement! I had to go out and find out why it was true. So the first thing I did was go to David and say, “Why did you say this?” And he said, “It seemed like a good line.” So I called up my friends, I knew a couple of people at Agriculture, and I called up some folks at Agriculture and I said, “Will you help me with this?” And they said, “No, we’re not going to help you. I mean, Earl Butz is furious that Secretary Simon attacked his program; and we’re not going to help you prove that this program is fraught with waste, fraud and abuse and is spinning wildly out of control.” So then I went to the GAO, and I went to every one I could. Finally, I had some staff who knew about agriculture, had come out of the Agriculture Department. But they were terrible writers—it was the weakest part of my staff. Then Simon was immediately called to testify by George McGovern and Senator Percy, my former boss, to come up and testify and explain himself, please. And I had to produce the testimony. So I worked like a madman for weeks and weeks and weeks and weeks on this project, this awful project, documenting why this food stamp program was spinning wildly out of control! I came up, finally, with a hundred pages—and this is back in the days when you’re still using mimeograph sheets, no computers.

I got the reports of the inspector general of the Agriculture Department documenting dozens of examples, dozens and dozens of cases of maladministration of this food stamp program. Of use of food stamps to buy anything but food. Of use of food stamps as legal tender outside of stores to buy booze and stuff like that. Outside of food stores. Of a tremendous error rate in the determination of who should be a beneficiary and who shouldn't be. So that richer people—people were getting them who really were not qualified by virtue of their income. All of that kind of thing. I laid all this out in writing, then I used examples. At something like three in the morning the day before the testimony I was able to walk into the secretary's office and put this damn thing on his chair, and go home and realize that he was never going to be able to look at this testimony. I guess he came in in the morning. I don't know what ever happened. I really never knew what happened. But he must have come in in the morning and seen that thing and called up McGovern and said, "George, I have the goods on you. What I have here is going to destroy your program's credibility. I've got it all here in black and white. You don't want me to testify. I think you should cancel the hearing." And he didn't testify.

All I knew was the hearing was canceled. I went home and shaved and came back to work in a stupor! I worked for weeks on this thing! Well, nothing was said until, finally, we were on Secretary Simon's Air Force Two plane going to, I think, Eastern Europe later in the summer. He came down the aisle from his cabin and said to me, "That was a great job you did on the food stamp thing." That's all he ever said. Of course everyone was stunned in amazement because he never complimented anybody, within hearing. Then he turned to me and said, "I want you to do the same thing on something else." Ahhh. And I've forgotten what that is, and I never did it.

The reason he was happy was that the *Reader's Digest* had published an article about how Bill Simon on July 4 said the food stamp program was swinging wildly out of control, and he was absolutely right. And here's why. And then they used my statement. So that's the story. I don't know whether that's a good story or not.

RITCHIE: Oh, yes. What about Simon? Was he ambitious for something more?

VASTINE: Oh, ab-so-lutely! The man was ambition writ large. I've seen ambitious people in government. He certainly is one of the most ambitious I have ever seen. A lot of his ambition had to do with building ties with foreign ministers of finance—to stand him in good stead later when he would be going into private—back to private sector. He went way out of his way to romance the sheiks and the oil folks. He set up a separate office in Treasury to deal with Saudi finance. An office of Saudi finance in which we provided financial advice to the Saudis on how they should use their oil wealth. And for that and other reasons, my boss, Jerry Parsky, went with Simon and went alone several times to visit the sheikdoms and the Saudis and build relationships which he carried into the private sector.

He may have formed the Washington office of Gibson, Dunn, and Cretcher, of which William French Smith was a senior Los Angeles partner. William French Smith, of course, was Reagan's first attorney general. So, you see, Parsky placed himself perfectly for the future. And he opened the Saudi, no I believe a Riyadh office of the law firm and eventually several other foreign offices based on these contacts that he and Simon had assiduously cultivated with world financial leaders.

Simon had a special affinity to the Brazilian finance minister whose name I've forgotten. Simon liked guns. He liked to be given guns, real guns. And this was a problem, of course, because at some point you can't accept the guns. You have to give them over. I think there was some sort of private bill introduced to permit Bill Simon to keep the guns he was given. Fortunately, I did not have to carry that brief. But he was extremely ambitious for his future. Everyone thought that he would go back to Salomon Brothers, but Salomon Brothers wouldn't have him back. He was interested in a political future, and he made public for that reason, he made special ties with the humanitarian relief group. It documents abuse. It documents violations of human rights.

RITCHIE: Amnesty International.

VASTINE: Amnesty International. I think he became a board member. So, very interesting person, Bill Simon. One of his great strengths was his understanding of Congress and his responsiveness to members of Congress. He understood that he had to build his base here. And when he was energy so-called czar, I think I said he and Jerry Parsky returned congressional phone calls deep into the night. Day after day during that crisis. So he won a lot of support. He was very popular, as a tough guy, as hard-headed, business-oriented. Responsive, especially.

RITCHIE: Well, I guess it's similar to being in Congress and if you're working for a particular member you're there as long as that member is there. And if you work for a president, you're there as long as the president stays in office. And the Ford administration was in office two years.

VASTINE: Poor Gerald Ford. Yes.

RITCHIE: Could anything have saved the Ford administration after the pardon, do you think?

VASTINE: Yes. I think if he hadn't made the mistake that fed the media's image of him as a dolt, like referring to Yugoslavia as a democracy. It was a pretty close election. If the press had not systematically presented Gerald Ford as a bumbling fool who bumped his head all the time on the helicopter door, fell down, and bungled things, I think he could have won.

I have a friend who was on his campaign plane who invented the jingle—made the ads. It was an ad showing an airplane in the sky. It had a great musical score. It was a great ad! If we'd had two or three more days, the pollsters I know felt at the time that Ford would have won.

And he was—in my view—a very good president under the circumstances. But I think you asked the key question. And that again was a matter of timing,

the pardon of Nixon. I think if he'd waited two weeks till Nixon was in the hospital with phlebitis and near death, it was reported—very close to death—and pardoned him, I think that would have washed with the public. But to try to do it over a Labor Day weekend, kind of on the sly and hope it would disappear, it was extremely bad advice and very bad political strategy.

I remember that day because I was doing a project on a house I had. I employed a bright, young man to help me. He was a carpenter. And he came running out of the house and he said, "Did you hear what happened?" This was on a Sunday or something. I said, "What?" And he said, "Ford pardoned Nixon!" I said, "Really," and he said, "How can he do that? How can he just do that? That's outrageous! How can he do that?" This young man was so offended. He was morally offended by the idea.

RITCHIE: That gave you some inkling.

VASTINE: Yes. That was the public reaction: How dare he do that?

RITCHIE: Well, when the election was over and Ford had lost—as narrowly as he did, he still lost—what did you see in your future at that stage?

VASTINE: Pretty bleak. I hadn't been at Treasury long enough, and Treasury didn't have ties with the business community. We didn't have business advisory committees and things like that. The closest I got to that was when I went with the secretary on his last trip to the Soviet Union after the election, after Ford had been defeated. He commandeered, somehow, a presidential plane over [then White House Chief of Staff] Dick Cheney's objection. And off we flew to London for monetary confabulations with the British. That was Thanksgiving weekend. And then on to Moscow, and it was for a meeting Simon had committed himself to months previous. The meeting of the US-USSR Trade and Economic Commission, which was chaired on the U.S. side by Don Kendall, chairman of Pepsico and a close Nixon associate, friend. Visiting Moscow was altogether one of the dreadful and memorable experiences of my life. Moscow in the winter, the gloomiest, most horrible. The

embassy there is—anybody who has to live there has a reason to be insane after about a month. It's just awful! I won't go into all the details.

But the great, crowning moment was we were invited to the Kremlin for dinner with Brezhnev, all the American business leaders and Treasury people and others who were there. There weren't very many government officials there. Simon was the head of the U.S. Delegation, and was the U.S. government representative, and he sat next to Brezhnev. This was held in the Great Hall of Ambassadors, I think it was called. A fourteenth-century vaulted chamber in the Kremlin with a great central pillar thicker than this room. Square. With great barrel vaults all around to form a giant, square room with this great column in the middle to hold it all up. And frescoed in gold with Byzantine sort of ornamentation, perspectiveless figures.

So all these businessmen were gathered in this great square chamber, and in came Brezhnev, and there was peace and friendship. There must have been eleven glasses at each place. Soviet food is absolutely horrible. It was the worst stuff, even in the Kremlin. It was almost inedible. The only thing you can eat, really, are the fish courses. And this endless dinner went on. I was seated across from the chairman of Armco Steel, later secretary of commerce [in the Reagan administration], William Verity, and that kind of person was there.

The bottom line is that it happened to be Brezhnev's birthday, and Don Kendall presented him with a Mickey Mouse telephone because he liked to collect telephones. He liked American cars and telephones. And this entire company of Americans stood up and sang "Happy Birthday, dear Leonid. Happy Birthday to you." Unbelievable! I was—I was—I stood there gape-jawed. I did not join in the singing. I just thought this is a moment I am just going to watch. [Laughs] Then Brezhnev stood and gave this awful speech about how we're going to bury you. And was applauded. Then after that he came around. With a great firm handshake, he came around and shook hands with everybody including me. And Simon got in his plane right after that and left. And left me and my two staff.

I got my first and only migraine I've ever had. I went to the embassy physician—dispensary rather—and said I have this incredibly bad headache. And this woman just took a look at me. She put her hand on a cup—she had a row of cups, little paper cups of pills right beside the counter. And she just put her hand on one, and she clapped it on the counter in front of me and she said, “Take this.” I said, “What is it?” She said, “Never mind; just take it!” I began to feel a little bit better, but I cut short my stay and I got out of there as soon as I possibly could. It was just miserable, very, very depressing. I can understand why alcoholism is rampant in the Soviet Union and why it's—I was told—the primary threat to American personnel. They just turned to the bottle to have relief from that gloomy, closed, oppressive, horrible place.

RITCHIE: So you came back from that to face unemployment.

VASTINE: So I came back to that to face unemployment. I thought I was going to be on Wall Street. To make a long story short, with enormous bravado I went to New York and I talked to everybody I could possibly talk to. I ended up, through an old school friend named Nicholas Ray at Merrill Lynch, being introduced to the executive vice president of Merrill Lynch Commodities. And, to make a long story shorter, the day before I was to leave Treasury—the fifth or sixth of February, 1977—I got a call from them and asked me to come to London and be in charge of their commodity hedging operations. So what I would have done would have been to go to governments all over Europe and Eastern Europe and North Africa and offer the services of Merrill Lynch as an intermediary for their sales and their purchases of commodities. And all was fine and good, and I was extremely glad.

[At this point the interview was interrupted for an hour.]

RITCHIE: You left us suspended just about the point you were offered a position with Merrill Lynch.

VASTINE: Oh, yes and I was going to Harvard.

RITCHIE: But before you went there, Merrill Lynch had just offered you the position. Had you already decided to go to Harvard at that point?

VASTINE: Oh. Well, I didn't tell about that.

RITCHIE: No.

VASTINE: Along in November came a call from Jonathan Moore, the director of the Institute of Politics of the John F. Kennedy School of Government at Harvard University. Jonathan Moore was following up on a conversation I had three years before when I was interviewed by him and others, including Jack Saloma, to be a fellow at the Institute of Politics. And out of the blue after the election came the call from Jonathan: "Would you like to come and be a Fellow with the Institute of Politics?" And I said, "Yes."

I could tell it was going to be hard to get a job and that this would be a good way to kind of cool out from Washington. And I was extremely tired working first for Percy who was extremely energetic and demanding, and then for Simon. I was really wiped out. I will tell you—honestly—that on election night when Gerald Ford lost, my first emotion was one of relief that I was going to get some rest. My second was, of course, one of great unhappiness. I had worked myself to the bone. Seven-thirty in the morning until nine or ten at night, regularly at the Treasury and one day on a weekend for sure. One, whole day. So I said to Merrill Lynch, "Okay. Great news." They knew about Harvard, they accepted that: "So you go ahead and do Harvard. When you finish with that you come to New York and do your training in commodities futures and everything will work out just fine. And you come down to New York at the end of February, and we'll talk about salary and that kind of thing." I felt that I was being welcomed into the bosom of this giant, American corporation, that everything was going to be fine.

So I drove to Harvard in tears of grief for having to leave Treasury, and arrived in a big snowstorm, drifts up to my chest, and found my way to my apartment which was on Memorial Drive. It was an apartment I was subletting

from the family of the former great president of Harvard, [Charles] Elliott. A chintz-lined apartment overlooking the Charles, thank goodness, very, very well heated. So the second day I was at Harvard, or the first afternoon—it was a Monday afternoon, I’ll never forget, at one o’clock—I had a little office at the Institute of Politics at 10 Mount Auburn Street, and I got the call from the executive vice president of Merrill Lynch, surprisingly. He said, “Well, look I’ve got to fly to London tomorrow morning, and I want to know whether you’ll accept a salary of \$40,000 to come to London and be in charge of that office.” And I said, “Forty-thousand dollars?” I mean, that’s what I was making at the Treasury, and the dollar was going absolutely nowhere. I said, No!

I was in a state of shock in any case because I had been uprooted from Washington and plunked down in the snowdrifts of Cambridge. I was *really* a fish out of water. It was a great shock to me. I’ll tell you, it was one of the saddest moments of my life, leaving the Treasury. I didn’t realize it was happening, I didn’t realize I was really leaving until the afternoon I left. And, finally, it dawned on me. I kept acting as though I was going to be there. You know, all the office parties had been held, and all the champagne corks had been popped and all that kind of thing. Finally, it dawned on me I was really leaving.

RITCHIE: Did you have any contact with the person who was moving into your job at that stage?

VASTINE: Yes, I knew him. He’s a very good man named Gary Hufbauer who’s now a well known economist. Does a lot of writing on economic policy, very good man. Has always been very nice to me.

RITCHIE: Was he of like mind?

VASTINE: Yes, basic same policy views, and very able. He’d been in another division of the Treasury, even though he was a political appointee.

Anyway, I really began at Harvard with a clear mind. I didn’t have any job at the end of it, and I decided: What the heck! I’m just going to enjoy this.

I'm just going to really get into Harvard. I'm going to enjoy the students. I'm going to get to know people. I'm not going to worry about getting a job. And the Harvard stipend was sufficient to live on, and I had this nice apartment.

So that's what I did. One of the obligations of being a fellow was to give a seminar and to write something. Do a personal writing project of some sort, and be in residence—and just be available. My seminar was called “The Stand Off Between the World's Rich and Poor,” and it attracted about twenty-five very interesting students—some of whom I still know—from the Kennedy School. I brought for this seminar resource people from Washington—Jules Katz and other trade officials and economic officials, World bank officials—to be my discussants. I finished an article called “U.S. International Commodity Policy,” which I prepared for the *Georgetown Journal of Law and International Business*. And I was in residence. I really *was* in residence, and I sort of fell into the ambit of Quincy House and a bunch of very vibrant students there were very nice to me. They decided to take this poor, lonely Republican under their wing. They befriended me, and I got to know some of them quite well. It was altogether extremely rewarding.

RITCHIE: Were there any other Ford administration people there?

VASTINE: Well, actually, one of his campaign managers, John Deardorf, was there, and his wife, the talented author who's now the Headmistress of the Madeira School, Elizabeth Griffith. And there was a very liberal journalist. We had a good group, and I had a wonderful experience.

I decided I wanted to learn how to sail, so I went down to India Wharf and Boston Harbor and joined a sailing club. For a fixed fee you got sailing lessons and then the right to use, as often as you wanted to, one of their boats. And I became very familiar with the Massachusetts Bay and did a lot of sailing and really loved it.

So I got myself back together after having worked so hard. I was diagnosed as having certain vitamin deficiencies and that sort of thing, and so

I cleaned up my act and stopped drinking so much coffee. Stopped drinking coffee period. It was altogether an extremely good experience.

I got free of Washington. Washington government junkies get hooked on our institutions. In my case and many other cases, the Senate sort of becomes the defining part of your life, or the Treasury does. Work becomes your definition. I learned that I could live and be happy without having, you know, U.S. Senate staff after my name, or U.S. Treasury Department Official after it.

RITCHIE: Maybe the best part of elections is that they force people to rethink their lives. [Laughs]

VASTINE: Yes, well, it's really nice for us to sit back and say that, but boy, it causes a lot of dislocation, too, doesn't it? Tremendous amount, and that has been nothing but increased. You know, the Senate has gone back and forth. The administration has changed so much. Anyway, I don't know what more to say about that.

RITCHIE: As your term was ending, how did you plan your future at that point, when you finished at the Kennedy School?

VASTINE: Well, then began my four years of wandering in the wilderness. [Laughs] I'd been successful in real estate investments. So I went to California with the real purpose of visiting my family who all live there now, and of joining some other friends in doing a lot of jogging and getting in shape because I wanted to go on a trip to Nepal, on a trek. I wanted to go on a two-month trek to Nepal for which I had signed up.

After the Merrill Lynch thing fell through, I just had no interest in coming back here. I felt that I had unlinked from Washington, somehow. There was some sort of a distance, and it wasn't time for me to come back to Carter Washington, or even to try to go back to the Wall Street sort of thing. I often think how my life would have been different had I gone to London and become immersed in the world of commodity trading. A wholly different life, I think.

But I don't regret it. I should say, also, toward the end of the Harvard experience I was offered a job to be the president of the University of Cairo.

RITCHIE: Oh.

VASTINE: The American University of Cairo. There was a wonderful professor named A. J. Meyer who was very well known in Middle East studies. He was the head of the Center for Middle East Studies, or something close to that at Harvard. And my friends, my good Quincy House friends, decided that they would put me together with him because they thought I needed this introduction.

He picked up on it, and he was a trustee of the AUC. I suddenly found myself going to New York to meet at the *River Club* with other trustees and, finally, on an airplane to Cairo—on the day before graduation—to meet the faculty, who were extremely hostile and suspicious. This New York Board had waited until the very, last day to send over their choice to be president, thereby somehow evading the proper kind of inspection that I should have had. I found this snakepit of a faculty and administration just turned in on itself. The prior president had been a cornball from Iowa, a real odd ball. Not at all urbane or polished, just not at all what you'd picture. I actually stayed in the apartment that was set aside for the use by AUC for its president. It was on the Nile in an eight-story building that had been built for a prince of Farouk's regime. And it was a *vaaast* apartment. Furnished in ghastly faux empire with dark green and dark red velvet hangings everywhere. And oriental rugs. It was very formal. Very frosty place. With a team of servants that lived in squalid quarters in the back, stinking of urine and cooking grease. Very, very unusual. Very forbidding.

I literally just fled from it. It was so inhospitable in human terms. It was just not where I was "at" in that moment in my life—to use the vernacular. I came back. They invited me to luncheon at the *Cote Basque* to seal the deal. I got sick the night before and couldn't sleep. I knew I couldn't do it. So I called

them up and said, “I’m sorry. I’m not going to be there at lunch.” So that was that.

RITCHIE: So then you went west?

VASTINE: Then I went west.

RITCHIE: And you were president of the Alliance for American Innovation and also a consultant to the Washington Pacific Group. What were they?

VASTINE: Well, I formed the Washington Pacific Group with a friend named Joe Harrison who had also been in the Ford administration. It was a general political-consulting firm. We stumbled across a client named Nolan Bushnell who was the founder of Atari who was thinking of running for Congress but also wanted to build a public affairs role. Wanted to build an image for himself as a player in California and national politics somehow.

So I formed with him the Alliance for American Innovation of which he was the chairman, which was a very earnest effort to help small, hi-technology companies get started, get seed capital, get technical help. He, in concert with that, formed something called the Catalyst which was kind of a beehive—an infrastructure with spaces in it for many sorts of enterprises. He had a phenomenal reputation, you see, as a very successful entrepreneur, he attracted entrepreneurs who had ideas. They came into his shell group, the Catalyst, and got space and got technical help and got interaction with their peers and got some financial support from Nolan, and legal support. It was a great concept. He called it his high-technology incubator.

Part of my side of it was to bring him to Washington, to introduce him, to get him opportunities to testify. He did, and we met dozens of congressmen and senators. It taught me a very important lesson, and that is that congressmen and senators really love to hear about the future. They love to

hear about the great exciting things that are coming down the pike. Not about somebody else's cry for shoe protection or tax relief.

I took him to the Republican National Convention and he became a big donor. It was a very interesting experience in trying to build a new association, actually, a new interest group. And we had some measure of success at that. But, bottom line is that just about that point I was tired of San Francisco and had done what I needed to do which was have a sort of sabbatical. I wanted again to come back to Washington, and my trips back with Nolan had been a chance for me to reacquaint myself with my friends in the Senate and elsewhere. And I had been also in the Treasury as the deputy director of the Treasury transition team for the Reagan Administration. So I had Treasury connections again and some White House connections though not very many. One thing led to another, and I decided I really wanted to come back, and Senator Chafee offered me a job as his legislative director.

RITCHIE: What happened to Nolan's project after that? What happened to the Alliance?

VASTINE: After I left it?

RITCHIE: Yes.

VASTINE: It carried on for awhile, and then it was merged into somebody else's operation, after about a year. I lost—I became so immersed in Washington again I kind of lost touch. But the woman who carried on after me, she speaks of it glowingly. But I really don't know.

RITCHIE: I guess ideas come, and they stay, and they disappear.

VASTINE: That's right. I don't know what the epitaph on the tombstone of the Alliance ought to be.

RITCHIE: Were you active at all in the 1980 election?

VASTINE: In California I was active for George Bush. I'd become active in the moderate wing of the Republican Party there. I was a leader in the California Republican League. I was president of the San Francisco Chapter. I gave a big event for Bush in the financial district very early in the campaign. It was very well attended, and Jim Baker came to it as well. They loved it because it was a very dynamic group of young San Franciscans from the financial district. They were, what? They were Bush Republicans. I don't know what Bush Republicans ought to look like, you know. I guess this is still before he had renounced freedom of choice. So I did take a hand in it.

But my curse is, I guess, that I'm a moderate Republican. I'm not a Reagan Republican, and I'll probably never be able to convince anybody that in my heart I'm a true conservative as they define it. So I was never really accepted in the Reagan circles, even though I was quite helpful to them.

RITCHIE: Had you had any contact with Bush when you were in Washington before? In the '70's?

VASTINE: Only as a congressman. I'd go to lobby him, but I hadn't known him. On the other hand, my partner, Joe Harrison, had lived two doors from him when he was a congressman and he got to know George and Barbara very well. Joe was the California coordinator for the Bush campaign. He was very essential to the fund-raising efforts in California.

The problem is that Bush decided, when push came to shove, not to make a stand in California. By that time it was over. There was no point. Can we leave it there for awhile?

RITCHIE: Sure.

VASTINE: I'm wearing down. I've had too long a day.

RITCHIE: Well that was a transitional period.

VASTINE: It's a transitional period indeed, isn't it? Then we can talk about John Chafee and being in the majority in the Senate.

I must say, I was with Reagan at the Century Plaza Hotel on election night. Nolan was an Eagle. We flew down in his Lear jet to Los Angeles and went to the hotel and had rooms there. First we greeted the Reagans. Then we went into the Ballroom to watch the returns come in. And the absolute *astonishment* of winning the Senate! The incredible, unthinkable quality of that. Because having been in the minority, we Republicans in the Senate really had a minority psychology. There were very few Republicans. We were down in the thirties, as I recall, during the '70s, and we really just got hind tit, as it were. So, for me, in that room—I guess I was one of the few people in that room that had Senate experience, it was stunning, absolutely stunning, to think that we were going to control the Senate.

RITCHIE: It was stunning to the Democrats, too.

VASTINE: Oh, boy! Wasn't it ever! Talk about stunned. So I came back in February—late February in '82 to join the Chafee staff. Okay, Don.

RITCHIE: Well, why don't we pick it up from there next time.

End of Interview #4