

THE WHITE HOUSE
WASHINGTON
October 17, 1974

MEMORANDUM FOR: DONALD RUMSFELD
FROM: WILLIAM N. WALKER

Attached is a preliminary memorandum on possible candidates for the OMB and Domestic Council Directorships.

If you agree with these (this) recommendation(s), we will staff to the following:

_____	The Vice President	<u> X </u>	Dean Burch
<u> X </u>	Robert Hartmann	<u> X </u>	Ken Cole
<u> X </u>	John Marsh	_____	Fred De Baca
<u> X </u>	Philip Buchen	_____	William Eberle
<u> X </u>	Bill Timmons	_____	Stan Scott
<u> X </u>	Anne Armstrong	_____	Brent Scowcroft
_____	Roy Ash	_____	William Seidman
_____	Bill Baroody	_____	Mary Louise Smith (RNC)

Agree _____

Disagree _____

See me _____

Other Instructions _____



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

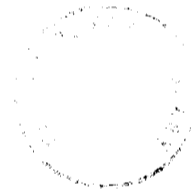
FROM: DONALD RUMSFELD

Subject: The OMB and Domestic Council Directorships

These two spots should be considered together. They are your principal staff for developing and implementing all domestic policy. They each manage on your behalf a process by which this is done. Both spots require individuals of strength and diplomacy. Both handle disagreements between departmental desires and administration needs. The disagreements get hot. Both must assure that the decisions brought to you are fairly put, that the options have been carefully thought out and the relevant facts accurately presented.

In my view, these should both be staff positions without cabinet rank. But as staff managing decision processes on your behalf, they have great power. It is vital that they are not seen as willful, independent decision makers. They should be facilitators of policy and its implementation. They should not be autonomous policy czars. Nor should they be highly visible spokesmen. Use of these people to explain administration policy, either to the press or before Congressional hearings, should be minimized.

While they have much in common, both posts are unique and require men of separate experience. There follows some brief comments on each post and some possible candidates.



OMB and its Director

OMB remains a reservoir of very able career professionals. It has a long tradition of dedicated service to the President in the formation and administration of the budget. In recent times, OMB has been called on to get into matters far afield from the budget. In my judgment that should be reversed. The management business has been overblown. The principal focus of OMB and its Director should be the budget.

Most important, whoever takes over OMB must have your strong personal confidence. You could be spending a lot of time with him. He will have the aide of a very capable man in Paul O'Neil, the nominee for Deputy. But still the new Director, particularly if he takes over in these last days of the budget cycle, would ideally have a personal background in government budgeting. If he has that, he can get the best from OMB in short order. With that, he can be most effective in putting your imprint on this, your first budget.

The OMB Director should have the ability to understand the budget's economic impact and its relationship to other economic policy. He should be able to contribute in such discussions. But this is not the place for a macroeconomist. This is much more a post for a first rate accountant with a capacity for vision. If the candidate has a political flavor other than "professional," it is probably wise that it be conservative.

You may wish to consider the following names:

1. Frank Carlucci. Mid-40's. Presently Under Secretary of HEW. Prior to that he was Deputy OMB Director. He also served as head of OEO. A career foreign service officer who is very able. He has been through a lot of "fires" and handled them all exceedingly well. He has the OMB background and enjoys strong personal support on the hill. He would, however, prefer to return to a foreign post.



2. Norman Hurd. Early 60's. Presently Secretary to Governor Malcomb Wilson. He served in this post with Nelson Rockefeller. Prior to that, he was budget director for the State of New York under both Rockefeller and Dewey. Among the professionals in the budget business, he is regarded as highly intelligent and vigorous. The fact that he comes from New York and is so personally close to Rockefeller deserves some consideration.
3. Harvey Kapnick. 49. Presently Chairman of Arthur Andersen and Co. He is a very able accountant with a considerable ability at managing professionals. However, he has had no government experience.
4. John McCarter. 38. Presently Senior Vice President of De Kalb Economics. Prior to that, he was budget director of the State of Illinois under Governor Ogilive. He was a White House Fellow who served as assistant to Charles Schultz when he was the budget director. He is reported to be very bright with an excellent knowledge of government budgeting.
5. Wayne McGowan. Mid-40's. He is presently Deputy Secretary of Administration for the State of Wisconsin. He was Secretary of Administration under Republican governor Warren Knowles. Prior to that, he was budget director. He instituted program budgeting in the State. I believe that lately he has spent a good deal of time consulting with OMB on the relationship between Federal and state budgeting systems. He is regarded as perhaps one of the brightest younger men in the public administration fraternity both for his technical knowledge and for his effectiveness with political leaders. His political associations have been Republican.
6. Paul O'Neil. Early 40's. Presently an Associate Director of OMB and nominee for Deputy Director. He is extremely bright. A thorough professional who has functioned well with three different OMB directors. I believe he enjoys a fairly good reception on the hill.



7. Vernon Orr. Mid-50's. Presently Director of Finance for the State of California where he succeeded Cap Wineberger. The name was suggested by Dave Packard and others but Orr only gets rather a so-so response from the fraternity of professional budget men. He does carry with him some of the conservative flavor of the Reagan administration.
8. David Packard. Former Deputy Secretary of Defense. A terrifically able person who could more than handle the job if he would take it. He might also do well at the Domestic Council.
9. John Robson. Early 40's. Robson is a partner in the large Chicago law firm of Sidley and Austin. He is a Republican who has served in the Johnson Administration as a budget bureau consultant/White House staffer working on economic matters and later as Under Secretary of Transportation. He is remarkably able. He has an extraordinary ability to coordinate people, a first rate mind and real political savvy. He would also do exceedingly well as Director of the Domestic Council.
10. Bill Seidman.



The Domestic Council

The Domestic Council was an idea of the Ash Council. To some extent it was an expansion and formalization of what, in fact, had gone on in earlier administrations. Its creation justified an expanded budget and staff. The Council as a whole was never much more than ceremonial. The work was to be done by subcommittees organized around issues.

Recognizing that domestic issues frequently span several departments, membership on subcommittees consisted of the most directly affected cabinet secretaries, one of whom served as Chairman. Staff work would be led by a permanent Domestic Council staff member. He would run a working group made up of representatives of each of the cabinet secretaries on the subcommittee. OMB was also frequently represented simply because it had a reservoir of considerable knowledge.

Domestic Council staff members were also called on to coordinate the handling of various hot issues or "fires." The staff grew to some 35 professionals and, at its high point, did more directing of responses than coordinating. It is fair to say that on most hot matters the problems were lifted out of the departments and brought to the White House for handling.

The basic idea and procedure of the Domestic Council has merit. It is probably what should occur even if there weren't a legal entity called the Domestic Council. But, as always, it's the people who make an entity one thing or another.

The Director of the Domestic Council is the place for your principal domestic policy assistant. Again, he should be a facilitator of decision making, not the decision maker. He should have your complete confidence but should not be the domestic president. He will be an informed aide who can't avoid being thrust in the middle of various "fires." But his basic method should be to help the cabinet to higher effectiveness in handling such "fires." It should not be to usurp them.



Two questions must be considered in filling this post. First, what should be done with the state and local government liaison function? For want of a better idea, it was folded into the Domestic Council staff responsibility when Agnew left office. However, I don't believe it was a bad idea for the problems being handled by the Domestic Council and its Director frequently involve state and local government. I am sure the governors and mayors would like to have an independent White House assistant to handle their problems. But this can cause a real confusion and wheel spinning. If the function continues in the Domestic Council, then it could affect the choice of a Director. Second is the question of Rockefeller's participation in domestic policy. He is sure to have a strong interest in the construction of your domestic program. If he is to have some responsibility in that connection, then you may want him to have a say in the selection of the Domestic Council Director and staff. While the Director and staff is to be primarily your staff, I think it desirable that the appointments be made in consultation with Rockefeller.

Individuals considered for this post should have considerable political seasoning especially if the post will continue to have the state and local government liaison function. Such experience can be gained as an elected public official, as aide to one, or in an executive branch post involving considerable heat. The individuals considered should each ideally have some background in dealing with the substance of one or another area of domestic policy; housing, labor, education, transportation.

Even though he is to facilitate policy making instead of dominating it, he must have a lot of creativity and drive.

He should be a good organizer of men and ideas. The job takes a tough mind to make headway in subject areas that are frequently complicated substantively and politically.

Perhaps you would want to consider the following names:

1. John Robson. Discussed earlier as a possibility for OMB. He is perhaps more suited for this post.
2. David Packard. Also probably more suited for this post.



3. Elliot Richardson. There is no question about his ability or experience. He might be interested in the post but the appointment could anger conservatives.
4. Bill Seidman.
5. James Q. Wilson. Harvard professor in mid-40's. Excellent substantive reputation and some reputation as an organizer of policy development. However, he does not have political experience at "fire" fighting.
6. Jim Lynn. He is smart and seasoned. He would be very good at "fire" fighting. If combined with a strong academic like James Q. Wilson as Deputy, it could work well. However, the appearance of shifting personnel from one post to another may not be desirable.
7. Philip Areeda, a brilliant lawyer with some Washington seasoning.

10/20/74

ORGANIZATION AND APPOINTMENTS IN THE ECONOMIC AREA

For one reason or another, change will occur in many of the high-level Administration posts over the fairly near term--say within the next 7 months. Before this takes place, it would be useful to think about what will have resulted after these changes have occurred. What kind of a team will have evolved. Hopefully, replacements in each high-level post will not only handle well the responsibilities of their particular post but also contribute to the overall character of your Administration.

The posts fall into several areas--domestic, international, economic and natural resources, and energy. In the economic area, it is useful to think about the organization, responsibilities and people in seven different posts. They are: White House staff, Treasury, OMB, CEA, Labor, Commerce, Agriculture, Special Trade Representative--CIEP.

The ideal for this area would be to end up with a set of individuals constituting a working team. Each would have a unique and substantial expertise, each would be personally secure in his own ability and appreciative of the abilities of each of the others. Each would match the needs of his particular post but beyond that would contribute to the balance and wholeness of the team.

Several points should be made. To some extent they apply equally to other major areas, but are discussed here with respect to the economic area.

1. Good people working together is the key. There are natural and inescapable overlaps between many of these jobs. There is no place here for people who can't rise above turf fights.
2. While the people must have technical competence, the ability to handle their posts, there are some places where they must also have stature. Either they must already have it or they must have the potential for obtaining it. In the economic area, it is very important. The "optics" have a lot to do with economic confidence.
3. There is a need for fresh blood. Moving the same faces from box to box leads to the appearance that aimlessness and disorder will continue.

4. The policy mechanism and its organization are important. It is taken as signifying the real influence or lack of it that these posts will carry. Few who have the ability and stature to handle these posts are going to come to Washington simply to ride around in limosines. They will look at whether they will have a say. If there is an elaborate heavily staffed policy mechanism between them and you, they will conclude that the real shots are going to be called in the White House with or without their advice.

5. Timing is important. The sooner the vacancies occur and replacements are made, the sooner the idea of a "Ford team" occurs. Turnover occurring sooner rather than later need not and should not appear like a purge. Of course, some will always talk about purges not matter when the change occurs. But properly handled, a change can be made which is seen for what it is; the fulfillment of the natural desires of everybody involved.

My comments on the organization, the various posts and the possible candidates follow:

Organization and the White House Role

We have a large number (perhaps too large a number) of organizations set up to participate in economic policy for the nation. This fact together with the number of entities in other areas requiring coordination influences the role of the Assistant to the President for Economic Affairs.

A brief review of the organizational structure might provide helpful background.

A. Economic Policy Board

The Economic Policy Board is intended as the mechanism for general coordination of all the different agencies and groups in the economic area. Each of these agencies and groups have more specialized program or economic policy concerns. They are:

Operating Agencies

- | | |
|---------------|------------------|
| o Treasury | o Commerce |
| o State | o Labor |
| o Interior | o HEW |
| o Agriculture | o HUD |
| | o Transportation |

Other Policy Bodies

- o Council of Economic Advisers
- o Office of Management and Budget
- o Council on International Economic Policy
- o Council on Wage Price Stability
- o Cabinet Committee on Food (will die 12/31/74)*

Advisory Groups

- o National Advisory Council on International Monetary and Financial Policies
- o President's Committee on East West Trade
- o Labor Management Advisory Committee*
- o National Commission on Productivity and Work Quality* (P.L. 93 311)
- o National Commission on Industrial Peace*
- o National Commission on Shortages* (about to be established)

The Secretary of the Treasury has been named Chairman of the Economic Policy Board and chief economic spokesman. The Assistant to the President for Economic Affairs is a member of the Economic Policy Board and serves as its Executive Director. The Secretary of the Treasury and the Assistant to the President for Economic Affairs have been named Chairman and Deputy Chairman, respectively, of the following groups:

Council on International Economic Policy
Council on Wage and Price Stability
National Advisory Council on International Monetary and Financial Policies

The Troika and Quadriad are two processes by which the Administration's economic projections are developed. The Troika consists of the Chairman of the CEA, the Director of OMB and the Secretary of the Treasury. The Quadriad is the Troika plus the Chairman of the Federal Reserve Board. It is not clear how this process will be affected by the Economic Policy Board. The Executive Committee of the Economic Policy Board is really the Triad plus the Assistant to the President for Economic Affairs and the Executive Director of the Council on International Economic Policy. The Chairman of the Federal Reserve Board is also invited to attend

* These groups have not been named in the Executive Order setting up the Economic Policy Board. They are in various stages of existence and are presumed to report through the Economic Policy Board.

meetings of the Economic Policy Board Executive Committee. So they are really the same players here with the addition of the Assistant to the President for Economic Affairs and the Executive Director of CIEP.

B. Relationship to Other Councils

Energy Resources Council

Chaired by the Secretary of Interior, this group is intended for the general coordination of energy activities in the following agencies and groups:

- | | |
|------------------|--|
| o State | o AEC |
| o Treasury | o OMB |
| o Defense | o Energy Research and Development Administration |
| o Justice | o Environmental Protection Agency |
| o Commerce | o Council on Environmental Quality |
| o Transportation | o National Science Foundation |
| | o Federal Energy Administration |

The Assistant to the President for Economic Affairs and the Executive Director of the Domestic Council have also been included as members.

The urgency and importance of this subject matter gives the Energy Resources Council a status comparable to the Economic Policy Board. But our interest in energy is driven by economic concerns. Actions taken on energy have an enormous impact on economic policy. However, the link between the policy development processes conducted by these two councils is not clear.

Domestic Council

The Domestic Council is intended as the framework for developing all domestic policy. Its membership consists of virtually the entire cabinet with the exception of the Secretaries of State and Defense. The Executive Director of the Domestic Council is a member of the Energy Resources Council but not a member of the Economic Policy Board. Likewise, the Assistant to the President for Economic Affairs is not a member of the Domestic Council.

The link between the policy development processes of the Economic Policy Board and the Domestic Council is as yet unclear.

The concerns of these two councils are very related. Is unemployment compensation legislation a matter for the Economic Policy Board or the Domestic Council? In whose jurisdiction does it lie? To a large extent there will always be overlaps. These overlaps and potential conflicts can be minimized if the Assistant to the President for Economic Affairs, the Executive Director of the Domestic Council, the Executive Director of the Energy Resources Council and the Director of OMB all have an inclination to work together.

With that background, there is the question as to the role that should be played by the Assistant to the President for Economic Affairs. There are two very different approaches. One is a leadership role; the other is a coordinator's role.

The leadership role would see the Assistant to the President with a fairly large staff. He would be a visible and frequent public spokesman on economic policy. He might personally handle some of the hot matters such as a coal strike. He might even have cabinet rank.

The alternative or coordinator's role would be much less visible. His work would be inside, not outside. He would manage the process by which decisions are reached and implemented. In that connection, he would task various agencies and entities for research and policy papers. But he would not do it himself. He would not be heavily staffed. He would have no independent analytic capability. He would not make the decisions, nor implement them himself. He would not lead the team. He would help it operate as a team. He would not be a spokesman, leaving that to the Secretary of the Treasury. This role and method of operation would be quite similar to that already suggested for the Domestic Council.

I have a very strong preference for the inside, non-visible coordinator type of Executive Director as opposed to a leader and spokesman.

Assistant to the President for Economic Affairs

I think my view is clear that this should be a low-visibility inside job. It is a tough job of coordination requiring both a ramrod and a harmonizer. It would be useful if the individual had some background in both government and economics.

Bill Seidman is it, unless, of course, he were to take over a different post. If that were the case then the following might be considered as possible candidates:

John Byrnes. Former member of Congress from Wisconsin. You know him well.

John Dunlop. 60. Professor of economics at Harvard. Former Director of the Cost of Living Council. Dunlop is a mediator. He clearly has the brains and background, but might be better used working exclusively in the labor area.

William Eberle. 51. Presently a Special Trade Representative and Executive Director of the Council on International Economic Policy. Prior to Government, he was Chairman and President of American Standard, Inc. Eberle is intelligent and an able negotiator.

Bob Ellsworth. 48. Presently Assistant Secretary for Defense for International Security Affairs. As you know, he is bright. He has a good sense of Congress and some background in economics. This was obtained as an investment banker and in the Congress.

William Leonhart. Late 50's. Leonhart is a Career Foreign Service Officer with personal rank of Ambassador. He is presently Deputy Commandant of the National War College and has served as Ambassador to Yugoslavia and Tanganyika. He was detailed to the Johnson White House for the Vietnam task force. He is extremely bright. He is both a good conceptual thinker and a tough thinker in that he is quick to isolate the issues. Though he has no deep background in economics, he is very experienced with Government policy-making processes. He is personally a ramrod.

John Robson. Early 40's. Partner in a large Chicago law firm of Sidley and Austin. Discussed earlier in connection with the Domestic Council and OMB. He is a tremendously able man particularly for this kind of coordination role. His experience with wage price jawboning during the Johnson Administration and a continued interest in the area give him a good background.

William Walker. 36. Presently head of the White House personnel operation. Bill is a very able lawyer and served as both General Counsel of the Cost of Living Council and later of the Federal Energy Office.

Treasury

If the Secretary of the Treasury is to be the chief economic spokesman for the Administration, this post requires a person of real stature. He should enjoy a strong personal reputation, both at home and internationally. He will be highly visible and should be able to handle himself in the public arena. He will be called on to speak frequently and testify before Congress on a wide variety of economic issues. Because of this job's public and policy demands, most of the Treasury administrative responsibilities will fall to the Deputy Secretary who should be carefully chosen.

Some names to be considered:

John Byrnes. 61. Excellent background and stature.

Aldwin W. Clausen. 51. President and Chief Executive Officer of the Bank of America. A lawyer who has spent his career within this, the world's largest bank. He is highly recommended by John McCome and David Packard. While clearly a fine banker, he may lack the experience in the public arena to prepare him for this job.

Gaylord Freeman. 64. Retiring Chairman of the First National Bank of Chicago. He is bright, articulate, strong and probably not ready to retire. However, he is reputed to be somewhat abrasive and difficult to work with in a team sense. There are also indications that his reputation as a doer might be overblown.

Gabriel Hauge. 60. Until recently, Hauge was President and Vice Chairman of the Manufacturers Hanover Trust Co. From 1953 to 1958 he served as Special Assistant to President Eisenhower for economic affairs. He was considered for Secretary of the Treasury at the outset of the Nixon Administration. He has an excellent reputation and some Washington experience.

Melvin Laird. 52. While not from the banking world, he has the strength and stature required.

David Packard. 62. Again, he has the strength and stature needed if he would do it.

Robert V. Roosa. 56. Dr. Roosa is presently a partner of Brown Brothers, Harriman and Co., a private international banking concern. Prior to joining Brown Brothers in 1965, he was Under Secretary of the Treasury for Monetary Affairs. He has authored and co-authored (with Milton Freedman) several books on money and banking, dealing particularly with international monetary issues. He is thought to be extremely intelligent and highly regarded in both academic and banking circles here and abroad. He is a Democrat.

William Scranton. 57. He has the stature and the ability if he would do it.

Walter Wriston. 55. Chairman of CITICORP. He is a favorite who has been signed on to almost any and every Government advisory group assembled in the economic area since 1969. He is a very aggressive banker; not afraid to push regulators to the edge. Thought to be extremely bright. He possesses a sort of country charm and candid manner that might make him effective publicly. However, some fear that he may lack sufficient political sensitivity to avoid the unneeded flaps. Also, a rumor of his appointment about a month ago produced some polarization in the New York financial community.

Department of Labor

Whoever has this post will have much to do with securing reasonable labor settlements leading up to and through the very heavy bargaining year of 1976. In the short run, of course, there is the prospect of a coal strike.

The individual should have a strong background in labor and industrial relations. It is doubtful that he could be found within the ranks of Labor. Historic rivalries between unions tend to make it difficult for a past union official to be effective.

Likewise, someone with experience exclusively in management could have difficulty gaining labor confidence. An experienced mediator is a possibility. Whoever it is must be tolerated by organized labor.

Some possible candidates:

John T. Dunlop. 60. From January, 1973 to June, 1974 he was the Director of the Cost of Living Council. Is the former Dean of Harvard and Chairman of the Economics Department. He is at the same time regarded as both an able mediator and economist. This gives him an ability to not only help resolve disputes but also to look for ways to improve the very bargaining structure itself. He would be ideal. He is close to and respected by virtually every major labor leader including George Meany.

Robin Fleming. President of the University of Michigan. He is a lawyer/mediator who has survived in the tough game of higher education. You probably know Fleming and have your own views about his suitability for the post.

William Usery. Mid-50's. Bill is an able mediator who shares Dunlop's desire for straightening out basic bargaining structures. He is presently head of the U.S. Federal Mediation and Conciliation Service.

Arnold Weber. Early 40's. Dean of the business school of Carnegie Mellon Institute. He is an economist and mediator. He has served as Assistant Secretary of Labor and Deputy Director of OMB before becoming the first director of the Cost of Living Council. He also served on the Pay Board where he may have alienated portions of the labor community. He has a strong mind and a personality which can, on occasion, be abrasive. He is a Democrat.

Commerce Department

The Department itself is almost purposeless. It is an accumulation of agencies--the National Bureau of Standards, National Oceanographic and Atmospheric Administration, the Economic Development Administration, the Census Bureau, etc. It has been previously thought of as a place to slot some prestigious businessman who would be an advocate for business. However, the constituency is sufficiently informed to understand that the post is without power unless the individual has personal influence.

It would seem wise to choose an individual who had both prestige and specific substantive expertise to contribute. Here it might be useful to place somebody who had a background in the high technology industries or in the international trade of goods.

Alternatively, the post could be used to find somebody who knew about business but helped the rest of the cabinet be more broadly representative.

Ann Armstrong. 47. Her political ability and experience in the public eye would do a lot for the cabinet as a whole. She has had limited business experience.

Dean Burch.

John Byrnes. Former member of Congress. You know him very well.

Catherine B. Cleary. 58. President of First Wisconsin Trust Co., the largest bank in Milwaukee. She has served as Assistant Treasurer of the United States (1953) and from 1953 to 1954 as Assistant Secretary of the Treasury.

William Coleman. Mid-50's. Coleman is a very successful business lawyer in Philadelphia. He was first in his class at Harvard and law clerk to Justice Felix Frankfurter. He is active in the American Civil Liberties Union. He served on the Price Commission. He is black and a Republican. His appointment would bring business experience and some exposure to price policy to the post.

*Katins -
Reson -
I Miller -
A Fletcher*

William Eberle. 51. He is presently Executive Director of CIEP and Special Trade Representative. Prior to joining Government he was Chairman and Chief Executive Officer of American Standard, Inc. He is regarded as extremely intelligent by Administration people who have worked with him. It might also be useful if he maintained his position as Executive Director of the Council on International Economic Policy. That would demonstrate the high level of attention being given international trade. It would, however, be necessary for him to relinquish the post as Special Trade Representative.

Carl Gerstacker. 58. He is presently Chairman of the Board of DOW Chemical Company. He has a long-standing personal interest in U.S. export expansion. He is a member of the International Advisory Committee of the Chase Manhattan Bank and Chairman of the Export Expansion Council of the U.S. Department of Commerce. He is intelligent and energetic. His name has been suggested by John McCone and David Packard.

Robert S. Ingersoll. 60. Presently Deputy Secretary of State. Ingersoll was, before joining the Government, Chairman, President and Chief Executive Officer of Borg-Warner Corporation. In Government, he served as Ambassador to Japan and Assistant Secretary of State for East Asian and Pacific Affairs. He has a good knowledge of Government and international commerce.

David Packard. 62. Former Deputy Secretary of Defense. His experience in Washington, his role in Hewlett Packard, a high technology manufacturer, and his international trade experience all give Packard an excellent background for this post. Whether he would be willing to again make the financial sacrifice, would have to be determined.

Arthur Taylor. President of CBS. Formerly an investment banker. Very bright and very ambitious. Mid-40's.

Agriculture

This will be a tough job. Farm income is bound to decline. There will be hot conflict between the Department's vocal constituents urging higher prices and the nationwide desire for stable food prices. The individual who heads the Department should have a strong personal grounding in the Department's programs and mechanisms. He almost must have a personal knowledge of how it works so that he can see to it that they work in support of the Administration's objectives. In short, he has to be able to run that Department. If the Department is left to run itself, it will more than likely work at odds with the Administration's objectives.

Some possible candidates:

William D. Knox. Mid-50's. Publisher of Hoard's Dairyman, the most influential publication in the dairy industry. Knox is extremely able and enjoys a strong reputation beyond the dairy industry.

Glenn Pound. 60. Dean of the College of Agriculture, University of Wisconsin. A strong Republican who has been considered for the post before. Perhaps not strong enough.

Robert Ray. 46. Governor of Iowa. Bright lawyer with good reputation. No particular background in agriculture.

Clayton Yeutter. 43. Presently Assistant Secretary of Agriculture for Marketing and Consumer Services. A Ph. D. in economy and a lawyer, Mr. Yeutter is considered very able.

Special Trade Representative--Council on International Economic Policy

Eberle is presently both Special Trade Representative and Executive Director of CIEP. If Eberle did move to a cabinet post, he could continue to handle CIEP. However, the heavy job of preparing for and conducting future trade negotiations probably should be given to someone new.

It might not be desirable to have a cabinet member also head CIEP. There are real departmental jealousies which must be dealt with by the CIEP Executive Director. In this case both the CIEP and STR responsibilities could go to somebody new.

Alternatively the two jobs could be split up and given to two individuals. This might be desirable in view of the heavy workload attending a new round of trade negotiations.

The following might be considered as possibilities for either or both of these posts. Of those mentioned earlier for the post of Assistant to the President for Economic Affairs, there are the following:

John Byrnes
Bob Ellsworth
William Leonhart
John Robson

Additional possibilities are:

John Coleman. Mid-40's. Until recently the President of the Continental Illinois Bank holding company. It was apparently not a friendly separation. Mr. Coleman is extremely intelligent and considered very good at the "deal making" business. Most of his early business career was spent with Kidder Peabody. He served as Deputy Assistant Secretary of the Treasury for International Monetary Affairs in the Johnson Administration.

Roderick Hills. 43. He is a partner in a law firm of his own creation in Los Angeles. He has been active in Republican affairs in California, and is a real "go getter." He is currently President of the Republic Corporation, which he has resuscitated, and will be returning more completely to private practice. He has a great deal of experience at international negotiation. His wife is an Assistant Attorney General (Civil Division).

Richard Thomas. Mid-40's. Executive Vice President of the First National Bank of Chicago. I believe he is presently responsible for the bank holding company activities and the international department. A Rhodes scholar and a tireless worker. He has a kind of applied intelligence that makes him very much a doer.

Sent 10/20/79

MEMORANDUM FOR THE PRESIDENT

FROM: DONALD RUMSFELD

Subject: OMB and Domestic Council Directorships

This memorandum summarizes briefly points made earlier concerning these two posts. The lists appearing at Tab A (OMB) and Tab B (Domestic Council) have been adjusted to reflect our recent discussions.

Characteristics of Both Posts

- . Both posts are "staff" to you. They are not independent decision-making positions. The individuals who hold them must each have your strong, personal confidence.
- . Both posts involve the management of a decision process.
- . The conflicts that arise within these decision processes are intense and therefore individuals of fairness, strength and diplomacy are required. The individuals must be both ramrodders and harmonizers.
- . Both posts should be low visibility. They are not spots for major public spokesmen.
- . The two directors must be able to work together for the subject matter they deal with is interrelated.

OMB - A list of possible candidates appears at Tab A.

- . The OMB jobs should be more budget related than in the recent past. The "management" functions should receive less emphasis.
- . There is an able group of professionals already at OMB; therefore, the Director's job is to lead them in the creation of your budget.



- . The new Director should have government budget experience.
- . The new Director should have the breadth to understand both the impact of the budget on the economy and the political/policy ramifications of budget decisions.
- . If the new Director has a political identification, it should be conservative.

Domestic Council - Possible candidates listed at Tab B

- . The Domestic Council concept should be continued. The questions involved span so many departments that an "issue" committee system with interdepartmental staff working groups serves a real purpose.
- . The Domestic Council Director will be your lead staff in the formation of your domestic program. Therefore, he should have the background and ability to add, on your behalf, a real dose of substantive innovation.
- . The Domestic Council Director and staff will be called on to coordinate the handling of hot issues; therefore, they must have political seasoning. But they must also realize that their job is to coordinate the departments and not to usurp them.
- . The Domestic Council Director may also be responsible for state and local government relations. If so, the Director should have some working knowledge of the federal, state and local relationship.

TAB A
Possible Candidates
OMB DIRECTOR

1. ~~Dean Burch~~
2. John Byrnes
3. Richard Dunham. Early 40's. Presently Budget Director for the State of New York. Governor Rockefeller has suggested him as a possibility for Domestic Council Director but his background recommends him for this post as well. He is very highly regarded in the professional Public Administration fraternity. Bill Scranton believes him to be not only good technically but also innovative.
4. Norman Hurd. Early 60's. Presently Secretary to Governor Malcomb Wilson. He served in this post with Nelson Rockefeller. Prior to that, he was budget director for the State of New York under both Rockefeller and Dewey. Among the professionals in the budget business, he is regarded as highly intelligent and vigorous. Governor Rockefeller thinks he would be a good appointment.
5. Harvey Kapnick. 49. Presently Chairman of Arthur Andersen and Company. He is a very able accountant with a considerable ability at managing professionals. However, he has had no government experience.
6. James Lynn. Early 40's. Secretary of Housing and Urban Development. Jim is bright. Though he doesn't have the budget background, he knows a lot about being effective in this kind of post.
7. Vernon Orr. Mid-50's. Presently Director of Finance for the State of California where he succeeded Cap Wineberger. The name was suggested by Dave Packard and others but Orr only gets rather a so-so response from the fraternity of professional budget men. He does carry with him some of the conservative flavor of the Reagan Administration.

Keating

8. Bill Seidman
9. Arnold Weber. Early 40's. Dean of the Business School of Carnegie Mellon Institute. He is an economist and mediator. He has served as Assistant Secretary of Labor and Deputy Director of OMB before becoming the first director of the Cost of Living Council. Weber is tough and experienced. Though a Democrat, he is not an ideological liberal.

Richardson
Keating

