

History Program

GAO



October 1989

Phillip S. Hughes

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Preface

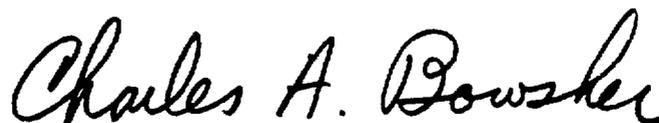
The General Accounting Office (GAO) was established by the Budget and Accounting Act of 1921. Since then, new legislation and modified policies have been adopted that enable GAO to meet the needs of the Congress as it comes to grips with increasingly complex governmental programs and activities.

GAO operates a History Program within its Office of Policy to ensure that the basis for policy decisions and other important events are systematically recorded for posterity. The program should benefit the Congress, future Comptrollers General, other present and future GAO officials, GAO's in-house training efforts, and scholars of public administration.

A primary source of historical data is the written record in official government files. A vital supplement contributing to a better understanding of past actions is the oral history component of the program. Key governmental officials who were in a position to make decisions and redirect GAO's efforts are being interviewed to record their observations and impressions. Modern techniques make it possible to record their statements on videotapes or audiotapes that can be distributed to a wider audience, supplemented by written transcripts.

Phillip S. Hughes has had a distinguished federal career that included 21 years in the Bureau of the Budget, where he rose to the post of Deputy Director of the Budget in 1966. From 1972 to 1977, Mr. Hughes served GAO, initially as Director of the Office of Federal Elections and then as Assistant Comptroller General for Energy and Special Projects. On February 22, 1989, present and former GAO officials (see p. vi) interviewed Mr. Hughes on videotape at GAO headquarters in Washington, D.C., to discuss the many contributions he made during his 5-year tenure at GAO. This document is a transcript of the videotape. Although a number of editorial changes have been made, GAO has tried to preserve the flavor of the spoken word.

Copies of the transcript are available to GAO officials and other interested parties.



Charles A. Bowsher
Comptroller General
of the United States

Phillip S. Hughes



Biographical Information

Phillip S. Hughes

Mr. Hughes served the United States General Accounting Office (GAO) from May 1, 1972, to February 4, 1977. Initially, he was appointed Director of the newly created Office of Federal Elections. On December 23, 1973, Mr. Hughes was designated Assistant Comptroller General for Energy and Special Projects.

Mr. Hughes was born in Chicago, Illinois, and received his B.A. in sociology from the University of Washington in 1938. He worked in the fields of management and statistics for federal and state governments and in private industry in the Seattle area from 1938 to 1949, interrupted by World War II military service.

Mr. Hughes came to Washington, D.C., in 1949 to serve as a budget and program analyst in the Bureau of the Budget. He became Assistant Director for Legislative Reference in July 1958 and Deputy Director of the Budget in 1966 under President Johnson. He was reappointed to this post in 1969 by President Nixon.

Mr. Hughes retired in October 1969 from the Bureau of the Budget after serving under 11 budget directors and 5 presidents. Before coming to GAO, he was acting president of the National Institute of Public Affairs and a consultant to the Office of Management and Budget, the Ford Foundation, and other organizations. Also, in 1971, he joined the Brookings Institution as its Director of Public Management Studies.

After leaving GAO in 1977, Mr. Hughes served briefly as a consultant in Iran and then was appointed an Assistant Secretary in the Department of Energy, where he remained for about 2 years. For the following 5-1/2 years, he was Under Secretary of the Smithsonian Institution until his retirement in June 1985.

Mr. Hughes's distinguished public service has been recognized and cited on many occasions. He holds the National Civil Service League Career Service Award, the Bureau of the Budget Award for Exceptional Service, and the Rockefeller Public Service Award in the field of administration.

Interviewers

Henry Eschwege

Henry Eschwege retired in March 1986 after almost 30 years of service in GAO under three Comptrollers General. He held increasing responsibilities in the former Civil Division and became the Director of GAO's Resources and Economic Development Division upon its creation in 1972. He remained the Director after the Division was renamed the Community and Economic Development Division. In 1982, he was appointed Assistant Comptroller General for Planning and Reporting.

Werner Grosshans

Werner Grosshans became Director of the Office of Policy in December 1986. He began his diversified career as a government auditor in 1958 in the San Francisco Regional Office and held positions of increased responsibility; he was appointed Assistant Regional Manager in 1967. In July 1970, he transferred to the U.S. Postal Service as Assistant Regional Chief Inspector for Audits. In this position, he was responsible for the audits in the 13 western states. In October 1972, he returned to GAO to the Logistics and Communications Division. In 1980, he was appointed Deputy Director of the Procurement, Logistics, and Readiness Division and, in 1983, he was appointed Director of Planning in the newly created National Security and International Affairs Division. In 1985, he became Director of the Office of Program Planning where he remained until going to the Office of Policy.

Roger R. Trask

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in History from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.

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Abbreviations

ACLU	American Civil Liberties Union
BOB	Bureau of the Budget
CBO	Congressional Budget Office
CPA	certified public accountant
CRS	Congressional Research Service
FBI	Federal Bureau of Investigation
GAO	General Accounting Office
NAPA	National Academy of Public Administration
NASA	National Aeronautics and Space Administration
NIPA	National Institute of Public Affairs
OMB	Office of Management and Budget
OPEC	Organization of Petroleum Exporting Countries
OTA	Office of Technology Assessment
R&D	Research and Development

Interview With Phillip S. Hughes

February 22, 1989

Mr. Eschwege

Good morning, Mr. Phillip Hughes, more affectionately known as Sam Hughes. We're glad you could come to GAO Headquarters this morning on this February 22, which is still officially Washington's Birthday. With me is Werner Grosshans, who is the Director of Policy in GAO, and Dr. Roger Trask, the Chief Historian for the General Accounting Office.

We're really glad to be able to talk to you about one of your careers, the 5 years or so that you spent here at GAO. I'd like to first quote from an article that appeared in The New York Times in 1985 when you retired. Part of this is a quote from Roger Kennedy, the Director of the Museum of American History. It says:

"Mr. Hughes is one of those almost anonymous insiders who can handle anything—a public servant who, despite a low profile, has long been considered one of the most powerful and knowledgeable career bureaucrats in Government."

I find that statement to be very true. I wouldn't call you a bureaucrat though. I think that has some connotation that doesn't quite fit what I know about you.

Biographical Information

Mr. Hughes

First, we'd like to have you talk just a little bit about where you were born, your education, your experience before you came to the government, and the things you did prior to coming to GAO.

Well, I have quite a few years to account for by this time. Briefly, I was born in Chicago and moved west at the beginning of the Depression to a little town near Spokane. I went to the University of Washington and got a bachelor of arts degree in sociology, of all things. I tried to keep that quiet at GAO, the Budget Bureau, and other places, but it's worked out reasonably well.

Mr. Eschwege

It's on the record now.

Mr. Hughes

Right after graduation, I worked for the state of Washington in a variety of capacities. Interestingly enough, for reasons we don't need to get into here, I was in both the Army and the Navy in World War II. My federal career really was started in Seattle, which was my home at that point.

I worked for the Veterans Administration and got some experience that enabled me to get a job, which I enjoyed, at the Bureau of the Budget [BOB]. I spent roughly 21 years there. First, I was a Budget Examiner for the World War II GI Bill programs and then for veterans programs; from

there, life moved along. I got into the legislative clearance business, a responsibility of the Budget Bureau that was very important then. Although it was not very well-known, it was a lot of fun. And for my last 4 years or thereabouts at the Bureau, I was the Deputy Director, appointed by President Johnson, and somewhat to my amazement, reappointed by President Nixon.

I succeeded the Comptroller General, Elmer Staats, as Deputy Director, and that's how he and I got acquainted. I can go on if you want to know any more. After I left GAO, I spent some time in Iran on a consulting arrangement. I spent a couple of years as an Assistant Secretary with Secretary Jim Schlesinger in the Department of Energy and then about 5-1/2 years as Under Secretary of the Smithsonian Institution.

Mr. Eschwege

Among your other activities, you were also the Acting President of NIPA.

Mr. Hughes

Yes, the National Institute of Public Affairs. Later on, I was on the Board of and Chairman of the Board of NAPA, the National Academy of Public Administration. I am still somewhat involved in the organization but not as intensively as I used to be.

Mr. Eschwege

And then you worked for the Ford Foundation.

Mr. Hughes

After I left the Budget Bureau in 1969, I went overseas on behalf of the Ford Foundation and some of its subcontractors. I went to Indonesia twice for about a month each time. Both times, I was a sort of a consultant in the field of budgeting and public administration.

Mr. Eschwege

You also spent some time at the Brookings Institution.

Mr. Hughes

Yes, I spent about a year in Brookings in sort of a brief foray into the business of public administration as distinguished from public policy. Kermit Gordon wondered if Brookings might somehow involve itself in that, and while I enjoyed my stay, it was relatively brief and I left Brookings to come to GAO.

Selection for GAO Post

Mr. Eschwege

You came to GAO in 1972, where you got the official title of Assistant Comptroller General for Energy and Special Projects in December 1973. You stayed here until February 1977. This was roughly a 5-year period

having, I must say, a lot of impact on GAO and its activities. So tell us a little bit about how you got to your first GAO post as Director of the Office of Federal Elections. How were you selected? What made you come here?

Mr. Hughes

I had some prior contact, of course, with GAO as a Budget Bureau person. I think probably though that's more or less irrelevant to what you want to get into.

As to how I got here in 1972, that was pretty direct and simple. I knew the Comptroller General rather well from 20-odd years of coworking in the Bureau of the Budget and, as I mentioned, having succeeded him. He talked to me in early 1972. He was looking for somebody to head the Office of Federal Elections, which he had not wanted GAO to have under its auspices. That was the job that he talked to me about. I was at Brookings at that point; I guess I'd say I was a little bit restless since I don't consider myself much of a researcher. Elmer invited me to the Cosmos Club, one of his favorite seduction places, and asked me if I would like to come to GAO to handle the Office of Federal Elections.

At first, it sounded to me like it might not be much fun, but as I thought about it, it sounded like more fun. So, having said no once, I asked Elmer a couple months later if he'd found a victim. He said he had not, and if I wanted to come, he'd be delighted. I said I'd be delighted. And so, at that point, I joined. You said May: That's roughly a couple of months after he first talked to me.

Establishing the Office of Federal Elections

Mr. Grosshans

Sam, you touched on GAO's function involving federal elections. I would like to talk a little bit more about it. It really came about by the Federal Election Campaign Act of 1971, and then there was also a second act in 1971, the Presidential Election Campaign Fund Act. Our role in that was a lot less than in the former. Can you just elaborate on what you know about GAO's position, our disinterest in assuming this function?

Mr. Hughes

It was more than a disinterest. It was a positive antipathy, if that's not an oxymoron. The Comptroller General and I think the institution, in general, felt that it was a highly political and highly risky enterprise to

audit even presidential campaign funds, which is the task that GAO ended up with. Certainly, the job of auditing and issuing reports on congressional campaign funds, which was also involved under the terms of the act, would have been even more political in the broadest sense of that term and more hazardous for an institution like GAO. The Comptroller General resisted strenuously any involvement. The outcome ultimately was that while the Clerk of the House handled the House campaign finance and the Secretary of the Senate handled the Senate campaign finance, GAO was stuck with, to use the term sort of advisedly, the job of auditing and reporting on the presidential campaign finance.

Mr. Grosshans

How did you go about getting this new function off the ground? After all, you didn't have very much time to do it, and there was a short time frame involved from the standpoint of reporting. How did you assemble your team?

Mr. Hughes

I had a lot of help from my friends and from people who later became my friends here in GAO. I'm not an auditor or an accountant. I was a sociology major. I had a lot of math and statistics, and I know something about numbers and what you can and can't do with them or should and shouldn't do with them, but I was not a management auditor of GAO style or anything close to it. I think Elmer's interest in me in the job was from a broader sort of public administration standpoint. By the time I came on the scene, all of the essential components and the essential people of the Federal Elections Office were really in place. They had been put together by the Comptroller General, in part, but also by L. Fred Thompson, who was my Deputy in the office, and by others in the institution who had assembled really a very good team. I moved in and got acquainted with Fred and Dolores McCarthy, who was my secretary, a very competent person, and who was very important to the office. Larry [L. D.] McCoy was in charge of Reports Processing and Control, and Larry Sullivan was hired and put in charge of Report Analysis and Investigations. Bob Higgins was extremely important as our legal counselor. He was detailed to us from the GAO General Counsel's office. One thing that I was pretty clear about was that I was supposed to build a little bit of a cocoon around this office and isolate it somewhat from the rest of GAO so that if we got into real trouble, the damage would be as limited as possible. The people who had been recruited for the office, including Fred and Bob, all understood this, even before I was on the job, and I certainly tried to reinforce that view.

So, as a result, the relationships between the office and the rest of GAO were really quite limited. We operated very much on our own, which,

from the standpoint of the Office of Federal Elections, was certainly advantageous, and even though we didn't get into big trouble at any point along the line, I think it was also advantageous from the standpoint of GAO in general. We had more freedom of action, more opportunity to innovate and experiment.

Mr. Grosshans

We want to talk a little bit more about that as we get into it and pick up on your theme a little later, but at this stage, I just want to make sure that Fred Thompson's task force apparently then had actually developed the framework for the office.

Mr. Hughes

Yes, indeed it had. When I came in, I had an organization chart that looked pretty good to me; Dolores was on the scene and Dottie [Dorothy Jacobs] was on the scene. She was another competent secretarial and administrative person. McCoy and Larry Sullivan were on the scene.

Mr. Eschwege

Eric Reichley also came on board.

Mr. Hughes

He was in charge of data processing systems. He may have been there when I came. I don't remember really the timing of that. Gary Greenhalgh came on a little later. He was sort of the research guy in the office. But all of those people, including Gary Lawson and others, came on board.

Mr. Grosshans

How big a staff are we talking about here roughly?

Mr. Hughes

You're taxing my aging memory, but I would say 20 to 25.

Mr. Grosshans

That's my recollection.

Mr. Hughes

It was a very small office and intentionally so. We were somewhat concerned that we might be overwhelmed by the flood of documents, but the good work that was done on the early computerization process and accessing and filing by the people I've mentioned, and others I haven't, kept our heads above water.

Mr. Grosshans

You had a mix of outside new hires, as well as some GAO staff.

Mr. Hughes

I think Gary Greenhalgh was from the outside, and some of the management auditors, junior grade, were from the outside. I think the Office of Federal Elections was regarded inside GAO as a somewhat risky venture, and it probably wasn't perceived a real attractive opportunity for a lot

of GAO folks, although we had GAO people, Sullivan for example, and others who were experienced management auditors.

Mr. Grosshans

You also used some consultants. Dr. Herbert Alexander was one. Did you make extensive use of this resource?

Mr. Hughes

Again, my memory is not perfect. I think the answer is yes in policy terms, in terms of the interpretation of the law, and in terms of how the actions of the Office of Federal Elections would be perceived by the interested academic world and by outsiders. Herb was very helpful. In terms of day-to-day administration, it was not his thing, and really we had to sort of do it on our own. He was not involved in the guts of reporting apparent violations and those sorts of things. He was more involved in policy advice, interpretative advice on campaign finance law, and so on.

Mr. Eschwege

One thing I just wanted to ask you yet: You did use some of regional staff, didn't you?

Mr. Hughes

Yes, particularly in later days—later days being a year later. The Cincinnati Regional Office was very much involved in the audit of the Ohio Democratic Party, which turned out to be a problem for Wayne Hayes; there were some others. It seems to me the San Francisco Regional Office was in it for some reason; its staff were very much available. In general, while I've said that we tried to isolate ourselves somewhat and not contaminate the rest of GAO, it was extremely useful and important to be a part of an institution with an established record for objectivity, honesty, and care in the preparation of reports; that plus the Comptroller General's reputation meant a great deal. We could have been blown out of the water more than once had it not been for those considerations.

Products of the Elections Office

Dr. Trask

Let's take a look at some of the products of the Office of Federal Elections. The report for fiscal 1973, for example, suggests that in that fiscal year, you received and made available 13,599 reports to the public, and the next fiscal year annual report refers to 221 completed audits and 197 in process. What can you say about these products? How did your staff get them all processed?

Mr. Hughes

With respect to the bigger numbers, the 13,000 or whatever, those were incoming reports from campaign committees obligated to report to us under the terms of the act. Those reports were submitted to us to process, index, summarize, and variously make available to the public at large, which turned out to be particularly reporters like Woodward and Bernstein from The Washington Post and Otten and others from The Wall Street Journal, The New York Times, and the Los Angeles Times. There were long lines of reporters anxious to look at these documents and make their own interpretation. We did not on any across-the-board basis attempt to interpret them. We simply made them available, the intent of the law being that they should be there on the record and for the record to be looked at as necessary.

Our analytical efforts were focused necessarily on areas where there seemed to be problems of one sort or another. The nature of the operation with all the publicity, with all the reports, was that it was somewhat self-policing. The Republicans were always ready to tell you about Democratic party delinquencies and vice versa, and the press was prepared to tell you about both and other newspapers' misdeeds and so on. So we had no lack of help in identifying areas where somebody thought there was a problem.

The smaller report numbers, the 197 or whatever, that you mentioned were reports generated by the Office of Federal Elections in one form or another. Usually, these were reports of apparent violations by some political committee, the most well-known of which, and certainly the most troublesome of which, was the Committee to Re-Elect the President.

Dr. Trask

How did you get onto these problem areas? Was this information you got out of the reports that came in? Did you learn about it in a variety of ways?

Mr. Hughes

A variety of ways. For example, Bob Higgins, who was our legal counselor, wrote sort of a summary, particularly of this aspect of the Office of Federal Elections. It reminded me of some of the main events. Again, as I said, we got a lot of help from outside. There showed up in the records of the Committee to Re-Elect the President a check that was associated with the Watergate break-in.

We had been urged by the press and by Democratic campaign committee persons to get into an audit of the Committee to Re-Elect the President. We said we had no evidence of any failure to comply with the act, and in

the circumstances, we saw no reason to select the committee for special attention. Then up comes this particular check for which there was an auditable trail that showed it had been in the hands not only of the Committee to Re-Elect the President, but also of Bernard L. Barker and others who were identified with the Watergate burglary, at which point we had reporters outside the door of the office. They descended on us en masse and asked, "What are you going to do now?" There was very little to say but that we would audit this particular set of transactions and figure out what we can do. Well, the accounting in Higgins' memorandum is more accurate than my memory.

Mr. Eschwege

We'll get into that a little bit more later.

Mr. Hughes

We had lots of help from outside for all the reasons that I've mentioned. Other, less dramatic disclosures came in the form of letters from other party committees. We got in one difficulty over what we thought was a campaign committee that hadn't reported its expenditures to us under the terms of the act. We charged it with a violation and got into great trouble with the ACLU [American Civil Liberties Union] and The New York Times over whether it was or was not a campaign committee and there was a violation of freedom of speech. Leads came from everywhere, and the problem really was making our selection for audit on a basis that was objectively defensible and that we could handle.

Dr. Trask

One thing that the office did was on occasion to refer problems or cases to the Attorney General. How much of this was there? What are some examples?

Mr. Hughes

In terms of relative volume, the number of cases was low.

Mr. Eschwege

I think you had 11 all together.

Mr. Hughes

That sounds about right. I was going to say 10 or a dozen, and 1 of them was the business that came out of the Watergate circumstances. Another one was this situation that I mentioned where we thought a campaign committee de facto was denying de jure that it was a campaign committee. So we turned that over to Justice. We did all of this in the clear, cold light of day with publicity and so on, so that we could not be accused of subterfuge.

We also reported apparent violations by the Hubert Humphrey Committee and, according to my recollection, by McGovern and by [Senator] Jackson, who was a candidate at that time. We had some good fortune

on the timing side because before we had to tackle the Watergate problem up front, and, seriously, we had reported some apparent violations—that's all the law entitled us to do—to the Justice Department by Democratic candidates. So we had a certain aura of evenhandedness; I certainly wanted both the fact and the aura, and it worked out reasonably well.

Dr. Trask

Just one other question in this area of products of the office. The office undertook a study of state election systems of seven states, I believe. What were the nature and purpose of those?

Mr. Hughes

I am very dim about it. I should have reeducated myself.

Mr. Eschwege

I think the American University contracted with GAO to do this thing, and earlier you mentioned Wayne Hayes. I think one of the states must have been Ohio; we'll get into that a little bit later.

Mr. Hughes

My guess is that this was something that was done on the research side by Gary Greenhalgh, who was very energetic; he worked with the secretaries of state group quite a bit. There was a lady up in Connecticut who was president of it whose name escapes me. My recollection is that that was more of a retrospective, more in the classic GAO mode than what we did in the campaign finance area.

Dr. Trask

Yes, it dealt with areas like voter registration, vote counting, costs, and things of that sort.

Mr. Hughes

Yes.

GAO Work Regarding the Watergate Affair

Mr. Eschwege

The Watergate break-in took place about 2 months after you came to GAO, so you couldn't have known that that was going to be part of your activity here. It worked to put a focus on the Office of Federal Elections more so than it probably would have otherwise.

Mr. Hughes

It sure did.

- Mr. Eschwege It got you into looking at some of Maurice [Maury] Stans's activities and his safe in particular. I think at one time you were questioning about \$350,000 worth of deposits. You mentioned the \$25,000, which I think was laundered. It turned out to find its way into the hands of Bernard L. Barker, who was one of the burglars in the Watergate incident. I believe you had a request from Senators Cannon and Proxmire to look into this.
- Mr. Hughes We had a request from Cannon and Proxmire, but before the request came, we had asserted that with the evidence that had been presented, there was nonreporting by the Committee to Re-Elect the President. We had said we were going to look into it anyway. The request was almost pro forma subsequently.
- Mr. Eschwege This was, in my opinion, particularly sensitive since you were dealing with Maury Stans, whom you had been affiliated with, you and Elmer Staats as well, back in the days when he was the Director of the Bureau of the Budget. I guess you felt that sensitivity; how did you react to that?
- Mr. Hughes Well, certainly, I was aware of it. I was more than affiliated. Elmer was his Deputy, of course, for as long as Maury was Director. Maury Stans made me a grade 18 in the civil service, so I was entitled to regard him as a man of sound judgment. Anyway, back to your question. I think folks are folks, and as I understand GAO's business and the audit business, you're supposed to go about it objectively no matter what. Those were certainly my views and Elmer's views as we went about the audit of the Finance Committee to Re-Elect the President, of which Maury Stans was Chairman.
- The facts of the matter were something like these, and I may be telling you more than you want to know.
- Mr. Eschwege That's okay. Go ahead.
- Mr. Hughes You can stop me at any point. April 7, 1972, was the effective date of the act. Maury was a past President of the American Institute of Certified Public Accountants. He also had been the head of an audit firm in Chicago, Alexander Grant, and therefore was particularly well aware of dates like that and their significance. It later became evident that the committee had established a fantastic number of bank accounts everywhere that were in existence up to April 7. They were intended to be closed out before April 7 in order not to disclose the amount of money collected in those accounts or the money spent from them and to leave

on April 7 only the records that the committee, including Maury, wanted to be seen by the public.

The Barker check or the [Kenneth H.] Dahlberg check incidentally was a contribution from Dwayne Andreas of Minneapolis, Minnesota, presently with Archer Daniels Midland, Inc.; so Andreas hasn't suffered from any of this. Anyway, that check probably was intended to be handled and disposed of before the April 7 deadline; the committee thus probably intended to get all these transactions out of the public eye. That didn't happen for whatever combination of reasons, and subsequently the court decided the committee had violated the act by not reporting a larger number of transactions that straddled the date of the 7th and that involved the \$350,000 in cash, which was put in the bank at one point but not before the 7th, as I recall it. There was a lot of effort to launder and conceal, to do whatever in order not to disclose the amount of money collected and the amount of money spent. The cash was used in substantial part for the break-in and apparently for what were called dirty tricks, not by the Cubans, but by others. I can't think of all the names, but anyway, they had a lot of cash, and they just dealt it out to three, four, or half a dozen people as unaccountable funds.

During the course of the audit of the committee—this was all disclosed in the report—it was clear that it had not reported accurately what was in Maury's safe or what wasn't in there and that was a violation of the act. We took two cuts at drafting a report. We were prepared to report the first time an apparent violation to the Department of Justice during the week of the Republican Convention in Miami, and there was quite a to-do over this. Maury hollered foul and said that we didn't have all the facts, that the timing was terrible, and that we were being political about the whole thing.

I had several discussions with him, and so did the Comptroller General. One of the reasons we were going to issue the report was that he had not fulfilled commitments to give us access to people and information that we had been assured we would get. We were going to simply report that, along with what we knew, which was sufficient to advise Justice of an apparent violation.

With that as, I guess, a threat or a promise, Maury, in talking with both of us, said that he would produce Sloan [Hugh W. Sloan, Jr.], who was the Treasurer of the committee at that point, and that he would also produce the lawyer for the donor of the check and some documents that we had had difficulty getting our hands on. The Comptroller General,

Bob Higgins, Fred, and I all scratched our heads anticipating a good deal of flack if we were to postpone releasing the report, which the papers expected to be issued. We decided it was worthwhile to defer issuance if we could do a better and stronger report afterwards.

Mr. Eschwege

Might I just make one point here. The report initially was due to get out August 22, which was the day on which Nixon was to be renominated in Miami. Apparently while you were deliberating whether you should give Maury Stans the extra time, there were newspaper people waiting out there in front of Elmer Staats' office.

Mr. Hughes

There were TV lights too.

Mr. Eschwege

Lights and everything and you were under some pressure, to put it mildly, to do something.

Mr. Hughes

Indeed. Meanwhile, Sullivan and Gary Lawson had been down in Miami and had come back. Elmer and I talked it over, getting all the advice we could. We decided, it was basically Elmer's decision, that we would postpone issuance of the report. This was midafternoon, and we caught the first plane down to Miami, which would have left at 4:00, 5:00, or 6:00 o'clock (I don't remember which it was). I went back down with Larry Sullivan and Bob Higgins and we met with Stans that night. We still didn't get to see Sloan, but he promised we could meet him the next day. We then saw Sloan, and we got access to the records. We got useful additional information out of Sloan, who was a victim really in the whole process. I think we did not get to meet with the lawyer of the check donor, but we did have some additional data that we got out of the banks, and we had had some useful contacts with the FBI [Federal Bureau of Investigation]. The upshot was we flew back; I think it was the next morning and probably a Tuesday. We saw Elmer out at his house and told him what we had learned and that we were going to go ahead and put out the report. There were a lot of interesting developments in the middle. Somebody from GAO apparently told someone in the Congress that we had gone down to check out our draft report with Maury Stans, which was about the last thing that we needed.

We came back to quite a flurry, and I spent a lot of time with staff and principals in the Congress and with Woodward and Al Otten (I think that's the right guy). There were two guys from The Wall Street Journal very much interested. In any event, I spent a lot of time trying to dig us out of that hole, and the thing that, of course, saved us in the long run was that the report was even stronger than the original version and had

not been weaseled or modified in any way. All that could be alleged was that because we delayed the report, we let the President have a clean nomination. We followed up, however, with what I think was a real good report.

Mr. Eschwege

The time that elapsed was really only 4 days between the 22nd and the 26th of August, when you finally issued that report.

A book came out by Maury Stans. I don't know whether you had a chance to read it. It's called The Terrors of Justice.

Mr. Hughes

I have not read it.

Mr. Eschwege

And while he was critical of GAO staff, he said he was not being critical of Elmer Staats or Sam Hughes. Now he claimed that GAO people were hostile, that they were "young tigers," and that they leaked findings to Woodward and Bernstein of The Washington Post almost daily. I just wondered whether you had any reaction to these statements.

Mr. Hughes

Sure. First, I would say auditors are always hostile. I never saw an auditor that didn't look hostile to whomever he was auditing.

Mr. Eschwege

They're perceived as hostile.

Mr. Hughes

Yes. Maury was hostile and I never saw an auditee that couldn't be perceived as hostile, particularly in the circumstances that the Finance Committee to Re-Elect the President found itself.

I hope that the auditors were sort of young tigers; that's what they were kind of supposed to be. Now I didn't see any evidence of either hostility or what I would call young tigers. I thought Larry was doing a good, aggressive, and workmanlike job and was doing it as objectively as one could in the circumstances. As to who was leaking to whom, I just doubt anybody was. I should make it clear that as far as I know, I was the only one talking to the media during this period. I talked with them a lot because I thought it was in our interest, GAO's as well as mine personally and the Office of Federal Elections' interest, to give them all the information that I thought they were legitimately entitled to. As far as I know, I almost never told Woodward or Bernstein anything that was not available in report form or in record form from our public office. We didn't mention that, but the Office of Federal Elections set up a public office where people could come in and sit down and review the reports.

Mr. Eschwege

Like a clearinghouse. I think that was required under the law.

Mr. Hughes

Yes, it was part of the requirements of the law. So to the best of my knowledge, if anybody was leaking to the press, it was I. I said almost never. I do remember one occasion. You do things when you're mad that you regret a little bit. I told Woodward that I thought Maury had lied to me, that he sat across the desk and lied to me. We talked some more and I said, "You can't print that," and he didn't, and I found him very responsible.

I think the "Deep Throat" in their book was a gag to peddle the book, but I don't know. Maybe there was a Deep Throat somewhere, and I don't think it was I. It couldn't have been I, and I think that if you looked through what Woodward and Bernstein were printing in The Washington Post at the time, you'll find that everything they printed was on the record. Their genius was in the synthesis and analysis and the integration of those facts, with their own interpretations obviously, but I always wondered if there was a Deep Throat anywhere. I think that they were just very good at looking through those reports and our reports, at talking to everybody they could talk to, and putting together their interpretation of that.

I'm thinking less of the book than I am of the daily press, but I was watching the daily press to see what was there that shouldn't be there and I didn't see anything.

Mr. Eschwege

I see. No, the reason I brought up Stans's book again was that in one other excerpt that I read on the book, he implies that Justice exonerated him on these issues of the \$25,000 deposit and on some foreign contributions. I think they were Mexican checks that were deposited. Now I don't think we said that the Mexican checks were illegal. Do you recall that at all?

Mr. Hughes

I think that all we did was bring what we knew to the attention of the Justice Department. We had no subpoena power over either records or people.

Mr. Grosshans

Before you leave that point on subpoena power, how much of a problem was that in your pursuit of the underlying documents?

Mr. Hughes

I don't really know, Werner. I never had it. This was really the only episode of this kind in my career. I spent a lot of time trying to dig out budget facts from reluctant people without subpoena power, and my

experience has been you can get most of what you need, maybe all of what you need. Clearly, we were able to track down this set of transactions to meet the terms of the act, and from there on it wasn't our job. We turned it over to Justice.

With regard to Maury's position on all of this, I must say, with due respect, I think that Maury is a decent and honorable man in general. The whole experience is sort of incredible to me looking at the guy as a CPA [certified public accountant] and a very intelligent, competent, honorable man. I find it hard to understand. I think that he wanted to do such a good job for the President that he found himself cutting corners; that ultimately got him into trouble. He came in to see us after the court rendered its decision. It wasn't just Justice that passed judgment. He claimed the court had vindicated him because they didn't put him in jail. They did fine him; I don't know exactly how much—maybe \$5,000. To Maury, it was a nominal fine. He came in and talked to Elmer and me and said to both of us, "I told you I was innocent," or words to that effect.

I've read reports on the book. I haven't read it, but I've heard Maury express himself on the subject in other contexts. I've talked to him a number of times since then, such as at Eisenhower reunions, and I know his feelings are quite bitter on this business. I remain reasonably convinced that he got a fair shake from GAO in general and from the staff in particular and that he just plain made some mistakes.

Mr. Eschwege

He said at the time that all he wanted back was his good name.

Mr. Hughes

Well, that's hard to get in these circumstances, although I doubt if most of us who knew him have changed our basic opinion of him. I have a particular reason, as I mentioned, to have warm feelings toward him.

Mr. Eschwege

There were other reports. Did you work on Robert Vesco too?

Mr. Hughes

Yes, but I don't remember much about it. The questions were basically how he had gotten this dough and why it had not shown up in the records of the Finance Committee to Re-Elect the President. My recollection is that, in general, it was part of this cash glob that they spread around early to various people, including Gordon Liddy.

Mr. Eschwege

Gordon Liddy was the Counsel for the Committee.

Mr. Hughes

Yes.

Mr. Eschwege I think he couldn't account for \$2,000 of that \$25,000 check. He claimed it was used to launder it.

Mr. Hughes He said that was expenses and it probably was for "laundering" expenses.

Mr. Eschwege Expensive laundry.

Role Concerning Other Election Activities

Mr. Grosshans I think that we've already covered some of these areas. I just want to give you an opportunity if you want to say anything further. Senator Dole apparently alleged irregularities in the McGovern campaign that you mentioned earlier, and I think that you also had allegations of illegal contributions in the Humphrey campaign. Is there anything more on these that you want to talk about?

Mr. Hughes I'd have to look back at the reports, which I haven't done, to refresh my recollection. We found nothing of the nature of what we found about the Finance Committee to Re-Elect the President, in part, because they didn't have the dough and there wasn't the incentive to beat the April 7 deadline.

I have some recollection of the Jackson committee report because I knew Jackson very well. If you think that I was nervous about Maury Stans, I was even more nervous with the Jackson matter in sort of a detached sense. I figured that having done it with Maury, we would have to do it with Jackson. I also knew the Jackson staff who were working on this and told them, "You know, we've got to report you. There's no way out of it." "What do we do to get out of it?" they asked and I said, "You can get out of it after we report." I described the violation and talked with them about it as I had with Maury, and it all sort of worked out. It was a low key and really sort of a technical violation, and my recollection is that the McGovern and the Humphrey ones were the same. I think that we put out reports on both of them, but I haven't read them lately.

Mr. Eschwege Yes. That's my understanding. Humphrey was in the primary campaign together with McGovern and with Jackson, I guess, for a while.

Mr. Hughes Yes.

Mr. Grosshans Roger touched on an issue of some of these audits that you did of the state committees. You got some very strong reaction from Congressman Wayne Hayes from Ohio. Is there any more that you want to add on that?

Mr. Hughes No, it was the kind of reaction that led Elmer not to want the job; it's just bound to be trouble. If you allege anybody is not conforming with the law or even hint that you've got to look into it because the person may not be conforming, it's going to be sensitive. I don't remember the Ohio details at all. There were some questions about "walking around money" and whether it was adequately accounted for.

Mr. Eschwege I remember that Elmer tried to assure Wayne Hayes that he was also looking at the Republican state party committees, but that didn't seem to alleviate the problem at all.

Mr. Hughes I think that somebody said that we ought to look at state committees; whether the person was from the media or from one of the major parties, I'm not sure. We therefore launched an investigation of a sampling of both committees.

In any event, Mr. Hayes was very important in general because he was Chairman of the House Administration Committee, which had some responsibility for the act. It was under his Committee that the Clerk of the House Office fell, and we were trying to collaborate with him. So Hayes was kind of a key guy, and he was really not known as a nice man even then. So we were concerned that we be as clearly evenhanded as we could be.

Dr. Trask There was another law passed in this same period. We mentioned it earlier: the Presidential Election Campaign Fund Act, which really would not have been fully operative until 1976, by which time GAO's Office of Federal Elections was out of business. Did that law concern you at all? Did that take up any of your time?

Mr. Hughes I don't recall that it did. Was the Advisory Committee attached to that one?

Dr. Trask Yes.

Mr. Hughes Then it did take up a little time but not much, and the time was kind of fun, really. Henry Ford, as I recall it, was Chairman. George Bush and Bob Strauss were on it, and Dick Scammon was on it. He was a former Census Director.

Mr. Eschwege There were others: Pete McColough, the Speaker of the House, I think, and the Minority Leader.

Mr. Hughes Yes, but they did not come to meetings.

Mr. Eschwege Also, Lou Wassermann of the Music Corporation of America.

Mr. Hughes The ones I remember are Ford, Bush, Strauss, and Scammon. Scammon is a huge man. He was as tall as I used to be. I'm shorter now, and he weighed half again as much as I—a big guy; he was a very bright guy and interested in campaign finance and election reporting. Bush and Strauss were a sort of an Olson and Johnson comedy team in a way. They were really a funny pair of guys in this context. I guess I could say that no real serious business was done by this committee despite Elmer's best efforts, but it was an interesting aggregation of people.

Dr. Trask How often did it meet?

Mr. Hughes Just a couple of times as I recall.

Dr. Trask It didn't really have much to do.

Mr. Hughes I hesitate, but it did not seem to me that it did; let's put it that way. I think it was sort of a steering committee in general for the process. The excuse for that committee and for GAO's concern kind of went down the drain as new legislation started to move along on the Hill. We ought to talk some about that whenever you want to.

Transfer of Functions to Federal Elections Commission

Dr. Trask That's the next thing that I was going to bring up. In 1974, there was legislation that would establish the Federal Elections Commission, which took GAO out of this business. Can you tell us something about that? How

did that happen? What was GAO's attitude when it lost this function, given how Mr. Staats had felt when it was established?

Mr. Hughes

Again, I'm looking back through quite a bit of time. We were in rather steady consultations with Hayes's office and with others on the Hill. Congressman Richard Bolling, I think, was rather important with regard to amendments to the existing act and the possibility of new legislation, the form amendments ought to take, the features of the present act that ought to be corrected, and so on. Running through the Comptroller General's mind and to some extent through mine throughout this period was what role GAO should play in a new office. The Comptroller General and I talked and thought rather seriously about it, and I think Bob Keller was in on some of these conversations. It was a really difficult problem.

We had come through our first experience rather successfully. I think that GAO's image, if you will, and its status and its prestige were improved, if anything, by its performance under the act. So there was a little temptation to stay in business some way or to try to lend support some way under the terms of whatever legislation was enacted. Congressman Hayes didn't like the act as it had been and wanted to make rather fundamental changes. He started to move toward a commission on which the Comptroller General was originally represented and GAO had a supporting audit role, I think. I don't remember the terms.

As the bill first showed up, that was the way it was. About that time, Hayes started to lean on Elmer in a variety of ways that made it fairly evident that GAO's role, if any, was going to be pro forma and sort of symbolic and cosmetic. The Comptroller General, for example, was to be a nonvoting member of the commission, and GAO as an audit force started to be kind of backed out of the thing. I don't remember the timing, but sometime in late 1973 or early 1974, the Comptroller General and I talked with key people in both Houses, Hayes, Bolling—I've forgotten who was on the Senate side—but said that we thought as things were working out, it was inappropriate for GAO or the Comptroller General to have a role and said, "Please include us out." As I recall it, Hayes did that without much further fuss. Bolling was strongly supportive of that.

Bolling was, at that point, a whip or something of the sort, a very important guy. Rayburn was gone, I guess, so his position had declined a little in the Congress, but he was still a very important guy, kind of a leader on the liberal side.

- Dr. Trask I think that, during these discussions about this new office, there was, at least at some point, the possibility that if GAO stayed in the business, it would even look at congressional campaigns.
- Mr. Hughes That's correct.
- Dr. Trask Mr. Staats was willing, and you were willing to do this by that time.
- Mr. Hughes Well, nobody ever said it that clearly, but my answer to that question would be yes. I think that on the right terms in the right circumstances with the right kind of law, the Comptroller General would have been willing to take on this responsibility. Certainly, I had some misgivings and would have wanted the right kind of setting and legislative base and insulation. But as soon as it became apparent that the House at least—probably not the Senate—couldn't stomach that because it did not want an independent, objective policeman for the act, I wanted out of it.
- Mr. Eschwege Just to put a footnote here, Fritz Mosher, in his book on GAO, suggests that GAO may have done too effective a job in the Office of Federal Elections and that didn't sit too well. Some other people indicated that maybe some persons wanted GAO to be toothless and when it turned out that we did a very effective job, they decided that we shouldn't have a future role in it.
- Mr. Hughes I don't think it was quite that simple. Certainly, I would think the national committees, both Republican and Democratic, and potential presidential candidate committees and candidates would have scratched their heads over our efforts and work, but I really don't think it was quite that deliberate a decision. I think that it was more Wayne Hayes and other House people not wanting us messing in their affairs. Probably there was the same feeling in the Senate, although the Senate was far less visible in all of this than the House.

Impact of Role Concerning Elections on Rest of GAO

Mr. Eschwege

Before we get to your subsequent role in GAO, I just wanted to get your view on how this unusual GAO activity might have affected GAO's traditional work and activities in terms of—well, you tell me—cutting the red tape and so on.

Mr. Hughes

You folks could tell me more than I can tell you. I can really only dream a little and speculate maybe. As I've said, we were semi-independent of the rest of the enterprise and that probably brought with it a lot of pluses and minuses. On the other hand, we were able to call on GAO, the field offices, other auditors, the General Counsel's office, and the Comptroller General for support. I think the major contribution probably was the demonstrated fact that we could grind out reports on complicated audit questions in rather short order and get them out without review and that, as far as I know, there were no challengers really to any of them, including Maury Stans. He never did challenge them other than argue in general about our techniques. Again, he was somewhat a victim of his ambition and his desire to please.

We did all of this without any recourse to Werner Grosshans's predecessors in Policy and Planning. I don't think Mose [Ellsworth H.] Morse ever got used to that or liked it very well. On the other hand, I think a lot of the younger people in GAO took some hope and encouragement from it. I hope that the example has contributed to faster movement of important reports.

Mr. Grosshans

I can't help asking you a follow-up question on that. When you say you had no review and pointed out that as far as you know, there was never any challenge, what quality control process did you use to make sure that the facts were as you reported them? You must have done something. It may not have been the traditional GAO process, but you must have had some control.

Mr. Hughes

I'll tell you basically what we did. We would get draft reports from the auditors, from Larry Sullivan and company, and sometimes we would send them back and have them revise them. All this involved mighty short deadlines. We were doing this within months or a couple of months always; no years were involved in any of this. Then when we got what

we thought was an adequate presentation of the facts, a committee of the whole—I guess Fred Thompson, Larry Sullivan, Bob Higgins, and I—sat down and rewrote the damn report. That was our quality control. We then would cut the auditors back in on the draft to make sure that we hadn't messed up their basic facts inadvertently, but the basic review process was the four of us.

I don't recall any of the 11 referrals that we didn't do that with. Bob Higgins would be worth talking to about this. His memory is probably better than mine.

Mr. Grosshans

As part of this procedure, did you follow any kind of referencing process where somebody checked back the key facts, figures, and so on that were included in those reports? You said that you sent it back to the auditor.

Mr. Hughes

We'd sit down with the audit team and go through it, but that was it. I'm familiar with the referencing process—we did it on the budget message—but there really wasn't time to do it in GAO's normal way for those reports. We had to get them at least close enough to right.

Mr. Grosshans

So basically you took responsibility for the accuracy of the report.

Mr. Hughes

Yes.

Mr. Eschwege

I guess that if you're close enough to what the message is, that's a lot easier to do.

Mr. Hughes

Yes, if you're close enough, but not too close. There are important things, and there are not so important things. And one needs to be distant enough so that you don't get tangled up in it and so you don't lose sight of the forest for the trees. We did on occasion do some "waffling" of the facts where we were unclear or where it seemed we could be argued with, but basically the three of us, I think, understood the report awfully well by the time it was out. We also were quite different temperamentally and training-wise. Fred and Bob Higgins are both lawyers, but Bob's a lawyer's lawyer, and Fred was sort of a Washington lawyer involved in the legislative liaison business. Whereas I'm in a kind of a different world, being interested in public administration and, I hope, competent on the public administration side of the issue. So we brought three sort of crosscutting viewpoints to bear on top of the views of the auditors.

Mr. Grosshans In essence, that was your report review.

Mr. Hughes Yes.

Mr. Grosshans You had three different viewpoints. Just one final point on this. Was it made very clear at the beginning that you were to be outside the normal GAO quality control process, and if so, was there any friction with Mose Morse?

Mr. Hughes It was hard to have friction with Mose. I don't recall any.

Mr. Grosshans Maybe friction is the wrong word. You suggested earlier that Mose did not always see eye to eye on some matters.

Mr. Hughes Well, first, back to your question, was it clear from the start? No, it wasn't. What was clear to me was that I was to be over there in that room and, as best I could, not get any of that "stuff" on the rest of the place.

It never really occurred to me till somebody pulled my chain a little bit to consider putting the reports through the Policy office. I figured we'd lose them; they would disappear somewhere, and we'd never get them out. Then we'd really be dead. If they had not been current, we were through. We'd be laughed out of town, in my judgment, and that's worse than making a mistake any day. So it never really occurred to me. Fred or Bob or somebody somewhere along the line said, "Gee, aren't you going to get a policy review on this?" I can't remember the exact exchange, but I'm sure I said something like, "Not if I can help it." And so we marched up to Elmer with our product. I think he was very conscious of not wanting any of that stuff on Mose or himself.

From Mose's standpoint, I think he had a perfectly normal if not legitimate concern that we might screw up and that we'd get GAO into more trouble rather than less—my being off over there, unreviewed with a bunch of free-wheeling cats, some of whom weren't even auditors and one of them being not even a lawyer.

Assuming Role of Assistant Comptroller General

Mr. Grosshans

Sam, up till now we've talked primarily about your challenge after you came to GAO, dealing with this new responsibility under the federal elections laws, but that wasn't your only role while you were in GAO. Following that effort, you were appointed as Assistant Comptroller General for Energy and Special Projects in December of 1973. The roles that Mr. Staats assigned you basically dealt with that energy crisis, the material shortages, food, and special projects. Can you just tell us a little bit about what that involved and how you went about getting that organized?

Mr. Hughes

I'll do the best I can. Henry [Eschwege] can help me out here because I was crawling over him every now and then and vice versa, may I say.

Mr. Eschwege

We met quite often. [Laughter]

Mr. Hughes

Anyway, my interpretation of what the Comptroller General wanted was a little less substantive and a little more tactical in all of this business. It was at a point where, I think, Elmer was interested more and more in program evaluation and in management audits that approached program evaluation in their content and purpose. He was looking for, let's say, innovative activity for want of a better term. I saw myself rightly or wrongly as sort of a change agent in the institution: somebody who had not been subject to the vicissitudes of GAO employment. And there are many--all of those virtues of stability and carefully organized work and so on. There's a flip side of them that means overcautiousness, perhaps, and delay in reporting, as we've talked about. So I saw my responsibilities as to try to help move GAO more rapidly into evaluative and analytical kinds of activity, as distinguished from financial or management audits per se.

Assuming More of a Prospective Role

Mr. Grosshans

You had talked about new tactics and maybe a little different approach, but wasn't it really more than you just described? In other words, it wasn't just looking at it more from an evaluation standpoint. Didn't we

actually get more into the prospective arenas, the policy issues, particularly as they involved the energy crisis, and the predictions of what was to come?

Mr. Hughes

Yes. Certainly, the short answer is yes. Again, it's hard work to get people who are used to looking back to look ahead with all of the uncertainties and risks that are entailed in that. That was a lot of what I was trying to do with help from friends, old and new. At some point, we ought to mention Monte Canfield in all of this. He was another non-GAO type both in training and in style, I guess you'd say, and in various other ways as well. He came to GAO to do the kind of work that you so well described.

Mr. Grosshans

How about the budget analysis? You touched on that at the beginning of your discussion.

Mr. Hughes

As I recall, it came along a little later in the sequence, but it was part of the same bundle. Analytical work in a formal sense is not really my bag except as you get into it as a budget examiner. Budget examiners are interested necessarily in the future, such as what are going to be the requirements for this particular program, whereas management auditors aren't necessarily concerned with that. So I felt yet more comfortable, when the Congressional Budget Office [CBO] was created, to do what I could to encourage GAO support; promote a growing knowledge of the budget process; and generate a forward look in the energy, materials, and whatever business. I still knew the budget business pretty well then. I've forgotten a lot of it since, but at that point, I was not many years out of the Bureau and knew the cast of characters there and on the Hill.

It's interesting that some of your questions, Henry, touched on this. It's interesting that in the process of trying to help, we all of a sudden found ourselves threatening CBO. They wondered if we weren't trying to take them over in one fashion or another. I knew Alice Rivlin, who was the first Director, very well. She and I both were candidates for the job. I was sort of the House candidate, destined not to make it. I had asked Elmer if he had any objection if I just said I was sort of available and didn't push it. He grumbled, but let it lie, I think, knowing full well what the outcome would be; the Senate view prevailed obviously. Alice and I used to sit and wait together to be interviewed in various offices up on the Hill. Although we didn't anticipate it, it was perhaps not illogical that she would be or they would be somehow fearful. I think she did an excellent job and probably a better one than I would have done. It was certainly a different one than I would have done, but a very good job.

Mr. Grosshans

Sam, one additional question in this particular area. As you were getting more into the policy issues and the predictive mode or the forecasting mode, there were a lot of concerns in GAO about whether this was the role of GAO. Can you maybe touch on that? To what extent were there discussions with Mr. Staats and others? How comfortable were we in proceeding along this line?

Mr. Hughes

Well, I think there was a wide range of comfort or discomfort, Werner. I think that from the Comptroller General's standpoint, it was very much the direction that he wanted to lead the institution, but he recognized the problems and pitfalls, including the normal conservatism of the institution and the people in it.

I don't recall any real pointed discussions. I couldn't give you any anecdotes that would give you Elmer's feelings in a nutshell. He's not really that kind of a fellow, but there was little doubt in my mind that he brought with him from the Bureau of the Budget this interest in futures, as well as in the past. He wanted to figure out a way of training responsible, objective GAO people to do analysis of future events and of future possibilities. I think, as evidenced by my presence on the scene and subsequently bringing in [Harry] Havens and Canfield and probably others, he also was willing to experiment with people from outside the institution who might bring a touch of this forward look with them and who could pick up enough or bring with them enough perhaps from their prior experience to enable them to communicate with the regular GAO staff.

I don't know of any cataclysmic event that occurred during my tenure here, and I doubt there was any, but there was just the constant feeling that I had that that was the direction in which the Comptroller General was leaning, whereas the institution as a whole being conservative and cautious wanted to do the safe thing. The safe thing is to analyze what happened last year and tell you about it 2 years from now. I don't mean to do other than caricature a little bit of GAO's attitude.

Mr. Grosshans

Let me just pick up on this. I hear what you're saying. Of course, we're very concerned, and Chuck Bowsher has done quite a bit in trying to get that message out much more quickly. We now have different product types to expedite our reporting that have helped some of that. On the other hand, you talked about Monte Canfield, who came to GAO in August of 1974 and headed up the energy studies. We were predicting some pretty dire things to happen, such as that the price of a barrel of oil would very rapidly rise to \$50 and maybe even \$100. In retrospect,

of course, that didn't happen. Is that a dangerous type of thing for GAO to do?

Mr. Hughes

Almost anything is. I had a colleague in the Department of Energy who was trying to do some forecasting, and he said at one time up on the Hill that there were no facts about the future. He had the marvelous name of Lincoln Moses—that was his real name—a very savvy, very fine man.

The short answer to your question is yes, that's a risky thing to do. Any time you're trying to tell what's going to happen, there are large risks involved. The problem for an institution like GAO, as I see it, is to keep those risks in perspective; to do enough of the easy stuff, if you'll pardon that expression, to keep the reputation and the momentum going basically; and to do predicting well enough so that the mistakes are at least rational and explainable.

Now I don't know what your prediction is of energy futures at this point or what Henry's is, but harder times are coming in the energy business. That seems to me as clear now as it was then. The fact that it didn't happen then was due to a combination of things. OPEC [Organization of Petroleum Exporting Countries] fell apart a bit as I recall it. There was a worldwide sort of recession that reduced energy consumptions substantially, but the basic things are kind of true. I think that in this century, we'll be using up all of the easy, cheap oil and gas. Somebody, I hope (GAO maybe), is worrying about what we do then. Do we move to nuclear for that reason, for preventing a greenhouse effect, or because of some other reason? Does some of the work we did on the breeder reactor pay off? I don't know how the institution feels about it, but as far as I know, GAO has not taken any heavy beating over any of the work that Monte and company did at that point simply because of whether his predictions turned out to be accurate or not.

Carving Up the Turf

Mr. Grosshans

One final question in this particular area. Obviously, coming in here and picking up some of these activities that were lodged in the different divisions of GAO created some controversy. You had Henry here trying to protect his activities in agriculture and energy, and I guess I was on the Defense side. What did it look like to you from a standpoint of turf? You must have felt that the traditional GAO was very protective and it was very tough for you to get going. I don't want to put words in your

mouth, but how did it look from your side of it as you were trying to get your activities off the ground?

Mr. Hughes

It looked about like it did from your side. That is, turf is turf wherever you are, and people are always protective, personally and institutionally, of their turf. Early in my career, when I had been working with a bunch of folks that were very nice, decent, well-motivated, and straightforward and when I was about to go to work at higher pay for a bunch of bandits, a very nice man said to me, "Someday you'll appreciate the fact that in this institution, you were at least assured that everybody was trying to do right." I think that's my feeling about GAO in general. As long as folks are of reasonably good faith, differences about how much review is necessary and whether it is appropriate for GAO to try to look ahead, as well as to look back, are generally resolvable or you can take them somewhere and get them resolved. It's a whole different thing than working with a bunch of folks who are really out to cut your throat in almost a literal sense.

I have quite a good feeling about my experience in the institution. That is not to say that for all the reasons that have kept GAO alive for 68 years, it is not extremely conservative and cautious still. In my judgment, big strides have been made since I was here because, I think, the Bowsher philosophy in general is not all that different from the Staats philosophy. There are, I'm sure, finer points, but the whole business of the general management reviews and the transition documents and all of that say to me that Chuck wants to look ahead, as well as back, and that he is willing to take the risks of doing that.

From the standpoint of the institution's charter, it could have done these kinds of things from day one if you look at the law. There was nothing to prevent it. In fact, there's quite a bit to encourage it, but that other stuff is a lot easier.

Mr. Eschwege

The charter, of course, is very broad. The only other players in this issue are the Members of the Congress.

Mr. Hughes

Also, the Comptroller General.

Mr. Eschwege

Of course, the Comptroller General, but I'm saying the other ones outside GAO are the Members of the Congress. We have to be somewhat attuned to how they feel about our stepping out of the postaudit role into the kind of role you described, that of being more forward-looking.

Mr. Hughes

Nothing that I said should be interpreted as wanting GAO to step out and leave the postaudit function. I think that is important for a whole flock of reasons. It is good training; it gets you some of the right kind of people at least; it is safe; and it builds a reputation for objectivity, safety, and care that is very useful.

The problem, as I see it, is one of balance, and the balance problem is a highly judgmental question. It depends a lot on how you do the forward looking, and it also depends a lot on how you interpret to the Congress how you're doing this kind of work.

Mr. Eschwege

I agree with you that we shouldn't do only postaudits, but do you agree that postaudit work is a vehicle toward taking a forward look and making sure you don't repeat those mistakes that you've made in the past, thus making programs more effective in the future?

Mr. Hughes

I think they aren't as good as advertised, but they are some help. Mostly by the time you get them done, something else has happened that changes the scene enough so that it's different. The whole military procurement business seems to me to run in cycles. We get in trouble when we have a cycle of heavy, fast procurement, and we get in trouble every time. Whatever we should have learned from the last time, besides the fact that we shouldn't do it that way, we haven't learned really. But yes, postaudits are useful, and they need to be done for all the reasons I've said and probably for some other reasons.

Reorganizing With "New Blood"

Mr. Grosshans

I think that the new blood that you brought to GAO and the new thinking, to a large extent, explains where we are today. I think you caused a lot of us to look at things a little differently, and that's very good.

Mr. Hughes

Well, that's very kind. I think it's kind of a cumulative thing. I'm glad; I felt good about my GAO years when I left, and looking back now, I still feel pretty good about them. Henry and I fussed, and he convinced me of some things and vice versa. Dexter [Peach] is an admirable fellow, great guy, and I had more chance to work on him. He may even have seen the light more than Henry, but never mind that. What I'm saying is that I think that a combination of two Comptrollers General were interested in

this forward look to the degree that the institution can afford it, and both have been pretty good in their judgment as to how much can be afforded. I think they've made an immense difference, and if I was a part of that, I'm delighted. Every time I moved around GAO, whether in the federal elections area or in subsequent areas, I heard about the "zinc stink" [inaccuracies found in a GAO investigation report on zinc in 1955]. It blighted the life of this place for a long time and probably still does to some extent.

Mr. Eschwege

We still talk about it once in a while.

Mr. Hughes

But there are worse things than making mistakes.

Mr. Eschwege

That's doing nothing.

Mr. Hughes

That's right.

Dr. Trask

Let me raise a question about another new office that was established shortly after you became Assistant Comptroller General. That is the Office of Program and Budget Analysis, later on simply called the Office of Program Analysis. Harry Havens was brought in to run that office, and I wanted to ask first who was responsible for bringing him in. Was it you or Mr. Staats?

Mr. Hughes

I consider that I was responsible for bringing in both Canfield and Havens. Staats obviously knew both of them, but I recruited them and talked them into coming here.

Dr. Trask

Havens was another outsider like Canfield.

Mr. Hughes

Yes, he was.

Dr. Trask

Was that a major factor? Or was it the fact that there was nobody on the inside who could do the kind of job that was outlined for this new office?

Mr. Hughes

The last question is sort of invidious and I'd rather not answer it. I don't think that it was that there was no one inside GAO who could do either of those things as well as those two guys. They're two different kinds of folks. You knew Canfield?

Mr. Eschwege

Yes.

Mr. Hughes They are two different people in their style and personality and so on, but both, I think, were very competent in the areas that we wanted them to work in, despite some possible shortcomings. I think you and I know they may have had a couple.

Dr. Trask I didn't mean to imply by my question that there was no one of that competence in the Office.

Mr. Hughes No, part of their virtue was that they were outsiders and didn't come here dragging the "zinc stink" behind them.

Dr. Trask This was a new office, not a completely new function, but certainly one that was getting new emphasis.

Mr. Hughes It was essentially a new function, as well as a new office. The general notion was to have somebody to do business with the Congressional Budget Office.

Dr. Trask That leads me to the next question. What were the major functions or duties of this Office of Program and Budget Analysis?

Mr. Hughes As best as I can remember, they were to help with program evaluation. There were people hired by the office to do that. Harry himself was pretty good with program evaluation, and they were to encourage or help encourage program evaluation. They certainly were to work out liaison with OMB [Office of Management and Budget] and with CBO on the budget and the budget process. They were to build a certain strength in economic analysis and in considering the effects of economics on programs and projects GAO was reviewing. Those are the ideas that I sort of had in mind and still have in mind today. I think that is sort of the way it worked.

Dr. Trask Just one other question about the reorganization in this period. In May of 1976, two new divisions were established that were kind of the natural progression of development—the Energy and Minerals Division and the Program Analysis Division. What role did you play in this reorganization? What was the thinking that went into that?

Mr. Hughes As you pointed out, it was sort of an evolutionary process. If they did all right, they would become divisions, and they did. My role vis-a-vis them was probably about the same as it had been. I tried to give them care,

feeding, support, leadership, and protection from all the trials and tribulations of the parts of the institution that thought that they were dangerous, if not crazy.

Dr. Trask

Were there some turf questions when these two new divisions were formed?

Mr. Hughes

Sure. There were turf questions, but relatively few, I'd say, in the Havens world because there wasn't much going on like that. Is that a fair statement, Henry?

Mr. Eschwege

I think, yes. I think also, like you said earlier, that there were two different personalities. Havens adjusted a little better in terms of fitting into the professional staff of GAO.

Mr. Hughes

Yes, he was a much quieter guy. Canfield was carving out pieces of other people's turf by design, really. He was a little bit of a bomb thrower himself, and he accumulated some others, at least bomb throwers in relative terms compared with many GAO folks. I can't name them all, but he had a lot of bright, young guys who were aggressive and anxious to make their fortunes here and gave Henry a lot of trouble, which was what they were supposed to do.

Mr. Eschwege

Well, I've always said I got along with Monte.

Mr. Hughes

You can tell from the way he said it how it went.

Mr. Eschwege

I was a little bit concerned about some of the things that he did.

Mr. Hughes

For sure.

Mr. Eschwege

I don't know why he left GAO, but he left pretty quickly.

Mr. Hughes

I don't know why he left either.

Mr. Eschwege

You were gone I guess.

Mr. Hughes

I was long gone. He and I talked some time before he left. I don't know whether he got fired or not.

Mr. Eschwege

No, no, I don't think so.

- Mr. Hughes To the best of my knowledge, he didn't. I don't think that he had any run in with Elmer. I think that his personal life was something of a mess, and I expect that had something to do with his leaving. I was to meet and talk with him about that time, but our meeting didn't come off. I've had no conversations with him since then, although he finally sent me a Christmas card this last Christmas. I think that personalities were a part of it, but part of the friction with Monte was simply the fact that he did have a slice of what had been other people's pie.
- Mr. Eschwege I am going to run through this very quickly, and you don't have to react if you don't want to. I just want to outline some of the things that these two divisions did. In the energy area, they reviewed R&D [Research and Development] programs, including solar R&D. On the supply side, the drilling activity on the outer continental shelf was a big thing, and of course Monte, throughout all this, kept stressing the environmental aspects of it. There was heavy emphasis on energy conservation, and Monte's involvement in international energy activities got him in touch with Ken Fasick of the International Division.
- As for the liquid metal fast breeder reactor, I worked on some of that with you. I suppose you know that later on, when Chuck Bowsher was here already, we provided a lot of information on it that helped, in effect, discontinue that project, although at one time, we felt rather strongly that the breeder was the way to go. But like you said, we didn't know the facts of the future in those days.
- Mr. Hughes Well, not all the returns on the breeder are in, Henry.
- Mr. Eschwege Right; I try to keep informed on it.
- Mr. Hughes There's more than one kind of breeder, incidentally. We also made a tour of Europe and looked at the Phoenix reactor, which has been running for years and is still running. I don't know what share of France's power is nuclear. It's 75, 80, or 90 percent, I think.
- Dr. Trask It's high.
- Mr. Hughes Don't rely on my numbers, but it's the great majority of it. No pain or strain thus far.
- Mr. Eschwege The materials area other than energy, I suspect, never got off the ground as well and as fast as the energy area, and to this day, I'm not

sure—since I'm no longer in GAO—how much is being done in that area. Maybe not much needs to be done right now.

Mr. Hughes

I don't know either. Your contact with it has been a lot more recent than mine. From all I recall, it lagged well behind the energy business in a variety of ways. I think that whatever was done is probably something of an investment in the future, but again I don't have any facts about it. I think that the general notion of the kind of pot stirring that I think Elmer wanted done then is a good idea. I don't think that it costs GAO anything in relative terms to do that, and it did motivate some activity that may sooner or later pay off, if it hasn't already.

Mr. Grosshans

Sam, there was one act in 1974 that also had an impact on some of the things you were doing. That was the Congressional Budget and Impoundment Control Act. It gave GAO additional responsibilities in the impoundment of funds, program evaluation, energy policy, and conservation. What, if anything, did we do in some of those particular areas? For example, what did we do under the Energy Policy and Conservation Act and the 1976 Energy Conservation and Production Act, which actually set up a professional audit review team chaired by the Comptroller General? Did we ever get that work fully off the ground? Did you ever audit any of those power companies?

Mr. Hughes

Werner, my recollection is awfully dim, which suggests we probably didn't do much. I have some recollection that we at least went out and messed around a bit, but I don't remember.

Mr. Grosshans

Yes. Apparently we didn't do very much. We had the authority, but apparently we never really exercised it.

Mr. Hughes

I don't recall much happening. Subsequently, I went to Iran for 3 or 4 months, and then I did some consulting for the Smithsonian. Then, in the fall of 1977, I guess it was, I became an Assistant Secretary in the Department of Energy. I don't remember that from an energy perspective, GAO was very much into this work.

Mr. Eschwege

That's my understanding. I think that it would have been a tremendous job for GAO to try to walk into Exxon or some of these other organizations and do an audit of their books.

Mr. Hughes

Yes. I just don't recall.

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- Mr. Grosshans How about easing the regulatory burden? We had some oversight role in that, trying to review questionnaires to be sent out to industry to obtain specific data.
- Mr. Hughes Well, we were into the Paperwork Reduction Act. We and Congressman Frank Horton were involved in that. I was in it, I guess from GAO's perspective, and maybe later as a consultant, but I don't remember for sure. Again, I think that it was relatively once over lightly from GAO's standpoint.
- Mr. Eschwege Well, no, this was the Trans-Alaska Pipeline Act of 1973. It seemed to me that the complaint was that too many questionnaires were going out and too many of the same questions were being asked of the same people by different agencies.
- Mr. Hughes Well, there was a BOB [Bureau of the Budget] and later on an OMB role in report control. And it was alleged that it wasn't being done right. Frank Horton was messing around in that. I think his commission got itself going relatively late after the enactment of the act.
- Mr. Eschwege Elmer Staats was a member of the Commission on Paperwork.
- Mr. Hughes Yes, I remember going up and sitting in, but I think it was a fairly desultory business from GAO's standpoint. Elmer was always a friend and strong supporter of Horton, and I'm pretty sure we did what we could, but he was a fellow, I think, who wanted to do it his own way. He had a big staff and a lot of consultants, and probably Elmer played it as he thought he should.

Relationships With the Congress and Its Other Agencies

- Mr. Eschwege I wanted to come back one more time to the relationship that Monte Canfield and Havens had with the new congressional agencies after they became established.

Respective Roles of GAO
and CBO

You previously alluded to the problem that we had because some people thought we were getting into the turf of CBO, the Congressional Budget Office. You may recall that Senator Muskie in particular, I think, sent us a letter.

Mr. Hughes

Yes. We heard from various folks up there. I think that what happened basically was that Alice [Rivlin] rang the bell. She got nervous. She was entitled to a certain amount of paranoia and pulled the various chains at her disposal, and Muskie was certainly one of them. Elmer heard from him and I heard from Alice and we heard from the House side and various other folks.

Mr. Eschwege

On the other hand, as I understood it (and maybe I didn't get that right), she really wasn't quite set up yet to deal with this first round of budget analysis.

Mr. Hughes

There was a long delay in her selection.

Mr. Eschwege

We were asked by some people up there—I don't know who—to kind of fill in or help out.

Mr. Hughes

I don't recall that particularly. I know we volunteered to help out and lend all possible support. I shouldn't have been, but I was sort of surprised that that was all of a sudden perceived as turf infringement. Once we got the message (which wasn't hard because we heard it, as I say, at various levels), we busily backtracked and said, "Glad to help; let us know."

Mr. Eschwege

Did we ever think that that particular function should have been placed in GAO as opposed to—

Mr. Hughes

I don't know who "we" is.

Mr. Eschwege

We being the official GAO.

Mr. Hughes

"We in the GAO" is like talking about "we the Congress."

Mr. Eschwege

Right. Well, the Comptroller General.

Mr. Hughes

Yes. I don't really know. I never heard him say so. I always thought that it should have been a GAO function. My personal opinion was that it was the kind of thing that GAO could have done very well if the statute had been bent a little bit to ensure that and that in the long run, the process

might have worked better and come out better. But that's the kind of question you can't answer. I think it's gone fairly well. The invention of the institution was a major contribution to public administration and political science, because wherever it is, it's part of the Congress, which is an ongoing institution with a longer-range perspective than the executive branch has. The Congress goes on and on, and even though the terms are 2 and 6 years, it is a continuing body in a sense that the administration is not.

Helping the Congress Develop Legislation and Policy

Mr. Eschwege

I think that Werner already mentioned this, but let me just explore it in terms of our relationships with the Congress. I recall that Monte and his people and, I think, you also worked very closely with some of the committees up on the Hill. In one particular case, I would say you pretty much wrote the act for them on energy legislation. I forget which particular piece of legislation it was, but I remember Monte coming by—and he did check with me—to review a draft bill that he had proposed on various aspects of the energy problem.

Mr. Hughes

I don't doubt it. I don't remember it, but it was in keeping with what I regard as kind of good practice. Staff-to-staff relationships can produce good legislation. They can also subvert good legislation, but if the staffs are good and the right kind of controls are in place, it's not a bad way.

Mr. Eschwege

I suppose there are two ways of doing it. One would be a situation where GAO has a congressional request to do something like that; we would certainly do it. I don't know that GAO would take the initiative to, in effect, propose and write legislation to develop a particular policy or program.

Mr. Hughes

I don't know. You've got to decide what's initiative. I don't know. I don't remember any of this. It may well be that somebody up there asked Monte if he could produce a draft. It may be that Monte just figured he ought to produce a draft. Either of those things are completely possible as I know the guy. I don't think either one is necessarily bad. We all operate from our own prejudices.

When I was a mighty junior budget examiner in the Bureau of the Budget in the early 1950s, I got involved with the staff of the House

Veterans Affairs Committee in what I regarded as a very constructive way to try to head off bad legislation and write good legislation. It was a weird, weird liaison. Edith Nourse Rogers was Chairman of House Veterans Affairs Committee, and later on, Congressman Teague assumed that post. It was sort of strange—we were an odd couple—the Counsel of the Committee and I working together, but we did it for 15 years. Others in the Budget Bureau did it also in different realms. I think it's a useful arrangement always with the proviso that all the right people know what's going on. Certainly, my boss in the Budget Bureau and his boss knew what was going on, as was the case on the Committee. What was happening basically was that the Committee was looking for support on tougher stands than it was prepared to take, and this was one way of generating that. I don't know what Monte's excuse was, if any, for helping to write energy legislation.

Mr. Eschwege

We'll be talking to him if we can find him.

Mr. Hughes

He wouldn't necessarily have needed an excuse.

Mr. Eschwege

Yes, I think you've characterized him pretty well.

Mr. Hughes

He's a good and honest man.

Mr. Eschwege

Oh, yes.

Mr. Hughes

He was aggressive, not a GAO type, but a good and honest man in my judgment.

Coordinating Activities With Sister Agencies

Mr. Eschwege

The last thing in this area that we want to deal with—not that I'm aware of any particular problems at this time—was the concern that all these so-called sister agencies (GAO, CBO, OTA [Office of Technology Assessment], and CRS [Congressional Research Service]) not unnecessarily overlap or duplicate their efforts. I think that concern probably started right around the time you were here in GAO—

Mr. Hughes

And with the establishment of CBO.

Mr. Eschwege Yes, right. OTA had already been in existence. And, of course, CRS had been in existence for a long time. GAO, together with these other agencies, does meet periodically at fairly high levels, the Assistant Comptroller General level, to try to avoid the problems.

Mr. Hughes Who goes from GAO?

Mr. Grosshans Don Horan, Assistant Comptroller General, Planning and Reporting, and Michael Gryszkowiec, Director of Program Planning.

Mr. Eschwege I attended before Don did. It seems to work fairly well, although occasionally we do get into some tough issues. I saw in the press recently again that someone in OTA was looking at the Superfund cleanup activities. I had a problem in that area years ago. They're really not getting into "technology." They're doing what we're doing, and we're doing it. It's not that they're filling the gap.

Mr. Hughes Are you doing it promptly?

Mr. Eschwege As promptly as they are.

Mr. Hughes I will withdraw the question.

Mr. Eschwege No, no, I think it's a valid question. We're always striving to do it faster. GAO has made a lot of headway. Did you get into any of these problems?

Mr. Hughes I just got into some of it in the beginning. I'm aware of them from previous and later experience and because of the fact that the Congress continues to be concerned about it. Each oversight committee looks at it from its own perspective, and I don't think there's any permanent solution to the problem. That turf is hard to carve up among a group of aggressive, interested, and politically concerned folks. I think the standing body of the sort that you have to deal with these matters is probably the best answer. If you've got a real problem, you can try to solve it. Mostly life will sort of go on. There are virtually total overlaps in some areas among these agencies. Everybody can do everything in a sense, and that's not necessarily bad. Competition in private industry, it says here, is a good thing. So I don't regard that as totally bad, but if it's kind of unaware overlapping and wasteful in the sense that people's time is being idly spent, then it is bad news.

Mr. Eschwege

I don't really know how much we were concerned about this, but the Congress was concerned. They wrote it into the language of the Appropriations Committee's report in a couple of instances and asked us and the other agencies to get on top of it.

Mr. Hughes

Well, I think their concern has been encouraged by the new office in the act—CBO. CBO wanted to make sure that the turf wasn't all elsewhere before it was even established.

Relationships With GAO Officials

Mr. Eschwege

Getting on now to the next item. Before this meeting, I gave you a listing of GAO officials who were in office at the time you were here and who probably were quite familiar to you and with whom you worked during that period. I thought you might want to look at that list and comment, if you like, in one or two or many sentences about each one of them, about anything that you remember about them.

Mr. Hughes

Well, I've been going down the list. Elmer [Staats] is easy to talk about for me. A really remarkable man; he has had a remarkable career and doubtless is the preeminent public servant of his time, in my opinion, and that's probably enough to say. He is a deceptively bright man. He is a very bright man who doesn't display it all the time on his sleeve, but he's a very bright guy. His other strong virtue is patience coupled with fortitude and immense stamina. He can do a lot of work and has done a lot of work.

Mr. Eschwege

And still is working very hard.

Mr. Hughes

Anyway, but he is a rather surprising individual in many ways, I think, but that's probably enough.

Bob Keller I knew slightly before I came to GAO, but I got well-acquainted with him here. He's one of the most admirable men I've run across, and I speak particularly of the period after his illness and the amputation of his legs, where I marveled that he could come back in and sit up at that desk and do his stuff, just like before. I ran around with him and pushed him in his wheelchair. I remember coming down about 15 steps at the Mayflower Hotel with him. We came in at an entrance—I

was younger then, I wouldn't do it now—we got down there with no trouble. He never blinked an eye; we came in, looked at the steps, and he said, “Sam, I guess you've got work to do.” He was a guy of immense courage and faith, a remarkable guy.

Sammy (A. T. Samuelson) I didn't know well. I think he thought of me as part of the radical fringe, and he was probably right. From all I know, he was a classic GAO supervisory type; to the best of my knowledge, he did his thing very well.

I knew Tom Morris both here and in the Bureau of the Budget; he was a remarkable fellow. He also has immense stamina and is a workaholic type. I think of him as a fellow who could dedicate himself to a project and could hardly let loose of any of it. He just went all over the place, but he knew where it all was to a degree that I think few other folks could do.

We talked about Mose Morse. I don't think I have a lot to add. I think again he was doing the GAO thing very well here as far as I could tell.

Fred Thompson is a great guy and is easy to get along with. How he got into GAO I don't know. He's full of anecdotes and is an easy fellow to be with. I remember going through the chow line with him. He'd kid the gals along the chow line and would say, “I want some of that soul food over there.” He was a very gregarious, pleasant guy and again a deceptively intelligent fellow. He didn't reveal anything he didn't have to. He played up the conviviality side of his character rather than the smarts, but he was a very bright guy.

As for Monte Canfield, you'll have to edit my record, but I think that for what I brought him in here for with the concurrence of the Comptroller General, he did very well as long as I was here. I suspect he did pretty much the same afterwards, but the presence or absence of somebody like myself may have made some difference in that. I just don't know. But he is a bright guy, unsettled at the time he was here, but he did an awful lot of work, I think, along the lines that I had expected.

You mentioned Dexter Peach. He wasn't on the list that you gave me, but I think he's a first-rate GAO type and is more flexible, more forward-looking than most, I would say.

Mr. Eschwege

At the time.

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- Mr. Hughes At the time; I hope he hasn't lost it.
- Mr. Eschwege No, no, what I'm saying is there are other very flexible top managers in GAO today.
- Mr. Hughes I'll bet there are, and Dexter helped to make them that way. He was a respectable fellow, who was willing to join the new enterprise, and that means a lot in this sort of a place. I give Dexter—who is obviously bright and obviously has lots of courage—very good marks as sort of a role model inside the place to an extent that Canfield, Havens, and I couldn't be because we weren't "respectable" for starters. As I saw it, Dexter, however, was known as a comer in the institution; he joined on and has done well.
- Mr. Eschwege Well, just to agree with you, when I formed my division back in 1972, it was Dexter Peach who, in effect, worked as my deputy; I had selected him for that job because I realized that he could bring a lot to bear on a division like that.
- Mr. Hughes So anyway, I think very highly of him.
- Harry [Havens] we've talked a little about already. Harry is a quieter, more thoughtful guy; writes marvelously well; and knows the budget process. He knew the budget process even back then and obviously is a lot more current about it now, far more than I am. I think he was a good man for what he was doing and suspect that's still the case.
- Bob Higgins is a guy for whom I have great admiration. I don't know what he is doing in the General Counsel's office, but I'll bet he could do more. That's a plug for Higgins, not a criticism of the current General Counsel.
- Mr. Eschwege That is Jim Hinchman. He came from Agriculture.
- Mr. Hughes I don't know what Bob wants to do and that, of course, makes a difference with all of us, but the work he did for us and the tough mind that he displayed in working out legal interpretations and working out words and so on was really vital. I hope he gets his reward.
- Mr. Eschwege Well, he heads up a pretty responsible area as an Associate General Counsel, General Government Division.

Mr. Hughes Paul Dembling is a good man. I didn't have a lot of contact with him because Bob Higgins was having the contacts where necessary with both Paul and Milt Socolar. But I know Paul from previous incarnations at NASA [National Aeronautics and Space Administration] when I was in the Budget Bureau, and I have seen him since both of us retired. Isn't he in a law firm somewhere around here?

Mr. Eschwege Yes, we interviewed him as well.

Mr. Hughes Well, that's great. That's about it. I wondered why you weren't on the list, Henry [Eschwege].

Mr. Eschwege Well, I wanted you to speak openly. I'll close my ears, and I think you ought to say something. I don't want you to feel that you have to spare me some criticism.

Mr. Hughes You know, you could make my speech for me, Henry. I'll bet that you could tell me what I think of you.

Mr. Eschwege Well, I know that you're very open, but I'd rather have you say it.

Mr. Hughes No. I think that you were a first-rate division director and that you had a considerable amount of what I would generally refer to as "crap" to put up with while these new entities were being established and as new people were being brought in to do it. I thought you accommodated to that remarkably well, particularly for a GAO person. It's been a pleasure to know you.

Mr. Eschwege Thank you. I hope to continue to know you.

Mr. Hughes I wish you weren't retired so you could get more good out of that.

Mr. Eschwege I'm enjoying this current activity.

Mr. Hughes I mentioned people in the office; Dorothy Fagin was one of them.

 There are two Dorothys. There was a Dottie Jacobs, who sat in the office behind Dolores. Dottie was a very fast and very good secretary. Dorothy Fagin was out in the reports room sort of handling the public and that kind of stuff; she was very good.

Reflections on GAO Career

Dr. Trask

In February of 1977, which was slightly less than 5 years after you came to GAO, you left. What was your thinking then? Why did you leave GAO at that point?

Mr. Hughes

Well, one's personal life enters into a lot of these things. You ask people about motivation, and some people sound like they're sure. I'm not always that sure, and I doubt they are. Anyway, motivations are pretty complicated, but on the personal side, my first wife had died from a brain tumor a year and a half previously. I had married again. I was being importuned by John Macy, a name that some of you would know, to join his operation, which was a subset of David Lilienthal's operation in Iran involving public management.

The Lilienthal operation was a dam-building/natural resources project. In later years, it developed into a sort of a public administration "subsidiary," if you will, that Macy was in charge of. He wanted me to go to Iran with that enterprise. I knew some of the people involved, and I did go. I had planned really to be there longer than I was. I signed on for, I can't remember, 10 weeks or something over 2 months. This was before the great debacle there and the Shah's collapse. I really had no sense of that, but I certainly had an impression of massive disorganization, overconsultation, and downright bad faith or laziness in the system in Iran that made it one of the least pleasant periods of my life from a working standpoint.

I actually had some words with Macy, who was an old friend, over leaving. He wanted me to stay, and I said, "The hell with that. I've wasted all the time I want to here." Your whole set of values changes. It really was a terribly depressing period for me, although, as I said, I had no impression of the depth of the situation or of the forces underlying some of what I was experiencing, although, in retrospect, you see it better.

In any event, that's why I left. There was a lot of money; it looked like kind of fun work and a chance to see a part of the world that I hadn't seen. Coupled with it was some feeling on my part that I had made most of the contribution that I could make in GAO and ought to make a change

credit for the circumstances. But no, I don't have any terrible disappointments or dissatisfactions. I just wish we could have done a little more.

Views on Current and Future GAO Role

Mr. Eschwege

Now comes the last multiple question. I know you've kept up with government in general, and I'm sure you've kept up somewhat with what GAO is doing. We would like to ask you about the current and future role of GAO in terms of what it does today and what you read about the areas it covers. Should GAO curtail some activities that it now has or change the makeup of its staff—any of those things that might change either the mission or the work that GAO does? I said it was sort of a complex question, but you might have some ideas that could help us as we look toward the future. Like you say, we don't always want to just look back.

Mr. Hughes

I've made this somewhat similar speech to GAO folks responsible for general management reviews that the NAPA panel meets with.

Mr. Grosshans

Dick Fogel and Gene Dodaro [of the General Government Division].

Mr. Hughes

That group has been expanded some. So this wouldn't come as news to them. The only program evaluation or analysis, the only management analysis in perspective that's going on in town, is what GAO is doing, basically.

So the more of that the institution can get away with, the better, as far as I'm concerned. I recognize that there are large risks in that sort of thing and that there are real questions of judgment as to where and how and when you tackle a particular subject matter, but I think that the transition reports were timely. I think that if they were even moderately well-received, they represent a resounding success. The main thing is not to get scared off from doing this kind of hard stuff because nobody is doing it. OMB isn't doing it. The bureaus of agencies themselves, particularly the old line ones like the Forest Service and the Park Service, do some of it from an internal standpoint, but to the best of my knowledge, there's no other place in government where management analysis is being done by an outside organization.

anyway. I had been here 5 years and, geez, I was beginning to look like one of those guys [pointing at interviewers].

Mr. Eschwege

I'm glad you wore a sports jacket today.

Mr. Hughes

Oh, my.

Dr. Trask

This is probably a good place to ask you to reflect on your GAO career. You're 12 years beyond it now. First of all, in terms of accomplishments, what do you consider your major accomplishments? What gives you the most satisfaction in terms of your work at GAO?

Mr. Hughes

Well, for all of the reasons I've tried to articulate—actually it's not me, it was us—I felt good about the Federal Election Campaign Act period. We not only survived, but we survived in some style, as I saw it. I thought this effort also served as an example of how things might work in similar circumstances. With regard to my latter role in GAO, the 3-1/2 years when I was more or less in charge of making Henry's life a little miserable, I had felt pretty good about that too. All the signals that I was sent by Elmer and Bob Keller and all the signals I could perceive as to the level of discomfort in the institution suggested to me that I was accomplishing what I think those folks had in mind.

Dr. Trask

Were there any things that you had hoped to accomplish that you didn't? Were there any great disappointments or unfinished business?

Mr. Hughes

I didn't have any great disappointments. There's lots of unfinished business. I've never been any place in government where the business was finished, certainly not here or in the Bureau of the Budget. I wish we could have done more things faster on the energy front. Once oil prices collapsed, it was all over for a while. The nature of this country is that you can't get cranked up for looking ahead in the energy business until we have another crisis, and we're going to have it. You put it down on somebody's ledger; we're going to be in trouble again on that front. I don't know what form it will take.

Certainly, as time goes by, prices are inching up and that in itself is a form of trouble. You could say the energy business ruined the Carter presidency effectively, although a lot of people would say there were other things, and there were. If you look at the margins, there was a lot of difference between the rising energy prices that Carter confronted and the falling ones that Reagan got. Neither one of them could take any

We know what CBO is doing when it is doing something. I think that over time and with luck, it may develop the resources and the leadership to enable it to chase you a little bit or maybe even get ahead of you and offer you some competition. I think that that's pretty good, but I certainly would applaud what's been going on. I think that Chuck Bowsher has done a good job of leading the place in directions that I think it ought to go. I wish him good luck and good judgment so as not to step off the brink at any point, and I have every reason to believe that he has that good judgment. It's worth a lot to do it even with one or two bad mistakes. The institution can get away with a bad one or two in my judgment.

Mr. Eschwege

Is there something beyond all this that we ought to be thinking about that needs to be done?

Mr. Hughes

The longer you can be persuaded to look ahead, the better off government and the United States at least will be and probably the world. Yes, what do you do in the long run about energy? Do you need to worry about it? The message of the current administration and the past one, I think, has left the market to sort of take care of it and as prices get too high, why other things will spring into being. I don't think that will prove to be so, but I'm not sure of that. I think that in due course, we'll have another crisis of some sort, whether it's OPEC induced or third world growth induced. When all those guys get to using as much energy as western Europe does, let alone as much as we do per capita, just think what the situation's going to be here. Meanwhile, we're fighting nuclear. Nobody wants to diddle around with solar because it isn't economic. A longer look ahead is needed without trying to be sure you're right, but we need just to try to figure out what's out there and anticipate it a little bit.

Mr. Eschwege

Do you think we're about the right size in staff? Or do you think we ought to be bigger or have a different composition of staff?

Mr. Hughes

I'd say you're plenty big enough. That's my view. You ought to make choices among your chores. A much bigger size can bring all kind of downsides with it, as well as upsides. I think you're not a bad size, and you ought to choose as best you can among the work you have to do. Meanwhile, continue doing missionary work all around, including doing it in the Congress, on what kind of work you ought to be doing; what the attitude might be toward GAO; and whether, for example, the Congress should expect you to predict accurately energy consumption in the year 2000.

Conclusion

- Mr. Eschwege I think we've come about to the end of what we wanted to cover, but I want to give you an opportunity to bring up other matters if you think we've missed something that we should have asked you.
- Mr. Hughes I'm just waiting for my check. [Laughter]
- Mr. Eschwege Well, you'll get that in the form of in-kind contributions. We'll provide you with a copy of the videotape and as many copies as you like of the transcript.
- Mr. Hughes No, it's been good fun. I sort of enjoyed reminiscing and I certainly have been kindly treated—more than I deserve. I hope it helps.
- Mr. Eschwege The reason we selected you is that even though you were here for a relatively short time, 5 years, you made a great impact on GAO. I don't just say that because you said some nice things about me. We learned a lot from you, Sam, and as I said when we began here today, I agree with that article in The New York Times that referred to you as a true public servant. I put you right in there in the class with Elmer Staats and the place where, I think, Chuck Bowsher is going to wind up.
- Mr. Hughes He is a good man.
- Mr. Eschwege We thank you very much, and we wish you continued good health; keep in touch.
- Mr. Grosshans I just want to echo that. We appreciate your coming in, and I think it's been very helpful to us to have you reconstruct an important part of GAO history.
- Mr. Hughes Reconstruct a crime?
- Mr. Grosshans I think that it was a fun period. The way you described it, one can get the sense you had a good time here in GAO, and I'm glad that you feel that way.
- Dr. Trask I think that you really personalized some of these things that I have been learning about GAO by talking to people like Henry and Werner and reading the annual reports. I must say that I was particularly interested in what you have been saying about the GAO culture. That's something

that I've been trying to pay special attention to. It does change from time to time, and I think that is particularly interesting in an organization.

Mr. Hughes

It doesn't change that much. Should you hire a different kind of people? I'd say that some of your hires should be a different kind of people. I didn't answer that. I had an analogy I used to draw when I was here. I did it in some speeches, so I made it public. I'll quit after this. You guys know what a stone boat is? It's a sort of old farm cart having no wheels and low down on logs that you put a big team of horses in front of and boards across, and you pick up stones. You don't have to lift them high, and you put them on there. Well, I described GAO as a stone boat being dragged along by Elmer into the new world. There are all kinds of arms and legs, most of them backpedaling on the stone boat, but a few pulling ahead. That's not entirely fair, I understand, but the analogy as some kind of a caricature, I think, is sort of fair. GAO is an extraordinarily conservative institution—granted that all institutions are conservative—but it's more so.

Anyway, they are mostly all honest here, and that's one of the great virtues of the place.

Mr. Eschwege

Thank you again.

Mr. Grosshans

Thank you.

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