INTERVIEW III

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INTERVIEWEE: ALAN L. DEAN

INTERVIEWER: David G. McComb

PLACE: Mr. Dean's office, Department of Transportation, Washington, D.C.

Tape 1 of 1

M: Last time, at the end of the session, you mentioned that we might talk about how the department really operated, how management decisions were made, how the relationships were between the secretary and the under secretary, and you mentioned where the pressure points were.

D: We now have recorded a great deal of how the department came into being and how it was expected to work. During the first two years of the department, and as of the date of this interview the department is two years and three days old, we came close to our expectations in many respects and perhaps exceeded them in some areas. But it was also a testing period in which we had our problems. Furthermore, throughout the period there was a great deal of second-guessing and Monday quarterbacking concerning the management concepts of the department. There were a number of assaults on that concept, but it survived.

M: Now, when you say management concepts, are you talking about the structure of it?

D: I'm talking primarily about the decentralization of operating authority to the administrators, the use of administrators as multi-program

coordinators, the use of assistant secretaries as staff officials and the keeping of operating responsibilities by and large out of the Office of the Secretary. We were not in operation long, however, when some of the assistant secretaries and the first general counsel expressed misgivings about this plan of operation. Generally, they were fearful that too much authority was placed in the administrators, who had most of the department's employees and had broad delegated authority. These concerns were not without merit because it isn't easy to be effective as a staff officer. I found in various discussions that some of the secretarial officers had very little knowledge about how to function in a staff capacity in a large organization. I then wrote a paper for the Secretary outlining how staff officials could be effective. The Secretary liked the paper and distributed it to his assistant secretaries for their enlightenment.

M: Did it work? Did these suggestions help?

D: To some extent. I won't say that it dispelled all the anxieties. The problem is that it is a lot easier to operate than it is to be effective in a staff capacity. Winston Churchill once described staff work as "dull brooding over the deeds of others." And there is a certain truth to that. On the other hand, as I pointed out in my paper, a staff man has tremendous advantages within our organizational system. He's much closer to the secretary physically, and in terms of the frequency with which he sees the secretary. He has a departmental-wide perspective while the administrators have a progammatic perspective. He has access to review authorities and sources of power which

are not always open to the operating officials. He has the authority to evaluate, to report, to stimulate, and to initiate policy which, once signed by the secretary, is the law of the department.

As the assistant secretary for administration, I have told the Secretary I didn't feel that I am deprived of power. I'm the staff official primarily, and all I need are more hours in the day and maybe a few more key staff members in areas in which I am weak to do the things that ought to be done. There have been a few occasions the Secretary didn't respond as quickly as I would have liked, such as the centralizing of internal audit. That still isn't resolved. But, so we have worked internal audit on a decentralized basis, and while it is not as satisfactory, I made it work.

With respect to audit, I tried to explain that under a decentralized system, you don't decentralize the means of oversight and control. You only permit people to act promptly and efficiently on a daily basis. The reason why I say no inconsistency between centralizing audit and decentralizing operating responsibility is that internal audit is not an operating function. It is an after-the-fact verification of the quality of stewardship. Therefore under the doctrines of the department, I argued that fact-finding and evaluative follow-up type activites ought to be centralized, while operational authority, that is, the ability to respond quickly and decisively to the needs of the public, ought to be placed with the administrators.

M: Now, let me clear one point. When you say centralized audit, do you mean a special part of the department that audits all agencies?

D: What I mean is that the scattered internal auditors, who were in four different organizations in the department, were pulled into a single unified office of audit under a departmental director of audit.

M: And all the equipment that they would use?

D: Well, there is very little equipment. The internal audit function entails determining from papers, interviews, and other sources whether or not resources are being properly used and safeguarded and whether or not the management control systems are working to protect the secretary and the department.

M: Wouldn't there be some resistance to a centralized audit from the operating bureaus and agencies?

D: We've had it from three operating elements. We didn't have it from the others. We didn't have it from the others because we already did it on a centralized basis for UMTA, for FRA, the St. Lawrence Seaway, and the Office of Secretary. The only elements that had their own audit authority were the Federal Highway Administration, the Coast Guard, and the FAA. The separate audit staffs preceded the establishment of the department. Naturally, in varying degrees they were reluctant to lose their auditors. If I were an administrator I would probably take that position, too. But from the secretary's standpoint, an adequate central audit capacity is essential. If the secretary delegates tremendous authority to act to an operating official, and that official doesn't have to come to the secretary for approval before acting, the secretary had jolly well better equip himself with the machinery to learn whether or not this authority has

been wisely used. If the secretary doesn't do this, he can get into the kind of problem General Electric did in the industrial world. They ended up paying many tens of millions of dollars because they were unaware of illegal practices in their decentralized companies.

Operating officials are sincere and honest, but they also have some limitations arising out of their concern in the operating program. A secretary just can't say, "Not only am I giving you the authority to act, but you are also going to be the only source of information to me on whether you are doing well." To return to the basic theme, not all the assistant secretaries, and secretarial officers, and special assistants understand that the department really was going to work better through this decentralization of operating authority, and that this required the placing of appropriate authority over policy initiatives, evaluation, audit, [and] staff advice in the secretarial offices. To this day criticism of decentralization has continued, but Alan Boyd as secretary never seriously departed from this doctrine. One of the first actions of Secretary Volpe as secretary on January 27, seven days after he took office, was to send out a memorandum strongly affirming the principle of decentralization and delegation of authority in the department.

I am now developing for Secretary Volpe what we call the dotted-line memorandum. It is a directive which, under the euphemistic title of fostering teamwork and coordination in the department, tries to spell out more clearly where informal communication, consultation, and advance notice is to occur between counterpart elements of the Office

of Secretary and the administrations. This approach avoids the centralization of authority and avoids formal OST approvals. It seeks to produce a more relaxed and effective day-to-day flow of information so that people are not caught by surprise and so that one part of the department knows what the other is doing. It also assures that if the secretary wants to intervene he can do so.

Let's take urban mass transportation as an example. The urban mass transportation administrator now has the authority without reference to the secretary to approve important grants for transit systems in the cities. I would be the last person to want that authority recalled, for I happen to be, as people say around here, an avid believer in decentralization. I would rather see arrangements under which the urban mass transportation administrator has enough common sense to realize that major grants are going to be sensitive, are going to involve a lot of congressmen, are going to be in the newspapers. Thus he should want the secretary to know of his planned actions, and he lets the assistant secretary for public affairs know. Then, if the secretary says, "Oh, my gosh, next week I am going to that city, I want to announce it," he can. But he doesn't take away the authority of the urban mass transportation administrator and have bundles of project approval requests tied with red tape and ribbon piling up on his desk. And this is what happens under a decentralized system.

The top official in an agency should be free to intervene when he has a good reason to do so but he should not have to carry the

responsibility of personally reviewing and approving actions involving complex backgrounds. As soon as he has to approve all these actions, he assumes direct responsibility. Under decentralization, not only can action be taken more swiftly by the line administrators, but if the administrator is wrong, the secretary in effect can assert himself selectively and straighten things out. The secretary is not placed on the defensive. Every administrator makes mistakes. Fortunately, there is the secretary to straighten them out. If the secretary had to make the decision in the first place, he would have to straighten himself out. A sound management system should not stick the secretary out on long limbs where he has neither the time nor the opportunity to know what he is really doing. Selectively he can and should intervene, and selectively he should be kept informed. This can all be done within a decentralized system.

M: Is there any political advantage to this? After all, this is a political--

D: Decentralization can be politically advantageous. As one secretary said, "It's very nice to have the administrators announce the bad news and let me announce the good news." You can do this beautifully under a decentralized system. Yesterday we announced that the Secretary had given final approval to an Urban Mass Transportation grant to the South Chicago Suburban Transit District, which in turn is buying commuter cars for the Illinois Central Railroad. That railroad has a new president, Alan S. Boyd. That grant was initially made by Paul Sitton when he was administrator. Mr. Sitton left office yesterday,

but he took the final concluding action on this before he left office. The Secretary made the announcement that no wrongdoing was found in connection with the grant, and since my office did the investigation, I know good and well that no wrongdoing was involved in this case. By a strange coincidence of facts and dates, Paul Sitton didn't know that the offer had been made to Alan Boyd, because it wasn't made until about the middle of January. The grant was approved the twenty-eighth of December. It looks suspicious to the public, but when you really check it out, there is absolutely no conflict of interest or wrongdoing. The new Secretary made the announcement that he had looked into the action and found nothing improper, but the Urban Mass Transportation Administrator was the one who approved the grant. The Secretary did not pull back the approval power. He only insisted on knowing certain things before Sitton finally disposed of the grant. Sitton acted before Carlos Villareal, who will be sworn in tomorrow, took over as urban mass transportation administrator. That is working in a skilled way in a decentralized system.

M: Now, if that had been centralized, if you had had a centralized system, then Alan Boyd could be in trouble right now?

D: If we had had a centralized system, of course, it would have come to Alan Boyd on the twenty-eighth or about that time. Under centralized systems it takes forever to act on things, so it would be still on his desk at the time that the offer was made and then the fat would have been in the fire. He would have had to say, "Sorry, until January 20

I can't do anything about this." It would have tied up the whole action.

M: Does this mean also that the bureaucracy can take some of the heat off of the president or the cabinet in announcing plans and this sort of thing? Or taking the blame?

D: When you delegate authority to administrators, you delegate with it the responsibility for taking a lot of heat. In other words, people know they have the authority, they go to them, congressmen call them up, and so on. They have to be big boys. In our department, they get well paid for being big boys. We have among the highest grade levels and highest salaries system in the entire government for top officials. Only Defense and State have an Executive Level 2 under secretary like we do. We have an administrator who is Executive Level 2, FAA. The rest of our administrators are Level 3. In most departments, administrators are Levels 4 or 5. So by federal standards we pay them well. They have high status, and we expect them to be able to take the onus for what they are doing. They must be ready to take the heat.

As big boys they have to know when something is tricky enough that they should inform the right offices in the Office of Secretary, including the under secretary or secretary as appropriate. And again this is a highly subtle matter. In one case the administrator will come only to the assistant secretary for public affairs and say, "I want you to know this is happening." Then it is up to the assistant secretary for public affairs to decide whether he should bring it to

the secretary. The administrator is then absolved. Once he has touched base with the appropriate assistant secretary, he is absolved. From that point on, the assistant secretary has to see that he's got his ducks in a row with the secretary. But the administrators have to know when to touch these bases. This document that I referred to on fostering teamwork and coordination, which has taken a lot of staffing and is going to be a monumental document in the management history of the department, is basically designed to give better signals to the new group coming in on the conditions under which they do this base-touching than we have previously had in writing.

M: Still it is an informal kind of thing.

D: It is informal, but even when formal, it is not to be confused with approval. It is notification and consultation that we are putting the stress on. There is all the difference in the world between having the responsibilty to approve and simply being informed and being given the opportunity to intervene selectively--all the difference in how a management system works. Unfortunately, the subtle and complex ways of making a big organization with horizontal functional officials and vertical program officials work takes a lot of understanding. You have to know, either by some kind of instinct or a lot of experience, how to work in this environment.

The original team we assembled around Alan Boyd had members who didn't know how to function in the DOT management mode and because of this, frictions developed between the Office of Secretary and the administrators. There were also frictions within the Office of

Secretary. The tensions between the administrators and the Office of Secretary derived from convictions on the part of the administrators that assistant secretaries were dabbling in the details of their operations, and convictions on the part of the assistant secretaries that the administrators were running wild and ignoring secretarial policy. There was a little right on both sides.

M: Can you give me an example of this?

D: The worst area was highways. Administrator Lowell Bridwell was in constant warfare with the Assistant Secretary for Policy Development and with the Deputy Under Secretary. He got to the point where he wouldn't handle anything with them except by formal memorandum. He wouldn't allow his staff to talk to anybody in the Office of Secretary except with his clearance. Lowell overreacted, in my judgment, but in all fairness there were people who were trying to run the highway program for Lowell out of the Office of Secretary. And it was neither black nor white. The Administrator in this case was pretty hard to work with, but he had provocation.

M: How do you avoid something like that? It would seem that assistant secretaries are going to be appointed by a new secretary, and this is liable to be a continuing problem.

D: Believe it or not, although this administration has been in office only a short time, there is already a lower level of friction between the Office of Secretary and the administrators.

M: And this is due to the new administration?

D: It's due to the kind of people and the heritage. The assistant secretaries on this team are on the whole older, more sophisticated in management, and not quite as concerned with building empires. The administrators coming in do not have old institutional ties that existed at the time the department was established. Therefore, they tend to be more flexible and maybe you could say have not yet been captured by their organizations.

M: Has there been a complete turnover of the administrators and the assistant secretaries? Or almost so?

D: All assistant secretaries except myself have disappeared, as have the Secretary, the Under Secretary, and Deputy Under Secretary. We still have one key vacancy, but a selection will be announced today or tomorrow. This is the public affairs assistant secretary. It is customary that you have a complete turnover of presidential appointees when there is a change in party as well as president. Among the administrators, the Commandant of the Coast Guard does not change. He is appointed for a four-year term and his term does not expire until June of next year. Except for that, every administrator is being changed.

M: Well, you would indicate then that the quality of the people has a great deal to do with friction?

D: There should always be a little tension in an organization. There should be a certain amount of pulling away by the administrators because they should be advocates of their modes to a certain extent. If they are not, they are letting the secretary down. They've got to

argue for what they think is right. The assistant secretaries have different perspectives, and they have to stand for what they think is right. Ergo, you have some tension. Without tension organizations don't progress; in fact, they come to a dead stop. Therefore, the problem of management design is to bring about what is known as creative tension. How to have enough difference of view, enough argumentation, enough presentation of alternatives so the secretary is really in the driver's seat. It is this that gives him the decision-making power. If what he gets is nothing but unified staffed-out advice, often reflecting the lowest common denominator, he's not making decisions, he's just ratifying. Most pieces of paper to come to him, unless he happened to have some unique insight, would simply be approved because nothing else was presented.

You've heard my comments on federal highways. The Federal Highway Administrator presented a reorganization plan for his administration. It wasn't a bad plan. He had good reasons for it. The Secretary threw it to me to staff out. My analysts said it was administratively feasible, but we don't find enough evidence of study behind it. I consulted with the Deputy Under Secretary and the Assistant Secretary for Policy, and the Assistant Secretary for R&T, all of whom had an interest. We all unanimously concluded that we should recommend against the Federal Highway Administrator's plan. We argued that FHWA had never adequately tried to run the National Bureau of Highway Safety under a strong director because the prior director, while technically very good, was not exactly a manager. So there was

disagreement and there were alternatives. The Secretary could decide which route he wants to go and we would respect it.

M: But this can also get out of hand, this tension?

D: It gets out of hand when there is no longer a common effort to present and intelligently argue for alternatives--when there is bitter confrontation and feelings are being hurt and every type of bureaucratic device to get your way is resorted to. The line between creative tension and disruptive controversy is a narrow one. In fact, in a complex organization there are always a few outbreaks of disruptive controversy even if the teamwork is generally good. It's like keeping a national forest from burning in a dry season. Something threatening to the unity of the organization is always flaring up, and top management has to be prepared to keep the tensions under reasonable control. This can't be done by the technique that I've seen an occasional manager use. Namely, demanding that subordinates always work out an agreed position. This style leads to administrative disaster. That is the same as saying, "I want you to give me the lowest level of innovation that everybody will agree to," which means the product will be pretty sad.

M: Is an example of disruptive tension the one you mentioned about the highway?

D: Oh, yes, that was quite disruptive. There was virtually no teamwork between the Office of Secretary and the Highway Administrator, and the result was bitter controversy.

M: This sort of thing can spread, can it not?

D: It can.

M: So what do you do about it?

D: When it gets that bitter, personalities may have to be changed, which in this case happened. The differences became irreconcilable, but once the people changed the bitterness began to abate. In the Boyd years, there was an interesting mix. I had no serious conflict with the administrators. I had a couple of misunderstandings with the Highway Administrator, but when this happened I would ask for a meeting. We would sit down and we would talk the issues out. Finally, I reached an understanding with him which he carefully observed, that he would delay writing memoranda directly to the Secretary complaining about things in the administrative area until he talked to me. I pointed out to him that it would be nice if he'd make sure that what he said was accurate, and maybe we could straighen out problems without involving the Secretary. I said, "After we've talked, and you're not satisfied, and you still want to write to the Secretary and complain, go ahead, but let's get together on it first." That agreement ended most of the memoranda, because there were very few things that we couldn't address and bring to some kind of reasonable accomodation.

It has been my experience that people of good will, if they communicate, can usually reach agreement. If they don't communicate, the disagreement is likely to go higher for resolution than it should. It is necessary to leave open the avenue to the top official in the event of honest disagreements that cannot otherwise be resolved. In such cases there should be an attempt to reach an agreement on facts,

and the alternative should be presented. I'm simply expressing some of the ingredients of good staff work or the development of a decision-making paper. Not only is it not undesirable that there be disagreement, it is frequently desirable if all serious options are to be considered by the principal officials of an agency.

M: You mentioned some difficulties within the Office of Secretary itself. What did this amount to?

D: In theory, the Office of the Secretary's functional officials should constitute a team trying to see that the department is held together and functions effectively. They should be a natural brotherhood. Unfortunately, there are always gray areas between what is public affairs and policy, or between policy and research, or between policy and international affairs, or between legal and administrative matters. Therefore, if the assistant secretaries evince an undue concern for prerogative and jurisdiction, there can be friction and jealousy where there ought to be teamwork.

Not all of the original DOT secretarial team put the job of serving the Secretary first. They would claim that they did, but from watching actions it was obvious that friction resulted from efforts to stake out as large a share of the total job of advising the Secretary as they possibly could get. This included a struggle for positions, funds, and so on. Consequently a considerable amount of avoidable friction developed. I tried, on behalf of the Secretary, to cope with the problem by the development of an organization manual with clear functional statements explaining what each official did. We eventually

turned these out for most of the elements in the Office of Secretary, but no matter how good the organizational statements, we could not eliminate all of the misunderstandings. Unfortunately, there were personalities in key posts who evinced an undesirable degree of pre-occupation and jurisdiction as opposed to a real concern for working together on behalf of the Secretary.

M: Well, now, was this just one or two people, or throughout the whole organization?

D: The most serious problem existed with one assistant secretary, who by the time he left the department was not only at swords' points with virtually every administrator, but also with virtually every other assistant secretary. There was another assistant secretary whose empire-building proclivities were remarkable. While he did not generate the same amount of antagonism, he didn't contribute very much to the spirit of real cooperation on behalf of the Secretary. My view of the assistant secretaries and the general counsel and the deputy under secretary is that these guys are only seven in number. It's not a large group. It's quite possible for these people, along with the secretary and the under secretary, to form an effective executive committee. They should learn to trust each other, know how each thinks and be prepared to "tolerate" some of the quirks and enthusiams of their colleagues.

The development of this kind of teamwork is sought frequently in industrial corporations, sometimes aided by sensitivity training, T-group work and so on. Because of the various backgrounds of the

people we had in the Office of the Secretary and their ambitions and, in some cases, their lack of experience in the management of big organizations, we didn't quite achieve that spirit of teamwork. In fact, we had cases in which the officials seemed to prefer seeking an appointment with the Secretary to sell a particular point of view without the benefit of completed staff work and without the presence of others who might have raised relevant questions. This practice was unfair to the Secretary and the Secretary didn't like it, but it happened nonetheless.

M: Well, it would seem that the secretary should do something about this. He's the chief executive officeer, is he not?

D: Well, here is where the temperament of the secretary is very important. The first Secretary of Transportation was an extremely able and courageous policy leader who did not like, if he could avoid it, to make his staff unhappy, and one of the chores of being a top executive is to be willing to make your staff unhappy. By being unwilling to make individual members of the staff unhappy for short periods of time, you make most of your staff unhappy for long periods. And that is what happened.

M: So Alan Boyd then was important for getting the department going, for initiating the new department, for working with Congress, but beyond that point he perhaps needed a different personality.

D: Well, to put it another way, without Alan Boyd, there wouldn't have been a department. His charisma, quality of leadership, humanity, made him a towering figure on the stage of the Johnson Administration.

He suffered, I think, from a lack of adequate arrangements in the Office of Under Secretary. When you have the qualities and work pressures of an Alan Boyd you should look to your under secretary to be the guy who cracks the whip internally including being the s.o.b. a good share of the time. The under secretary is the only other official with comprehensive line authority and only he can effectively help direct the entire department.

We had turnover in that job, and it was also vacant for quite a while. As a result, never under the Boyd regime did the under secretary really assume the responsiblity for enforcing real teamwork on behalf of the Secretary. Here is where John Volpe has a real advantage. He starts out with an under secretary with a strong management training. Both under secretaries under Alan Boyd were lawyers, not managers. And while they were very able men whom I greatly respect, they just didn't have the backgrounds or the inclinations to be the kind of under secretary that Alan Boyd needed.

M: Well, the problem of the under secretary, though, still is Alan Boyd's responsiblity.

D: Only to a certain degree. Not always in government is the secretary given a choice of his under secretary. This can be a serious problem. In my judgment the department can't function without an under secretary skilled in internal management, because even if the top man is personally interested in internal management, the external demands of a secretary of transportation are overwhelming. He must struggle with major policy issues, he must deal with the president and White House,

he must work with the heads of other departments, he must cope with interest groups, he is key in dealing with congressional committees and congressional hearings. Consequently, he can only spend a limited part of his time on the internal control of his department. With that kind of heavily external orientation involving the things that nobody but the secretary can do, an under secretary, who can crack the whip over assistant secretaries and the administrators, is the official who must follow through and see that the department runs as it should. If, by some accident, the secretary either selects or has selected for him someone who does not have skills and background in internal management of large organizations, problems are going to develop. This was a very important factor in the Boyd period of DOT.

M: Did these people have the capability of learning, say, during the Boyd years?

D: The under secretaries?

M: Yes. And the assistant secretaries.

D: There was some growth, not enough in one critical area, none at all.

M: I don't want to embarrass you, but I don't know what the critical area is. Can you tell me what this is?

D: Policy. The assistant secretary for policy. The situation never improved. In fact, as he progressively alienated more people who started out with great expectations for him, the situation became more difficult.

M: When you have a situation like that, and a secretary or a man who is

in a position to do something about it has the authority, how do you ease such a man out? Can you without causing political disruptions?

D: Oh, it would have been--

M: Now, in a corporation you can fire a man.

D: It would have been very easy to have eased out the Assistant Secretary for Policy Development because the whole transportation industry would have cheered. The Secretary being in office less than two years did not have, especially with the changes in the Under Secretary's office, the time to size up the situation and take action. As we began to approach the end of the Johnson Administration, no one was going to replace a key official. I am not sure to this day whether the Secretary really had enough information before him at the end of two years to have made that decision. There was a very complicated series of controversies, and the official involved was a very talented and articulate person that simply couldn't work in a large organization.

M: Can you give me some idea of what the nature of the controversy was? You say it is very intricate and complex. Can you give me some indication of this--an example?

D: This Assistant Secretary had absolutely no sense of how his actions alienated those with whom he had to work. He was the one most inclined to go to the Secretary with a complaint or an unstaffed-out document, one heavily dealing with someone else's jurisdiction and interests, and try to obtain an approval from the Secretary. If successful he would then rely on that approval for a whole series of subsequent actions. He headed the so-called PB side of the PBPS

program in the department, which was a disaster and generally regarded as the most poorly functioning part of the entire management of the department.

M: Now this would get over into your area?

D: It got over into my area and made it impossible for me to do my budget job right. At one time he prepared and presented to the Secretary a reorganization of the whole Office of Secretary which he had never even discussed with me. I went to the Secretary and had it recalled. The Secretary was surprised when I told him that there had been no coordination with the responsible assistant secretaries. He thought the Policy Assistant Secretary was preparing an agenda for a meeting of OST officials. In the meeting, everybody jumped down his throat. The plan sought to abolish two assistant secretaries and to shift some functions the way he wanted them. At the end of the meeting I sent a note up to the Secretary saying, "This document is so mischievous I request you have it withdrawn."

The Secretary said, "Please hand in all copies," and that was the end of the matter. But you don't do that in an organization. What he did to me he did to everybody, and to the highway administrator and to the FAA administrator. This was the most serious area of friction in the department. We had a lot to do in the policy area, and yet we accomplished almost nothing in policy. We accomplished a great deal on organizing the new department, but we accomplished almost nothing in the areas for which the Assistant Secretary was to have done the staff work.

M: What about staff people from the outside, say from the Bureau of the Budget or from the White House? Does this cause any problem in your work?

D: Very little. I look upon the Bureau of the Budget as being an important arm of the president made up of intelligent people. Once in a while, they want to involve themselves in more detail in the affairs of the department than is good for the functioning of the executive branch, and you have to resist when it happens. But whether it is the Civil Service Commission, the Bureau of the Budget, the General Services Administration, or the White House staff, I've always found it helpful to assume that these guys want to do a good job. If you don't start out in a posture of conflict and recrimination, you usually get things worked out. You have to fight once in a while. You don't do it unnecessarily.

M: Now, you have given me some indication throughout this how decisions would be made with reports going to the Secretary and this use of constructive tension or disruptive, as it might be in some cases. Now, were there any particular techniques used to come to decisions, such as your having conferences with the assistant secretaries periodically, having an agenda, or just how this--?

D: You are on another of my favorite themes. I am a strong believer in collegial management, best described as the executive committee approach in private industry. The executive committee in FAA was highly effective, and Alan Boyd and I had many discussions about the importance of setting up collegial machinery in the department--what

I like to call the executive-in-council system as contrasted to committee management. Committee management can be defined as a group of people who have to come into agreement to do something. Under the manager-in-council concept, there is no doubt about who makes the decision, but he makes it in a consultative framework where each adviser that should be making a contribution is given a chance to do so, and where, when the decision is made, the advisers are in a position to help carry it out because they understand the process and the give and take that went into it. It is my experience that most people in top staff positions do not as much resent being overruled as not being consulted. If the secretary will hear out his people and then say, "Fellows, here is my decision," there is usually a willingness to go along. It is like the frequently quoted instance of Lincoln and his cabinet considering the Emancipation Proclamation. Even if most of the staff are against an action they will generally going out of the room be dedicated to carrying out the policy. When a policy is made and the person hasn't been consulted and he feels he should have been consulted, he is doubly convinced that it will not work, and in many subtle ways contributes to its not working. In the early DOT we set up staff meetings at two levels. We also had occasional retreats--three of them in a two-year period. We had OST staff meetings, usually on Friday mornings.

M: OST meaning what?

D: Office of the Secretary of Transportation, meaning the assistant secretaries, general counsel, and so on. We had full staff meetings

including all the administrators on Monday mornings, and these, once we got them going, were faithfully held.

M: These were formal staff meetings with an agenda and that sort of thing?

D: The meetings were regular, whether there was any known business or not, and I always strongly argued for that practice.

M: Let me follow this line of questioning about how decisions are made. I want to wind up asking you a little bit about your own job and your philosophy of it, since these secretaries of administration seem to be an unusual breed of cat.

D: They are.

M: It might be worth probing that.

D: Well, back to decision-making.

M: You had mentioned use of conferences, more or less formal, and you also mentioned retreats.

D: Retreats are out-of-town meetings of a kind now widely used by both industry and government in which senior managers get away from telephones, paperwork, and distractions of family for a day or more of conferring. DOT held three of these retreats, generally running about a day and a half. One was at Charlottesville, one at Airlie House, and the third was at Williamsburg. They were designed in part to improve feelings among the staff. The retreat was one of Alan Boyd's favorite management devices, and I highly approved of their use. The theory is that as the participants meet informally, eat together, and have cocktails together, they will talk out things which in the more

structured environment of a debate around a conference table would get a little sticky.

M: Is the retreat technique then more or less informal? Or do you try to guide it?

D: It's a mixture. Lunches, breakfast, cocktail sessions, and hours reserved to swim or play golf, were designed to encourage spontaneous discussion and the improved understanding and relationships that would flow from it. For scheduled meetings there were agendas. Discussion topics could include PPBS, or decentralization, or planning for a presidential transition. Such agenda items would have assigned times and might include briefings or presentations.

M: Was there a preparation for an individual to speak at a certain time on a certain subject?

D: Yes. Agendas were developed in varying ways on the three retreats. I generally made a contribution toward shaping the agendas. The last retreat under Boyd was the one at which the Assistant Secretary for Policy Development, whose position was deteriorating rapidly, somehow got the young lawyer who was then under secretary to give him some kind of charter to raise on the agenda organizational proposals on which there had been no prior consultation. This threw a lot of fat in the fire and changed much of the meeting into a discussion of what was wrong with the policy development function. It really was rather a nasty meeting. That particular assistant secretary came to me later and said, "Gosh, it's good we have an organization where people are so frank."

A good chunk of that retreat dealt with what was wrong with policy development in the department. With respect to the earlier two, the agendas were more openly developed. They were handed out to the participants and with times assigned. Frequently the discussions led to decision-making. An example was improving the responses to reports of the National Transportation Safety Board decisions. It was agreed to develop a departmental order under which each administration would be required to respond to recommendations from the National Transportation Safety Board, which is an autonomous part of the department. Then there was the issue of the role of the general counsel as legal adviser. It was agreed that he should have this role. Again an appropriate directive was to be developed. Should we or should we not make changes in PPBS was discussed and resolved. Not everything led to decision-making; frequently the discussion simply sought to get everybody's level of understanding higher. The Secretary might talk at some length on priorities for the department, and there would be a lot of discussion. A rough list would be racked up of priorities, but it wasn't a completed action. The retreat is a device which I have been urging uopn the new Secretary and Under Secretary. I've memos including agenda items before the Under Secretary now. He may be just too buried to schedule it, but I feel this group needs urgently to get away. They are harassed by the presssures of taking over a department. If they could get up to Camp David, or Airlie House, from two o'clock Friday afternoon through Saturday they could have some very useful discussions.

M: Which house was this?

D: Airlie House. It's a favorite meetinghouse near Warrenton, Virginia, designed for just this kind of purpose. Staff meetings and the retreats were important in fostering collegial decision-making and teamwork in the new department. I kept pressing for more collegial management. We tried something called the executive council, which was a meeting of assistant secretaries with the Under Secretary without the Secretary, to try to thrash out things. We had four or five of those meetings and they were reasonably good, and then they kind of died away. A lot of the decision-making occurred in very difficult ways to follow and involved personal discussion with the Secretary. Decisions reached in this manner frequently engendered problems.

Other parts of the decision-making process were well structured. I have to point with some pride to the handling of departmental directives. We set up at the beginning a codified system of departmental orders and also the machinery by which they were processed and coordinated. There were control sheets that showed exactly to whom directives were circulated, who agreed and who disagreed, and what the disagreements were. We processed about one hundred and twenty major orders during the first two years of the department using this system. Before these orders went to the Secretary, everybody who had a right to be consulted had been consulted. Everyone who wanted to record his views in writing had them in the file. The Secretary could run down the control sheet and see if he had something that everybody agreed to. If an official, e.g. the federal highway administrator, dissented,

the Secretary would find a covering memo noting the disagreement, summarizing the reason, and including remarks under a designated tab.

M: How would this be routed? Would you control the routing of it and be sure that it appeared to the Secretary with all the appropriate data?

D: I usually have departmental orders floating around but this will probably be the day that I don't have one in process. The system is set up so that any official can initiate one of these directives. He is expected to send it for comment to whomever he thought ought to be included. The Office of Management Systems would get a copy. Now, if my office felt that at this point that others ought to get in the act, we could intervene. If we didn't intervene, the originating official would receive comments and try to negotiate as much agreement as he could. He would often make changes. The draft order would eventually go to the Office of Management Systems. The Office of Management Systems would prepare the file to make sure that what went to the Secretary accurately reflected the state of agreement and coordination. These files always came through me, and I would make my recommendation as the assistant secretary if I wished to do so. I would simply sign off as concurring and send it forward without any special recommendation if it dealt with a matter in which I was not directly concerned.

It is easy for me to control these orders because about three-fourths of them dealt with subjects for which I had functional responsibilities and for which I was the initiating official. This came out of the nature of my function. Probably three-fourths of all of the

actions taken during the Boyd administration were concerned with setting up the department as an institution. These naturally came from the assistant secretary for administration or his offices. They involved personnel policies, or they prescribed organizational matters, or they were functional statements, or they dealt with matters relating to audit or investigations or security or administrative support or the handling of funds or other matters for which I had responsibility. The decision-making on basic departmental directives was of high quality, and we acted more quickly than many older departments. Take the organizational handbook of the department. [Reaches back for handbook.] It had directives dealing with every significant aspect of the department's organization and management systems. It's already a pretty well developed document. As you might have expected in a new department, some of the decision-making wasn't very sharp, but most of it was pretty good.

M: Now, let me ask you something about assistant secretaries for administration in general. In my interview work, I have had occasion to run across some of these including yourself, and it seemed to me that these people are rather unusual. They seem to be what you might call management experts with very little political bias or prejudice, as the case may be. Does this fit into your concept at all?

D: I'll tell you what my concept of the role of the assistant secretary for administration is. He is the closest counterpart to the British permanent under secretary. That is, he is a career official whose expertise is in making government work well. He doesn't pretend to be

in anything else. He is concerned more with the "how" than the "what" of government. He does not normally depend upon political backing. He expects to be valuable in large measure because he stays around longer and he knows more about how the department functions. In a political system where you can wipe out the whole top management in a matter of days, the assistant secretary for administration becomes a point of stability and continuity in the organization. This is an institution which the first Hoover Commission recommended in 1949.

For the assistant secretary for administration to be most effective he should concentrate on the internal aspects of the institution. He develops relationships with the Congress, the government operations committees, appropriations committees, and the civil service committees. I testify fairly frequently, but always on matters of internal administration such as: Do we need more supergrades? Should we have a different approach to providing public buildings? How much money do we need for this or that? These are the kinds of things that I would work with the Congress on.

M: Can your management skills be readily transferred from one government department to another?

D: We are reasonably mobile.

M: How many are there of this nature? Have you ever thought about that?

D: There are seven genuine assistant secretaries for administration in the entire government, and several other jobs that are somewhat comparable. When I say "genuine" I mean under the peculiar type of appointment that my certificate involves. That is, appointed by the

Secretary with the approval of the President. There are only seven assistant secretaries that are appointed that way and who remain in the career civil service, and these are in Treasury, HUD, HEW, Labor, DOT, Agriculture.

M: I didn't realize that. You are still in the civil service?

D: Still in the career civil service. As a result, I do not resign when there is a change in administration although the new secretary, if he wanted to, could push me out because I wouldn't work for a secretary that didn't want me.

M: If your skill--management skills--would fairly well transfer to another department, you could go to HUD or HEW or Treasury?

D: They are transferable in two ways. One, there is not a Republican and a Democratic approach to internal management. It's just as easy for me to work for John Volpe as it is to work for Alan Boyd. What both of them have wanted me to do is to use my skills to do everything possible to make this department function smoothly. Similarly, if the administration were to say to me, HUD is in terrible shape and DOT is working well, would you mind going over to HUD, I wouldn't be pleased because I like DOT. However, if that was what was really wanted, I would do it. I have been in the Department of Transportation for only two years. Before that I headed administration in FAA. I have served in the Defense Department and spent eleven years in the Bureau of the Budget.

I'm more valuable in the Department of Transportation than I would be in a comparable position in Treasury because, in addition to

administrative skills, I know a great deal about transportation problems, particularly those of the FAA. I have also made it a point to learn something about highways, rail programs, the Coast Guard, urban mass transportation, et cetera. Over the last three years, I devoted one year to planning the department and now have served two years in it. I could move into the HUD, or Treasury, or Labor, or Agriculture assistant secretaryship and handle it more easily with my background than somebody who was simply an expert in some program. Most of what you need to know is how do you run a good personnel program, how do you really administer a budget shop, how do you set up accounting systems, how do you operate working capital funds for administrative support, how do you get buildings and space, how do you protect your security and how do you design organization and management systems. These things are not inherently substantive in character.

There aren't many cases of assistant secretaries for administration moving from one assistant secretary for administration job to another. This is the apex of the system, and generally assistant secretaries for administration retire from those jobs or get called to something outside of that particular activity. For example, Dwight Ink, the career Assistant Secretary for Administration of HUD, has just been asked to be the assistant director of the Bureau of the Budget for executive management. Well, that's a modest promotion, but it was where he was most needed, too, so he left. Then HUD brought over the Inspector General of Agriculture, a career man with a

reasonable amount of knowledge of administration. Apparently they did not feel they had anyone internally that they could promote. Sometimes the assistant secretary for administration grows up in the organization. Labor Department has a long tradition of developing its assistant secretaries for administration. That is not true of the Agriculture assistant secretary for administration, or HUD, or DOT, or Treasury. They were brought in from the outside, but brought in from other career spots or with a heavy background in government administration. Their continuity tends to be considerable. Some have served a good many years. [A. E.] Weatherbee goes back thirteen, fourteen years I guess in Treasury.

M: Is there a close parallel between the management skills that you use say in the Department of Transportation and what would be used in a large major American corportation?

D: There is a lot of similarity, but there is a lot of dissimilarity, too. Seven billion dollar corporations aren't very numerous, and even very large corporations do not have to deal with the complicated Hill relationships that characterize administration in the federal service. Nor do they have to cope with the extremely complex interdepartmental framework of the executive branch. Nor are they subject to the intervention of the control management agencies, such as the Bureau of the Budget, the Civil Service Commission and the General Services Administration. Yet there is much that is common, also. What I would say is this--experience in management in big corporations is helpful in government management, if the erstwhile private sector manager

realizes that he cannot literally apply without adaptation what he has learned in the corporate world. The people that fall flat on their faces in government are the old generation of strong industrial managers in private industry, the Charlie Wilsons and so on, who came into government thinking they knew all there was to know about management and assuming that government was inherently inferior. They didn't take the trouble to find out that they were dealing with some different characteristics and the result was frequently plain disaster. We now are developing a different type of manager of great promise to this country. We have a reasonably large number of people who move back and forth between government and industry--in and outers who feel reasonably comfortable in government and reasonably comfortable in industry. These are remarkable and valuable people.

M: Well, I'll ask you again as I asked you at the end of the last interview, is there anything else I should ask you about or anything you wish to bring up?

D: I think we've covered the ground reasonably well.

End of Tape 1 of 1 and Interview III

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