INTERVIEW I

INTERVIEWEE: H. Ralph Taylor

INTERVIEWER: David G. McComb

DATE: March 25, 1969

PLACE: Washington, D. C.

Tape 1 of 1

Mc: Let me identify the tape first. This is an interview with Mr. H. Ralph Taylor, who is the former Assistant Secretary for--I have two titles, one is for Demonstration and Intergovernmental Relations and Model Cities.

T: Well, Demonstrations and Governmental Relations was the title at the time of appointment. Internally it was later shifted to Model Cities and Governmental Relations.

Mc: I'm in his [Taylor's] temporary offices, I guess these, of the Eugene Ford Company, at 1832 M Street, NW, in Washington, D.C. The date is March 25, 1969. The time is 4:30 in the afternoon, and my name is David McComb.

I'd like to know something about your background. First of all, where were you born and when?

T: I was born November 2, 1918 in Boston--Somerville, Massachusetts, which is in metropolitan Boston. I went to public schools in Somerville, entered Harvard in the fall of 1935, receiving an A.B. degree in government in 1939. I was the third of three boys of immigrant parents who had gone to Harvard; the other two went to Law School but economics during the depression was such I decided not to do that. I went down to Louisiana State in the fall of 1939 on a teaching fellowship. I picked LSU because it met the standards I had set, which were a minimum of one thousand miles from Boston and enough money so that I could go there, and co-ed. I had struggled my way through college as an undergraduate and didn't have the money to do what I wanted to do,

which was to take a German wunderjahr, so I looked on that year as being the equivalent. I hitchhiked back and forth across that Southeastern part of this country three times in all. At LSU, I taught the alternate elementary government section with Hubert Humphrey, he was the section man. I had not been in touch with Humphrey, however, at the time of my appointment. He and I had chatted briefly when he visited New Haven in the 1964 campaign but it was that kind of relationship.

Mc: Did you know each other well at LSU?

T: Yes, we knew each other very well at LSU. And we'd kept in touch for awhile but as those things do, they dropped. Just a sideline on that, Humphrey of course was president of the Senate as Vice President at the time my confirmation hearing came up, and he noticed my name on the calendar. That afternoon, after the confirmation hearing, I was in the office of Robert Giaimo, the Democratic congressman from my Connecticut district, and I had an appointment with John Bailey, the chairman of the Democratic National Committee. Also these appointments were to compensate for some bad staff work on the part of the White House.

Giaimo and Bailey heard about my appointment on the radio, somebody had neglected to clear it. Not that there would have been any clearance problem, but they just had neglected the protocol and I was told by our congressional people that they were quite put out about it. So that afternoon I went into see Bob Giaimo, whom I know quite well, and I had an appointment with Bailey.

A phone call came during that appointment and Wayne Phillips, who was a public affairs man for the department and was shepherding me, came into the Giaimo meeting and said "it will never happen to you again, so enjoy it." He said, "Your appointment with the chairman of

of the Democratic National Committee has been canceled by order of the Vice President. You're to go over and see him. So I went over and the Vice President and I chatted close to an hour, as he had seen my name and we renewed the acquaintanceship.

After LSU, I went to Littauer but left it around the first of November, 1940. I was enrolled I guess as a part-time student. As I was hoping to get a job, and I took an entrance job with the U.S. Civil Service Commission, the regional office in Cincinnati, Ohio.

But I had also won a lottery, I was the second draft eligible in my draft board as a result of having had the eleventh number that was picked out nationally in that first fish bowl draft. So I did what any red-blooded young American would do, I volunteered and went into service on January 7, 1941.

I left the Commission with a probationary appointment on a military leave, which had the result of converting the probationary appointment into a permanent appointment during the course of the year, so that when I got out of the service approximately five years later I had re-employment rights. Rather than exercise them I took a leave of absence and I went to the Littauer School where I signed up for a couple of courses and then sat in on a number of seminars and lectures, looking for a field of interest, as I did not approach administration as a staff science but as an activity in a policy area.

I came under the influence there of--that's a highfalutin way of saying it--I heard Katherine Bower Wooster. She made her reputation under her maiden name, but she was then married to Bill Wooster, who was dean of the College of Architecture at MIT. And Katie interested me in housing and the problems of the urban areas generally. So from that point on I took everything I could get my hands on at Harvard and at

MIT. They had a flexible transfer arrangement whereby people enrolled in one school could take courses in the other. In the course of three semesters, including the summer, I took courses in land economics and several courses in planning, planning principles--not the drafting board type courses but the concept courses and reading courses. I wanted to work in the housing area.

I came down to Washington looking for a job in August of 1946. I got here the week that Wilson Wyatt resigned as Administrator of the then National Housing Agency and the Truman housing program broke up under congressional attack. In some ways it's probably the most fortunate thing that happened to me, that I wasn't appointed, because I'd have gotten into the federal bureaucracy at that time and probably would have stayed there.

As it is, with no job available in Housing at that moment in time, I reasserted my re-employment rights and went back to the Civil Service Commission in Cincinnati. I did well there from a grade point of view and was the Commission's representative to the Headquarters Air Material Command in Dayton at a point in time when I received both a letter from Katherine Bower Wooster, still teaching at Harvard, and a wire from the Director of the new Massachusetts State Housing Board; Katie had recommended me and I was hired, offered a job sight unseen. It involved a twenty-five percent pay cut to serve as the administrative assistant to the director, and I took it, with a six weeks old baby and we went back to Massachusetts, because I wanted to get into this field. So from that point, from August of 1948 until the present I have worked in one phase or another of the housing and city business.

Mc: You completed your degree, didn't you, in the meanwhile?

T: Oh, I got a master's at LSU and I got a master's also at Littauer.

MC: 1946 in LSU, and 1947 at Littauer?

T: Well, I completed my work for LSU in 1940 except for the thesis. I wrote a seminar paper for Miss Bower, with a rather interesting title in view of later activities. I wrote a paper entitled, "The Autonomy of the Local Housing Authority: a Case Study of Administrative Interrelationships," which she thought was a pretty good study. So on her recommendation, I beefed it up somewhat and sent it to LSU and they gave me the master's on the basis of it. That's why it came in 1946, but it was as of 1940, and I got my master's from Littauer in the February session of 1947.

Mc: Then you worked with various agencies involved with housing through the 1950's then?

T: Well, I worked for the State Housing Board in Massachusetts from 1948 until the spring of 1951. That was a straight housing operation, state level, state bond issue money--objective, meet the shortage of housing for veterans. In late 1949 the Housing Act of 1949 was passed, providing for urban renewal and redevelopment. I became, by choice, the State expert on that, went around to various jurisdictions in Massachusetts urging that they participate, talked the city of Somerville into it--I had contacts there because I was born there and my family was still there. When they were funded I became the Deputy Director of their housing authority, with the responsibility for the redevelopment program. They had a Director of the Housing Authority for Housing, and I had the new Redevelopment Program.

That project that I developed turned out to be the first in the State to go into program execution, and it was the project on which the constitutionality of the program rested. I put together what

turned out to be the second workable program funded nationally, proposed to the city what would have been the first rehabilitation program, and the city got cold feet. I accepted an offer that Mayor Richard Lee of New Haven and his then secretary, now the president of the New York State Urban Development Corporation--Ed Logue--made to me.

MC: How does he spell his name?

T: L-O-G-U-E. I went to New Haven in August of 1955 to be Director of the Redevelopment Agency, and we got underway the redevelopment program that Mayor Lee of New Haven won national recognition for. Then, at the end of 1958 I took a ten-week tour of duty with AID in a consulting contract on leave of absence from New Haven. At that point, to the unhappiness of the Mayor and Logue--they've since gotten over it--I then accepted an offer from one of a new breed of businessmen, people who are concentrating on the redevelopment of areas cleared by the redevelopment process, the now Congressman James H. Scheuer. Jim and I, as his chief executive, over the course of the next seven years got about one hundred million dollars worth of housing started in redevelopment areas. The biggest project is the 1739 unit development in Southwest Washington known as Capital Park. It was in the course of that experience with Jim, that I met Bob Weaver, and it was Weaver's--

Mc: Was he with HHFA then?

T: No, I met Bob Weaver prior to the time of his appointment, he and Jim Scheuer were personal friends. They'd known each other for many years in New York, and I first met Weaver through that source, and then of course had later contact with him, both in advisory committees and as a government client looking to obtain things in his official capacity. So that when the department was set up and he was looking around for

people, he had had experience with me, knew my background thoroughly, and I think that's why he asked me to join his administration.

Mc: Before you joined HUD, you were involved apparently with the H.R. Taylor Management Corporation. What was that?

T: FHA has many regulations that don't make sense. And one of the regulations that was enforced during that period of time permitted a developer to pay a consultant and to cost certify that payment, which meant he could be reimbursed under the mortgage, when it wouldn't permit him to charge against the mortgage staff overhead, although the staff overhead might have obtained at lesser cost the services which the consultant was paid to perform. To get out of the box that that regulation put us in, where we were operating on a staff basis, I set up a consultant organization. To make that consultant organization legitimate and not a captive, I had to do work for other than Jim. Scheuer. So I had a basic retainer contract with Mr. Scheuer and the right and opportunity, which I exercised very profitably, to do work for others, and that was the H.R. Taylor Management Corporation.

Mc: Of which you were president.

T: Of which, of course, I was president.

Mc: Then you had to leave this to go into HUD.

T: Yes.

Mc: And it was due to your earlier relationship with Robert Weaver that you got this appointment?

T: I think that the earlier relationship with Robert Weaver called me to his mind when he was looking for somebody to move into his sub-cabinet. Let me back off a moment. The inquiry was made at the National Housing Conference meeting in early March of 1966 in Washington. He had tried to reach me at home and he called on a day when my wife and I were both

up to Boston to a ground-breaking of a major project that I had been involved with. When we got back to New Haven that night there was a note by the telephone taken by one of my sons, that just said, "Secretary Weaver called. What does he want?" I returned that call when I got down to Washington that weekend; sat down with Bob Wood at dinner; we explored philosophies, and he then said, "Let's go see Bob Weaver," and I was asked which of the two vacant jobs I would be most interested in. At that point there was one job in Renewal and Housing Assistance and the other the new Model Cities Program, which was having its congressional problems. I responded that I would prefer the Model Cities Program, and when asked why, I said, "I think it's far more of a challenge and an opportunity to start something from the very beginning than it is to try to remake an existing bureaucracy." And that I would prefer to go that route, I would rather gamble. So he went along with that; there were moments when I wondered about that decision.

The weekend of the announcement of my appointment by the White House, that Sunday the lead editorial in the New York Times started with the statement "The Model Cities"--well it was the then Demonstration City "Program is dead."

Mc: Was that the Semple article?

T: No, it was the editorial.

Mc: The editorial? When was your appointment made?

T: I think that weekend was the weekend of May 11.

Mc: 1966.

T: Right.

Mc: The fight over Model Cities in the legislature continued all that summer, didn't it?

T: That's right, it didn't pass till late September. The appropriations

didn't pass until late October, and in the final crunch we made it by about a dozen votes, with about twenty-two, twenty-three Republican votes providing the balance.

Mc: Did you get in on the legislative struggle over this, did you have to go see congressmen for example?

T: Yes. I got in on the congressional work. I resented a bit that, though I was kept advised, the way Weaver and the legislative people operated, the final negotiations between, let's say, Don Nicoll Muskie's staff, who was the key legislative aide, Phil Hanna and others in the Budget Bureau and our own legislative people, were handled very closely. I knew what was going on but I wasn't part of it.

Mc: So when they had to deal with Muskie they would just tell you what happened.

T: They would tell me what was happening with respect to the evolution of the legislation, but the dealing which took place primarily at a couple of very intensive sessions, I was not a part of. I was annoyed.

Mc: Yes, since you would be the man to administer this. Did the Model Cities bill come out as you would have wanted it to come out?

T: Based on my then understanding, which is a very imperfect understanding of how the federal delivery system worked and didn't work and what was possible, yes, the legislation was satisfactory to me. Having been responsible for its administration for a couple of years, I think I would in retrospect have wanted some changes.

Mc: Can you tell me what you would alter?

T: Yes, I would liked to have seen strengthened the right to compel delivery by other departments, of funds, or alternatively, perhaps as a means of achieving that, have obtained authority to develop a single

application for a number of related activities with some authority to get delivery of funds for those purposes. The coordination language in the Model Cities Act is not sufficient by itself to break through the bureaucratic patterns, and it provides for no change in the existing ways of doing things. Ed Logue wrote for Lindsey testimony, I think it was on the House side, that said in effect this program to work needs to be a one-stop operation. I signed and went along with the Secretary's reply, which is perhaps all he could give at that point, given the condition of the legislation, but I also didn't understand the obstacles in the federal delivery system enough to have really effectively fought it.

Mc: That raises some intriguing questions about the operation. Did you not have enough funds for capability within HUD to carry out the Model Cities Program?

T: No.

Mc: You had to depend on these other agencies?

T: Absolutely.

Mc: Such as what--OEO?

T: All of the agencies in the urban business--OEO, Labor, HEW particularly, EDA, SBA, the whole fragmented series of them.

Mc: Isn't one of the major ideas of Model Cities to concentrate all of this and to coordinate it in a unified program?

T: I can agree with that statement if it is an objective, but you need to ask what does that mean, how do you do it, how do you implement that noble objective!

Mc: And this is where you ran into difficulty?

T: This is where the program needs to be looked at as a learning experience. There was a great deal of rhetoric about coordination. You had a history of rhetoric about coordination and you still have; they're

still coping with this problem in the new administration. If you look at the legislation not only of Model Cities, but of HUD generally and of OEO, if you look at the Executive Orders that were issued that gave HEW preeminence in the area of health and the area of education, the Executive Order that was issued that gave the Department of Labor preeminence in the area of manpower, you will see a proliferation of coordinating vehicles. I, for example, had as one of my responsibilities the statutory responsibility of Director of Urban Program Coordination, assigned by the Departmental Act. What does that mean? That and the convener order both gave us the authority to pull people into a room, but if you were going to achieve coordination you had to have the authority to channel the flow of their resources.

Mc: And this you didn't have.

T: This we never had.

Mc: So what good did the coordinating agency do?

T: Well, let me not leave too unhappy an impression. I think we carried coordination in Model Cities further than it has ever been carried operationally within the government over a broad area, that we learned from that experience what it will take to do the job. We learned from that experience the nature of the changes in the federal system needed to make coordination effective, and it's on that, plus what we did in the area of citizen participation where I think we developed a mechanism and an approach that is quite different from that of OEO and quite a bit more vital--it's in these two areas that I felt my conviction that Model Cities was a very useful instrument; and a third area that it began to force us, force the government to face up to the question of how one would administer a no-strings or limited strings grant program. And I think that in these three areas

of coordination, citizen participation, and administration that I'd like to talk at some length.

Mc: Yes, why don't we just take these in order then?

T: Okay. I started the program from the beginning very much aware that even if we were to get the 2.3 billion dollars that was the congressional history for seventy cities, we'd not have anywhere near enough money. That was to be 2.3 billion dollars over five years. Now the dollar figure hadn't changed from the original task force concept of five or six cities to what came out of the legislative compromise as the seventy cities. Now, 2.3 billion for five or six cities has in it the potential to be a one-stop funding service.

Mc: You may explain the one-stop funding service. You'd get the work done?

T: Well you could do the bulk of the job, you can get the work done. If you have 2.3 billion dollars of flexible money and you pick five or six cities, assuming only that you're not picking the five or six biggest cities, you're giving the average city 80 to 100 million dollars a year for five years. Now, you keep that same amount of money and you have seventy cities and it's obvious that you don't have but a fraction of that. The philosophy of the program as it evolved in the congressional maneuverings was that the supplementary money, the Model Cities money, was flexible money, was glue money, it was incentive money, and that the bulk of the operational money would come from the existing programs. The formula, which said that the ceiling on the amount of supplementary dough to which a city was entitled was eighty percent of the local share of contributions to that program, reflected this concept that localities should plan to pull together all the various federal tools, with this money then being an add-on, and a flexible add-on, to do those things that might otherwise fall between stools.

In late 1966 we knew that we'd have difficulty getting even the 2.3 billion. The legislation had barely made it through. We knew that the money involved had not increased, even though the number of cities had gone up by ten or twelve times, and we recognized as a result of those two facts that we simply had to have the support of other agencies and departments. I did not feel that you could get their support if you called on them only for delivery of their money. That is a factor of just good, sound, human inter-relationships. They had to feel it was their program and they had a stake in it, so that was the operational philosophy that we set out.

I met with my peers in the other departments. My staff was instructed to follow and I followed the precept that we didn't talk of Model Cities as a HUD program but as a federal program for the cities, involving all the departments. The first program guide was run through the other departments, not for a sign-off type of clearance where I could have been blocked by anybody's disagreement with the location of a commna, but for comment and recommendation. We tried to go back and forth and explain to them what we were doing, but the authority to prepare the documents, send it to the printers, remained with us. But the other departments had enough of a role in the process of preparation so that I think I was able to achieve my objective that they would not brindle at what we were trying to do. We followed that policy consistently. Quite early we set up an interagency working structure which in time became a very significant structure. We had interagency relationships on a structured basis at the Washington level, at the regional level, and, though less successful, we wanted to set up interagency working team levels that would be dealing with the city.

What we found was that the coordination people, the interagency

people, the liaison people, who by and large came to these meetings, could not deliver their bureaucracies.

Mc: They could agree with you but then they could not deliver?

T: They had no authority to agree where it involved delivery.

Mc: I see.

T: Now John Gardner recognized this and tried to set up something called the Center for Community Planning, CCP, in HEW. I had several long talks about the objective of this with Lyle Carter, then Assistant Secretary in this area of HEW, and CCP was described to me as an effort to use the interest in the Model Cities Program and the priority that the White House gave it as a tool for the Secretary to try to achieve better operational control of the various elements in his domain. But it never fully worked.

Mc: Did Gardner organize this?

T: Gardner organized it, it was moving along reasonably well when he left. Gardner left and then Lyle Carter left. There was a fairly lengthy hiatus during which nobody over there really knew to what extent Wilbur Cohen would support it. In that kind of uncertainty the existing old-mind structures flourish, and that's one of the things that happened over there.

Mc: Did Wilbur Cohen ever support this?

T: Wilbur Cohen supported it but I'm not sure that Wilbur's support was reciprocated by the permanent bureaucracy, particularly by Jim Kelly, the comptroller, who probably knew more than any other single man about the intricacies of HEW's funding process.

Mc: It would seem then, from what you have said so far, that the whole Model Cities Program might well have been injured or hamstrung because of the lack of cooperation. Did the Model Cities Program obtain any of this objective?

T: Yes, I think it did. It obtained its objectives on the local level, and I'd like to talk about it for a minute and then come back to coordination.

Mc: This is the citizen's participation?

T: No, no, I'm talking about the other side of coordination.

Mc: All right.

T: The philosophy that we developed out of experience was that the federal government could not coordinate. The federal government could not develop a strategy for a community. What the federal government could and should be doing is coordinate its response. When I said it couldn't coordinate, I meant it couldn't pull the pieces together and determine that this is the way that problem X in city Y would be solved. Coordination from the federal level is a responsive kind of operation. Now don't misunderstand me, there needs to be various levels of coordination. Somebody has to make sure that the pieces of legislation are consistent with each other. Somebody at the federal level should have the responsiblity and the power to see that various operational policies are consistent with each other. That's coordination on the larger level. The federal government shouldn't be giving with its right hand and taking away with its left, it should recognize that the programs it has for rural development and for welfare have an impact on what happens in the city. But that's coordination on the large level.

There's also coordination on the small level, which is coordination in terms of how the various things the federal government can do can be brought to relate to each other in a specific city in a specific region in a specific state. That kind of small level coordination, I think, can only be a responsive coordination where the federal government

learns how to work with a local planning process and how to relate to that process and be responsive to it. It puts the burden for analysis of the problem and for setting of priorities on the locality. And it puts the burden on the federal government, and the state working with it, to provide technical assistance and help and to make sure that the funding patterns will relate to the reality of the needs and the priorities rather than disregard them or, as often happens, even warp them. Now, it's that kind of view of the coordination problem that the Model Cities experience developed. That kind of view did not exist in the government before.

What you had was, in OEO's coordination, responsibility not exercised because they had several inconsistent and mutually contradictory responsibilities and they chose to focus on the participation and the conflict. We believed you couldn't be setting up counter-institutions and then expect to coordinate the institutions which were challenged. So they chose to go that other route and given the situation of the time, I'm not faulting them--I think it may have been the decision that made it possible for us to do some of the things that we wanted to do.

But the whole view of the relationship between the various governmental levels, federal and state and the local level, that we developed was that the major responsibility for problem analysis and priority setting was local. The responsibility on the federal and state sides was to advise the cities as to what the tools might be, advise the cities what funds were available, and, in effect, assure the cities that money was available for this, this and this, and not available for these other things, whatever they might be, so that the city was planning constantly and trying to coordinate constantly in a known

universe. Under the pattern that existed when we came in, and that still exists in too many areas, cities don't know what resources are available. When they do find out they don't know for sure that they're going to be able to get them, and they're asked therefore to put together programs that cut across activity lines without any mechanism whatsoever for knowing that something will be funded, or that if and as it is funded that it will be funded on a timely and sequential manner. And you can't, literally cannot, put together activities that relate to two or three different funding sources when you have no assurance as to when any of the faucets will go on.

Now, what Model Cities has managed to do is to identify the coordination problem in the most specific and hard terms, not the global terms that have been talked out before, but the operational terms. To do this, changes in the way the federal-regional system operates have to be made; to do this there has to be far more funding authority decentralized down; to do this and to do it effectively, you have to break through the restrictive shells into which so many of these programs have been packed and start recognizing that you're dealing with a manpower problem, or a health problem, and that if you're going to be able to respond to local needs and local priorities, there has to be much more flexibility in the institution and the funding pattern. Now this is the kind of coordination that we focused on. We didn't feel that at HUD we had the capacity--I didn't feel that I had the capacity and there was really no interest on the part of the Secretary-- to serve the larger urban program coordination role. He didn't really believe in coordination in the larger sense, he was very defensive of HUD's own turf, made no real effort to break through the segmented patterns of HUD's own programs. Bob Wood, I think, understood it much better than the Secretary and was of considerable help.

Mc: How long did it take you to recognize this problem of coordination? Did this evolve slowly as you worked your way into it?

T: The coordination problem as a problem didn't develop, or at least wasn't recognized by me in these terms, until cities began to get into planning. We had excellent cooperation in the review process of the applications because at that point we weren't asking for delivery--there was nothing to be delivered. But when we moved into planning and we started to structure working teams and started to focus on the other parties to commit funds and commit resources, then the nature of the coordination problem became clear. The people we were talking to could not deliver.

Mc: Was there any particular incident of this that comes to mind, a particular meeting, or a particular program that you had where this showed up sharply?

T: This showed up sharply with respect to HEW's decision to have their working team represented by the Social Security Field Office directors serving the Model Cities. I screamed on this point.

Mc: Would you explain this? I don't exactly understand it.

T: We had a Washington interagency team that dealt with major policy. Since the people who are most closely in contact with the cities were the regional people, we had a regional interagency organization. That got complicated because of the crazy "pattern" of regional office organization. And then it became apparent that what we were trying to do was being superimposed on institutions and structures on which there had been no change, and that without the change it was just going to be awfully complicated.

Mc: I see.

T: Then we said we really ought to have people who can work closely and

provide technical assistance to the operations in a city, so we structured our regional staff so that we had people who were responsible for given cities. The Manpower Administration in the Department of Labor designated a person; HEW responded by designating their Social Security Field "reps," people who ran their district offices. Now this was a bureaucracy out of the mainstream of any understanding of what was going on in cities. They took social security applications, they processed them; they had nothing to do with health, they had nothing to do with education, and they really didn't have the competence to be anything other than a mail drop. But what we ran into was the insistence that HEW couldn't find seventy people, generalists, that this department of 100,000 had to use as their resource the Social Security Field offices.

Well they brought them in and they gave them training programs and some of them turned out to be reasonably good and others turned out to be complete busts. But it became apparent then that if all of the departments were to try to meet our objectives only insofar as our objectives could be met without diversion of any resources of money or earmarking or allocations, without structuring themselves so that they could be part of a kind of planning process I described earlier, it became apparent that we weren't going to get what we needed from the other agencies.

Now we fought this through for awhile and as I say, we began--the first cities were named in the late fall of 1967, about November, something which broke my back, incidentally. We had completed a review and were ready to name cities at the end of July. The departmental decision was that if we named cities we'd lose all hope of getting the votes of the representatives of those cities we didn't name, and the issue of approval of the appropriations was sufficiently problematical

so that nobody wanted to move. It was a White House decision, Weaver, Califano, Barefoot Sanders--or maybe it was Henry Wilson at that point--that this wasn't to be done. I screamed about it. What we did in 1968 when we faced the same kind of situation was to fund a small group, but hold out some still unfunded so that we could create an atmosphere where those who weren't yet funded could think they might be funded in that next batch, so we didn't have to wait until the appropriations in November. I was able to fund some cities in early September. And in this case I was ready to fund by the end of June and I kept screaming that the delay was just very harmful, so another approach was developed. But we did not fund any cities until the end of 1967, so the issue of the specifics of the working structure could not be raised until after that. It was when that issue was raised and we began to get the kind of answers we were getting--we were getting not only what I described from HEW but in Labor the reports from the field indicated there was great instability of the people that were available. One man would show up one week and another man would show up the next, and it was obvious that their structures hadn't been tied down by them--that, despite the fact that we had agreements at the federal interagency coordinating level, that it would happen. Because they could not deliver their bureaucracies.

So we went to the White House. We had a series of rather inconclusive negotiating meetings. We went to the White House later than we should have, and there Nick Farr, the Director of Model Cities Administration, and I have a perception somewhat different from Weaver and Wood. They feel that we didn't raise this issue early enough; Nick and I remember being told to stay away from the White House until we were ready, "we've got other fish to fry and we don't want to

get involved in that." And I think we got hurt a little bit by the nature of the relationship between Weaver, Wood and Califano in the White House. There was a strong mutual suspicion as far as I can tell from my observations. I stick with the departmental view of most of the issues.

But anyway, we finally went in. We ended up primarily with Jim Gaither, who was helpful except on the OEO thing. He was quite pro OEO on a separate issue which I will mention in connection with both coordination and citizen participation. One key fact. We got into the White House on this and we were beginning to face up to the very hard issues--

Mc: When was this, incidentally?

T: The spring of 1968. You see the cities were selected in November of 1967; it wasn't until they started planning and our people working with them reported specific kinds of needs, not perhaps so much monetary needs but technical assistance needs and relationship needs, that the deficiencies in the existing structure became apparent.

Mc: So it took some time then?

T: It took some time, yes. If we had the cities named in July this would have come up by the fall of 1967.

Mc: Incidentally, in that decision to withhold the names of the cities for political reasons, if they'd named them earlier would they have lost those crucial votes, do you think? Was that a wise political decision?

T: I think that we might have lost the votes, yes. There was then as yet no constituency--that was the most vulnerable time for the program.

Mc: Even though from your point of view it'd be better to name the cities and get the program going?

T: Well, we came up with the right mechanism the following year, which was to name some of them early and delay some.

Mc: That worked to your satisfaction?

T: That worked to my satisfaction.

Mc: Well, let's then get back to this other story. You name the cities and you began to have these difficulties in the field, so you took it to the White House?

T: That's right. We first asked the federal agencies to give us certain specific things. We asked them to identify what resources were available for this program, the mechanism by which those resources could be made known to their regional office, the personnel resources at the regional level to provide the kind of technical assistance we were talking about, and the assurance and the mechanisms by which the assurance would be implemented with respect to priority processing and a waiver of the non-statutory red tape that related to a lot of their processing rules. And we went into the White House--

Mc: When you're saying "we," it means you and--

T: Wood, Taylor and Farr.

Mc: And with the support of the Secretary?

T: With the support of the Secretary. What we did then, once we were unleashed, is we worked with the White House, we prepared letters that they sent to the other departments, and looked for replies. In the case of HEW, for example, the letters were prepared very cooperatively with Jim Alexander who headed the Center for Community Planning, because by this time he was even more frustrated than we were. He wanted to deliver, and what he was looking for and what the people in the Manpower Administration were looking for was backing to get the changes that they knew had to be achieved to meet program objectives that they

concurred with, because as a result of the quite effective working relationship that developed there was no policy difference between us--the various departments. There was a shared view. The problem was that they couldn't deliver their structure. Now, we had to face up to the fact that we couldn't go into the White House without having the ability to deliver the structure of HUD, and that took some time, but with Wood's support we got that.

Mc: Why would you have trouble within HUD? It's your program!

T: Model Cities--well, let me put it another way. The thing that's wrong in the way the system is operated today is that each of these programs has been run by its own functional bureaucracy. If we say that renewal money ought to flow into a city as part of a larger planning process that relates to this, this and this, whether what we're trying to achieve is good or bad we are diminishing the power of renewal to determine how their money goes. If we say that a city that's doing the following things and needs a day care center so that their mothers can get employment training to tie into the new factory, to the new school that's being built, and therefore it must go on the following timetable or this whole complex system will be out of kilter, even though the concept of putting a day care center might be great, we're telling them when to do it! They're not used to that kind of direction, and they resisted it. It changed the nature of the relationship. Now as part of this, we were saying that this plan had to be the plan prepared by local government. The HEW agencies had no experience in dealing with local government! Most of the money that they have that goes directly into cities is demonstration money--demonstration money that they give out when they invite applications and a committee appears; a wise old owl sits around and says that these eighteen or thirty or ninety or

whatever number of cities it is will have projects that will be the best demonstrations. And the decisions are made on that narrow functional level without any real concern about anything else. So what we began to learn, as we got into the mechanics of how the system worked, was that it was all very narrow, and that as we started to ask them to broaden it and widen it, we were taking away power, because people were very happy to have it in their little narrow slots.

We were saying to HEW and others, "You need some mechanism so that the guy at the regional level can tell City A, 'go ahead with your planning for this, but there isn't going to be any funding for that.'" Well, when funding decisions have historically been made in Washington, to say that the regional offices have a major say in it is also a very major revolution in the nature of the process and we ran into real resistance.

Mc: Did Robert Wood help you then, within HUD?

T: Without Bob Wood we could not have achieved it within HUD. We got good cooperation from Phil Brownstein in FHA, we got good cooperation from Metropolitan Development, once he decided to do it; excellent cooperation from Charlie Haar's staff. Don Hummel and his Renewal people saw this as a major threat to them, felt I was trying to run his program. And the Renewal people initially thought they should have had Model Cities.

Mc: What did Wood do about those?

T: He just sat on them, gave us the responsibility for making sure that the staff work was done so that he knew exactly what to ask for and what to insist upon, gave us the responsibility of reviewing responses to tell us whether it was workable.

Mc: So he forced them to cooperate then?

T: Yes. And then the session where this was finally sealed and delivered we invited Phil Hanna, the Budget Bureau representative, to attend. Phil said at that point that if we hadn't been able to deliver Renewal and HUD there'd be no point in going to the White House and looking for support to deliver the rest of the government.

I want to make two other general points in context here. Number one, I believe it was implicitly accepted and assumed by all that the trend line of federal spending in the domestic area would continue very significantly at the time the number of Model Cities were increased. Remember, we were dealing then in the spring of 1966, when they were acting on the 1967 budget. The full impact of what Viet Nam did to the domestic area was not even visualized then by most of us. So that when we came to ask delivery and were in a situation where the reality of the Mills' tax law amendment and the 6 billion dollar reduction of federal expenditures were in force, we were in a much tighter situation. We were then operational in a situation where to achieve what we were talking about meant diversion of existing resources, not channeling of new resources, and psychologically that is a tremendously important distinction, particularly to bureaucracies used to building support in their constituencies.

The second point is that when we got into the White House the Johnson power was already seeping away; the White House power was seeping away because it was in that period that the March 31, 1968, speech was made, and you could literally <u>see</u> the reduced input as the summer went on.

Mc: You could see this in congressional relationships or with the bureaucracy?

T: With the bureaucracy. It was obvious that Califano and Gaither and Larry Levinson and Matt Nimetz's power all stemmed from Johnson, and when that went they were not there.

Let me give you an illustration. A key piece of paper we asked for, and asked for in writing over Califano's signature, was a report from HEW listing the resources available--that didn't have to go through states--and also recommendations as to how you impact the state planning process. We never got the latter, it was always promised but never delivered. And the delivery of the former, the memorandum on resources available, which was requested in March or April was not delivered until November. We went back to Califano and Gaither and there were follow-ups and the rest of it, but the bureaucracy simply didn't respond. Jim Kelly was responsible for this memorandum. That memorandum I found a document that has much to say about the basic problems of the delivery system; and as I said earlier, I looked on Model Cities as a learning process and in my recommendation to the new administration I recommended that they use it as a learning process and as a lever to get change. Kelly identified a total of 750 million dollars of funds that did not have to go through the States as available in the 1969 budget of HEW. Incidentally, the money that goes through the States is something over 6 billion. That figure may not be completely accurate, it may also include some grant programs like Medicare and Medicaid, which the States don't have that kind of discretion on. But the dimension, I think it's 6.4 billion and 750 million, tells a story also.

Of the 750 million that didn't have to go through states, 570 million was committed, or mortgaged, for continuation of on-going activities. That left 180 million dollars as the total amount of

money that HEW had to respond to new urban needs. Of that 180 million, they gave us 64 plus. Then we tried to get them to identify for the cities what they could be sure of out of that 64, which meant in effect we wanted them to allocate it through the regions and give the regions authority. Well, we funded the first nine cities through a bargaining process but they never managed to carry out the development of a system by which the allocation was to be made and cities were to be able to learn what they could get in the course of planning. There was no commitment that they give us any more money for the following year, and they never did deliver on the commitment they'd made at the White House to find forty-five jobs in the 100,000 they had control over, to create forty-five generalists in their regional offices, to implement the new kind of technical assistance that we and they agreed was desirable.

Mc: They never did?

T: They never did. As of the time I left those forty-five jobs had not been created.

Mc: Well now, was all of this agreed by HEW in your White House meeting with Gaither?

T: Yes.

Mc: What about the other agencies? What about OEO?

T: The issue in OEO was a very interesting one. I started the meeting, the final session in the White House. I had Bert Harding there and Ted Berry.

Mc: Where did you meet physically? What room did you use?

T: Califano's office. I kicked off that session by saying that "the only difference between us is a slight matter of principle." The issue between us and OEO was the issue of the relationship of local government

to the funding of this program. I insisted--I say "I"--the staff position, and we were all in very strong agreement on it, was that it was not possible to pinpoint responsibility for coordination at the local level on the mayor. It wasn't possible to make him responsible for creating a structure with the capability to coordinate, which the law required. We have to make a determination that that kind of capability exists. It wasn't possible to do that unless there was some way of being sure that the funds that float into the city flow through him. Now HUD money, by and large, flows into a city-- renewal, public housing--quite often city councils have to approve sites. I know they have to approve the annual contributions' contract before public housing comes in, although if they approve this for a large number of units they might not have to act on specific projects; and it comes in to independent authorities, like a renewal agency or a housing authority, in many states the members of which are appointed for five year terms. But a lot of HEW money for example flows to hospitals; it flows to independent school boards, it flows to library boards that may or may not be part of city, and OEO money flows to CAP agencies. Department of Labor money flows either through the State Employment Service, if it was MDTA money, or if it was this very strange breed of money that had been appropriated to OEO, then by congressional directive delegated to the Labor department to fund, you have the pattern that the present Secretary of Labor criticized, and so rightfully. You had almost--I don't know how I'd chart it on a tape--but you get the money appropriated to OEO, delegated to labor, which by treaty with OEO had to choose a CAP agency as the local sponsor. But since the CAP agencies didn't have any competence, or Labor didn't think they did, the deal was that most of that money would be then

redelegated for administration by a Labor institution run by the State Employment Service. So you had that kind of ridiculous pattern.

We took a look at the regulations that both Labor and OEO issues and there was no reference to local government. One of the objectives that we had developed early in the program reflected our conviction that you weren't going to come close to attacking successfully urban problems if you didn't tie in to and somehow develop change in, and more responsiveness in, the existing institutions. To think you were going to get enough funds outside of the pattern of existing institutions to do this job, we thought was just not practical thinking. To think that you could solve this problem without the cooperation of that government which was inevitably going to be responsible for such basics to the solution or non-solution of the problem, as security, as street and utility maintenance, as garbage and trash collection, without the cooperation of government, we didn't think was feasible and practical. So we insisted that one of our objectives here was to develop the capacity, as well as the responsiveness of local government, and one of the ways of doing that was to pinpoint responsibility on local government, not allow the mayor to escape by saying, "I don't control it." Yorty's answer to Senator Bob Kennedy is the perfect illustration of a non-Mayor. You remember when he was under attack and he said, "Well, I don't have any responsibility to police." He in effect collects garbage, he doesn't do a hell of a lot more. So we said, "You've got to have a planning process that really begins to understand and face up to the problems of this neighborhood and one of the things that we'll give you in return, because we're making you responsible, is give you some authority." And we tried to work out with the rest

of the government an agreement that no federal funds would go into that neighborhood unless the Mayor certified they were consistent with the Model City plan, regardless of the funding agency of the recipient. We asked the various other federal agencies to change their state plan and get the States to agree not to send federal money that went through state sources.

Now we weren't interested in stopping welfare, but we thought that this was the most effective lever we could get to try to force together those elements in a community that have to work together. If we could get these various elements in agreement on the problem and the priorities, we would have improved the competence of local government tremendously. If you could get those elements in the community, like the school board and the health delivery system, to recognize how they were serving or not serving their community and what that community really felt about them, we thought we'd be diffusing a lot of potential problems.

Mc: What happens when at the local level you have fragmented authority? You have independent school boards--

T: We could not, you see, say a condition of participating in this program is that you have got to destroy the independence of the school board. I'm stating it as bluntly as that because that's the way it would have been restated had we tried it, no matter how smoothly. On the other hand we could say, "This Model Cities Program is a demonstration program, we don't have to give money to everybody. And one of the things that we're putting on you, Mr. Mayor, is responsibility to assert the leadership to get the school board to work with you. We don't care what the contractual or structural relationship between you may be, but we're going to be taking a look to see whether

the school program that's worked out is responsive to the needs here." And we said to the city, "One of the most effective ways you could use the Model Cities supplementary money is as leverage money, to buy your way into these other systems. You've got a half-million dollars that wants to go into education, you ought to get some cooperation."

What we were trying to do was to develop both an understanding and to give them some tools to overcome the patterns that they may have inherited in local government, and to strengthen the office of the chief executive.

Now this gets us to the citizen's participation bit.

Mc: Let me pause here a bit. Number one, the tape is about to run out and I'd like to change the tape; and number two, how much time do you have left? I can come back

T: I think it might be useful to come back.

Mc: Since this is a breaking point--

T: Yes. If I got on citizens' participation I ought to run thirty-forty-five minutes anyway.

Mc: Why don't we break at this point then?

T: All right.

End of Tape 1 of 1 and Interview I

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