

**JIMMY CARTER LIBRARY
ORAL HISTORY PROJECT
With edits by Val Giannini 03-2005**

INTERVIEWEE: Valerio Giannini
INTERVIEWER: Marie Allen
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[Tape 1, Side A.]

MARIE ALLEN: This is an interview on May 14th, 1980, with Val Giannini—I guess its Valerio, isn't it?—Giannini, in the Old Executive Office Building. This is Marie Allen.

The first question I'd like to ask you, Val, is about your personal background. Where did you grow up and go to school?

VALERIO GIANNINI: I was born in New York City February 7th, 1938. Raised in Southern California, basically in Los Angeles. In 1952 attended the Hotchkiss School in Lakeville, Connecticut, a boarding school, through 1955. Attended Princeton University from 1955 to 1959, graduated with a bachelor's of science in engineering, in basic engineering, in 1959.

ALLEN: Okay. And what was your work experience before you came to Washington?

GIANNINI: Two years in the Navy as a Navy officer, two and a half years, 1961 to 1964, at the Wall Street investment banking firm of Kidder Peabody & Company in New York City, in the corporate finance department; 1964-'66 with the corporation planning group at the Illinois Institute of Technology Research Institute, abbreviated IITRI. In 1966 to 1968, worked for a family aircraft electronics business in Los Angeles, California. I went into business for myself as a management consultant in 1968, performing studies for big companies, looking at new entrepreneurial ventures within their large corporations and also as the general manager and chief executive of small companies that had gotten themselves somehow in financial or operational difficulty. In 1976, after eight years of having my own business in Los Angeles, I came back to work on the Carter-Mondale transition in November of '76, and came into the White House office with president Carter January 20th as a general support assistant to Hugh Carter. I had known Hugh Carter previously, and when he found me in transition, he asked me to come assist him in a very general way, without any specific duties outlined, at least before we started.

ALLEN: How did you meet Hugh Carter?

GIANNINI: I met Hugh Carter through mutual friends from Atlanta, Georgia, when they all arrived in San Francisco in 1976 for the presidential debates. I was living in Los Angeles and working a good deal in San Francisco, and we happened to meet on that occasion.

ALLEN: You weren't involved in the campaign.

GIANNINI: I was not actively involved in the campaign, just a few perhaps hours or, at the most, a day or two.

ALLEN: How did you kind of get involved in the transition?

GIANNINI: I decided after the November general election that here was a unique opportunity to participate in a change that I was in a position to participate in by virtue of having professional flexibility as well as personal flexibility to pick up and move. These opportunities only happen every four to eight years, and the next time, I might not be in a position to partake of it. Also President Carter, although I had not been an active political supporter of his, nor of anyone else for that matter, was an engineer, a small businessman and new to the government, which I was too. His ideals and principles sounded very, very attractive. Consequently, I decided this was the time to take a chance and come participate with him and the people that had surrounded him.

ALLEN: Was there one particular person that you contacted and worked with in the transition?

GIANNINI: Immediately after the election, I wrote a note to Hugh Carter, again through the same people through whom I had met him, and I told him I would like to participate, without compensation, and with obviously no promises of future employment, and this letter was hand delivered to him. He telephoned me in Los Angeles a couple of days after he got it, and gave me the names of two people, saying, "These people will see you. I can't promise you what they will have for you. I can only tell them that I hear good things about you and that I met you once. I don't really know you very well personally." He was a very conservative person on all sorts of things.

The two names were [Richard] Dick Fleming, who was assistant director of TIP (Talent Inventory Program, the executive recruiting portion of the transition), and Landon Butler, who was working on Hamilton Jordan's staff. I couldn't reach Landon, but I finally made contact with Dick Fleming. At first he said they weren't taking on any more volunteers due to lack of space and supervision, but after some discussion of their problems he finally said, "Okay, I guess we can use you" —and signed me up after clearing it with the powers that be.

ALLEN: Did you work with that program, then, during the transition or the TIP program?

GIANNINI: The basic problem that I addressed, which is why Dick agreed to take me, was what to do with the thousands of resumes that were arriving daily. I might add that during that period, there were literally thousands of people who wanted to volunteer, but there was always the question of what they were going to contribute versus what they were trying to get for themselves. They were very selective on letting volunteers in.

One of the reasons Dick let me in is that I posed the question: “what are you doing with these 50,000 résumés that I read in the *Washington Post* that you have been receiving in response to the President Elect’s call for new blood in Washington? How are you filing and cataloguing and searching them?” They had no system. After reading resumes for a couple of days, I hit on something that I thought was a solution: that is, to consider the piles of résumés—and there literally were piles; there were boxes in closets, on shelves; they were everywhere—as books in a library. I was sitting in somebody’s personal library one night, and it dawned on me that résumés and books are very similar: they all have titles and authors and dates of publication, but by definition, no two are the same. They’re very much alike, like people, but each are also absolutely unique.

A librarian, with a very simple system, can identify a book by subject, by author, by title, by a lot of different parameters, and they don’t have to use very complicated, computerized systems; they just use three by five cards. Since the transition team did not have any money, or computers, we built a little system that catalogued résumés on 3X5 cards, just like books. We recruited library science graduate students from U. MD, American U. and Catholic U and also lawyers who were good with nuances of words and definitions of people’s skills. We created a thesaurus of terms tying back to a limited number of “legal” descriptors, just like a Dewey Decimal System.

The volunteer group numbering 109 working three shifts in the Treaty Room of the HEW building analyzed about 10,000 of the higher-priority resumes. We then did then take a portion of these and entered them in a simple computer program and were able to demonstrate that we could retrieve records based on the descriptors attributed to each individual. I don’t know if anybody ever got a job as a result of this effort. Rather it was more as a matter of demonstrating the fulfillment of the commitment to catalogue all these résumés in a retrievable fashion. Whether they were ever retrieved was outside of my purview.

So what I did in transition, I created a retrievable resume catalog system, just like a librarian would use.

ALLEN: That’s a very interesting fact.

GIANNINI: You’ll find the 3X5 cards somewhere in the basement. Jim King was appointed director of presidential personnel two or three days before the inauguration, because Tim Kraft, the person who was to have been director of presidential personnel, was appointed Appointments Secretary after Greg Schneider’s security clearance had fallen through. Jim King had no knowledge of our system and started from scratch, as I would have too. . So somewhere you’ll find the cards and the documentation in the

basement, but it's incomplete, scattered, and those résumés are now four years old, and they'll hopefully be eight years old by the time you get your hands on them.

ALLEN: Yes. By the time the transition was over, had you decided or been invited by Hugh [Carter] to become part of the administrative staff in the White House?

GIANNINI: You know Hugh. It was a process.

ALLEN: Okay.

GIANNINI: How did I pick up with Hugh? Hugh and I had mutual friends and I think we personally liked each other. He was a businessman. I was out of business. We had had some very good conversations in San Francisco. Dick Fleming and I had liked each other, but had nothing in common professionally. So I kept tabs on Hugh. Hugh could not come to Washington until he had been cleared by Justice Department because of his relationship with the president, that he wouldn't violate the nepotism statutes. So therefore his status in coming to Washington was held in limbo until January.

I had tried very hard not to get too involved in managing the 109-volunteer resume analysis program. I recruited a high school teacher and a young lawyer to be the program managers. That was pretty successful. When I got a phone call in early January from a mutual friend that Hugh was coming to town, I asked, "What's he need?" They said, "The first thing he needs is an apartment," so the first thing I did was study the classified ads and check out the apartment situation. When he called me and said, "You wouldn't know anything about some apartments, would you?" I said, "Yes, it's funny you should ask," and we went apartment hunting. And the 109 volunteers continued to catalog the résumés. That's how I really got to know Hugh.

ALLEN: Did you find the apartment in Arlington?

GIANNINI: No, we found the best apartment we could possibly find, but it wasn't immediately available. That is where I'm living right now.

ALLEN: Oh, really?

GIANNINI: Because it didn't become available till later. But in the process we got to know the town. Most importantly, though, when you do something as simple as looking for apartments, you get to know how another person's mind works, their methodology, their logic, their temperament. It's a very interesting way to get to know somebody, you learn their observations, and you exchange ideas—you communicate in the process. It was really quite interesting. It was actually two or three days—I wouldn't be here if we hadn't gone looking for apartments. We'd never have gotten to really know each other. Obviously, someone must have said something positive about me in transition or about the program, because he said later that he had asked and they had been quite impressed.

About three days before inauguration I got a call from Hugh. He was in the New Executive Office Building and had a pile of work on his desk and nobody to help him. He said, "What are you doing now? Can you get over here and help me?" I just packed up my briefcase, put all my stuff in cardboard boxes and moved out of the fifth floor of HEW [Department of Health, Education and Welfare] and shook all the volunteers' hands—

ALLEN: All 109?

GIANNINI: —and said, "I'll see you at reunions."

ALLEN: Were you in the White House on January twentieth? The very first day of the Carter Administration?

GIANNINI: I was here on January twentieth. As a matter of fact I was the official representative of the Carter administration on site in the security office, which was the office from which Secret Service would receive instructions. When the bells rang at noon, when the new president takes the oath, the mantle transfers, and they needed somebody, a physical person in authority in the White House. Everybody of any importance, which excluded me, had seats at the inauguration, so they said, "Well, why don't you represent Hugh?" I didn't stand a chance to go to the inauguration, so I was there in the basement, watching it on television. I was here before the president was.

ALLEN: What did you see your task as in the administrative office? When you took over that area, did you see a big job ahead of you?

GIANNINI: Hugh's two major areas of responsibility were, Military Operations and the White House Operating Units. In addition, we were the liaison between the White House Office and Secret Service, GSA and WHCA (White House Communications Agency). The area that I helped him in was in the non-military White House Operating Units. These were at that point 240 people to handle Presidential correspondence, the White House accounting, personnel, the travel office, telephone office, central files, messenger service, the records office, and the chief executive clerk function. Our job basically was to manage, oversee this group 242 people; to try to understand what they did, improve them, change their operating mode to better suit the new Carter administration, to convey to the customers, if you will, the users of all these services, how they worked so they could utilize them and also to carry out the president's mandate of cutting the fat. Although the 242 people had, for the most part, been here all along, they did not have Civil Service status and technically served "at the pleasure of the president". They nonetheless had quasi-career status in that they were non-political in nature and generally survive administration to administration.

So our first task, my first task, was to try to get a handle on the situation — very similar to the jobs I've done for clients: get sent into a company with about that number of employees, which would be about a \$10 million company. And the client would say, "Look the president, the management just left because the shareholders threw them out.

Go in and keep the place moving.” And there’s the morale issue because your old authority figures have left. There are new rules, but nobody knows what they are. Absolutely identical to going in to pick up a company that’s gone through a shock. This place had gone through a shock with the change of administrations.

One initial problem was that the mail was rolling in at the rate of 70,000 letters a week, a lot of it congratulatory, and nobody seemed to be too concerned about it. They were actually panicked, but they wouldn’t scream. The mail kept piling up and up, and we got further and further behind, and this went on literally for months. We finally got around to counting it; it took weeks just to find out what we had. We had 317,000 pieces of mail, unanswered. And they’re all addressed to the president, who had written a directive that his letters would all be answered within nine days after receipt. Here, we had 317,000 of them, all overdue.

That was probably the largest undertaking of the first three to four months. We approached that one by overkill. That is, we just said, “We need a large number of people.” We went out and we recruited 120 detailees (employees borrowed from other federal agencies), and put them through a training program, not unlike the résumé system, actually. We had a large number of people, sometimes doing everything twice, which you shouldn’t have to when you have the time to get the right people. Anyway we got rid of the backlog that way.

At one point a member of the press asked Richard Harden at a press breakfast about how many detailees were at the White House. At that point, unaware of the fact that detailees were sensitive subjects, much less what we were doing. He promised to get them a number. Well, then we had to deliver the number, and the number was 120. Well, candidate Carter had promised to cut the White House staff 30%, and the headlines the next day were: “Carter Increases White House Staff by 30 Percent”. It was very embarrassing, and there were a lot of red faces around here. But we got the mail backlog answered without further incident.

After that we got down to normal operations, and began to concentrate on some of the other operating units. I suggest that you incorporate in this interview, organization charts of the operating units, which spell out what they are, who they are and so on., with names on it, even though they may not be 100 percent accurate.

The next emphasis I think was in data processing, word processing and bringing computers in the White House. We hired one person, Ralph Peck, to be the ADP coordinator on the White House Office payroll, but we utilized WHCA (the White House Communications Agency) as the primary resource. We found ourselves in a little bit of a competitive status with some other EOP agencies in a lot of the computer work, which I will get into in a second.

The next big issue in the White House administratively was reorganization. The president had said, “We’re going to streamline everything in the Government, and we’ll start with my office,” Accordingly the Reorganization Team, in their infinite wisdom,

decided that we, the White House Operating Units, would have to give up seventy-two of our 240 people. They were going to create a new, central unit that was later known as the Office of Administration, which would provide common administrative support to all the agencies in the Executive Office of the president, in a manner similar to which GSA serves the entire government

The bottom line was that the number of people on the official White House Office payroll had to be reduced by close to 30 percent. The Reorganization team really didn't care whether you took them out of the accounting, files or correspondence, just as long as that number came out to 28, 29, 30 percent.

ALLEN: You were not involved in the discussions preceding the establishment of the Office of Administration.

GIANNINI: I was absolutely involved in them, and I was involved intimately in them, but in the spirit of being a team player, I did not disagree with the principle of the reductions. I think that the reorganization team overlooked some things, as anyone would have. To reduce the numbers what basically we did was to transfer the 30 messengers to the print shop payroll, which was Navy, and everywhere else we just squeezed. We kept all the functions but gave up some people. It probably was well advised to cut some of the people out. You can always go back and add them.

The real problem was not so much the numbers of the people as the quality of the people. There are two theories in this area. One is that you can keep people for a long time when you have the loyal public servant, dedicated and knowledgeable with an institutional memory. That has the advantage, obviously, of having, again, longevity, continuity, wisdom, hindsight and history walking around. But it also tends to attract a fairly unambitious, lethargic, non-creative type of person.

The other track is one I guess you see in the Navy or in the service—I'm taking the Navy, in my experience, where if a job or assignment is characterized as one which is a springboard for better jobs, you attract fast-track people. You attract people who make a difference, people who change things. So they only serve for five years or two years or three years, but if their job was, say, as a personnel officer at the White House and that job had the reputation of leading to a super-grade or senior executive service slot at an agency or assistant secretary for personnel, you're going to attract someone who is going to really shake things up.

There are these two theories. The former theory—that is, of the long-standing, loyal public servant was the one that always prevailed at the White House, and I think we've somewhat changed that, and that some of the hotter people we brought in, even though they are non-political types, may not be here twenty years from now. They move too fast. These White House administrative jobs won't grow. Some of the new more ambitious people that have been here are going to make a huge contribution while they're here, and ten or twenty years from now they're going to show up as an assistant secretary

of something or the vice president of a major corporation, in data processing, records management and whatever their field of endeavor is, because they're not people who are satisfied to stay in the same job for twenty years. They work up one step at a time.

ALLEN: Do people currently in some of the areas fit in that category?

GIANNINI: They are in a transition stage right now.

ALLEN: Can you give me some examples?

GIANNINI: I prefer not to. Let's put it this way: The departments that are old fashioned, like Tom Jones in Records and Frank Matthews in Central Files they have to be always resisting change, but their job, their function is somewhat institutional. Frank Matthews has been here for thirty-two years, and half of that as chief of files. He's not an ambitious person; he's a very competent person. He runs a good shop. You don't want to get rid of them just because they aren't ambitious, but for the next person that may take that job, you want to consider getting a hot shot, strong in data processing, to maybe upgrade that and modernize that operation—not that Frank hasn't gone along with that program to modernize.

Similarly, Tom Jones in Records Management—he does a fine job pretty well. But just kind of how I feel is they're doing it maybe the same they did in George Washington's administration. To some degree, things have to be processed by hand, but there probably is a better way. At the other extreme, the whole correspondence, mail operations are automated to a degree than they never were before, with modern equipment, electronic communications and systems and procedures that never existed before. Letters used to get read and handled five times, and they had twice as many people as they needed to do it effectively.

Larry Bierns in Personnel—Larry's not going to stay, I would guess, where he is now. He's going to show up on a fast track, but he's going to make more of a difference in that personnel department, change it more than it's been changed in the last two decades, and hand it over to someone else, especially if he gets a super new job. That seat will have a little glow around it, and people will say, "Hey, you get that job, it's a winner." It's like being the aide to an admiral or aide to a president. After you've done that, you can go anywhere.

The White House switchboard is another example. The Chief operator, Mary Burns retired. She was the world's oldest living telephone operator, and she held the place together with her will and her integrity, and she's a wonderful, wonderful person. She ran the best telephone operators in the world. Her retirement got a half page box in Newsweek. Oddly enough, when she left, there was almost a relief of pressure because people could emerge with their own personality. We got some pros to go in and look at it. It had been good in spite of her. Her great energy in making it work had been counteracted by a lot of people feeling suppressed. They had been there ten or fifteen or

twenty years, but simple systems and procedures were lacking. The phone company helped us a lot.

We had a young man, Al Nagy, who we put in to oversee the operation. He doesn't run a switchboard—he could if he had to; he did it when he was younger.—his job is to see that it gets run right, and support the women who sit there and answer the phone, and make their life easier. Mary, could answer 12 percent more calls than any other operator. Her hands would just go like a house afire. But while she was answering the phone, her other thirteen, fourteen people were on their own; she wasn't managing them. Al Nagy has an opportunity to incorporate new types of communications, rather than just telephones, and bring them all in to bear in one place. It could become a very important job. I want to encourage these new people to think of these jobs as part of their career path—in fact, we'll help them find a super job the next time around. That makes a White House Office admin slot attractive to a new person who's coming to come and make *their* contribution and move forward.

ALLEN: Could you tell me a couple of things about the establishment of the Office of Administration and the impact that it's had on you and on the administrative arm of the White House Office.

GIANNINI: There were several facets to this. One was the turf battle, which is somewhat of a product of feelings between Richard Harden and his people and Hugh Carter and his people. Then the second facet was Richard Hardin's own personal attributes and habits. Going to the former, Richard and Hugh, although they didn't think they were competitive, were quite competitive. Hugh thought that the White House was unique, and this idea of putting everybody into the lowest common denominator, GSA-type operation was going to be detrimental to the quality of the services that were going to be rendered to the president and his staff, which had to be better than the average, day-to-day, garden variety administrative support service.

For example, the White House has traditionally been able to ask their support people anything. Our telephone switchboard operates twenty-four hours a day. Our telephone switchboard is going to have GS-9s, -10s or higher. The typical government switchboard closes down at five thirty, and you're not allowed to work on weekends, and it's a GS-5 type job. All they do is answer the phone. They can't do the type of detective work that a White House operator does.

Also, we can give oddball salary changes to people if we need to. To make a payroll change in a normal government office may take six weeks, while we may have to do something on the spur of the moment. You can't just say, "Well, we'll get to it when we can," government style, not in the White House. And putting everything all supplies into a government type supply room? Run by GSA? They'll keep their hours, and you'll never be able to have those extra-special services that are needed in the White House. So there was a question of whether this privileged turf should be turned over to another agency.

Everything from furniture to the quality of the paper to the frequency of the messenger service to the cleaning of the offices—everything you touch in the White House has to be or should be *presidential*; and you can't make everything in the much larger EOP *presidential*, because then it wouldn't be *presidential* anymore, by definition. You have to be able to send people on the Concorde to Europe if you have to, as we have had to do, in spite of GSA travel regulations prohibiting first class travel and using foreign carriers. So we were against the principle of dilution of quality. It was a turf battle because we thought the White House Office was privileged turf and had to be high quality. We were lucky in getting by for a while without disastrous results. The printers would say "Three days is our turnaround time." "Are you kidding? There's a presidential press conference. You're going to do it right now." "Sorry, we're going home." Not quite that bad, but that was the attitude. They were not White House anymore; they were just government printing.

The second thing was Richard Hardin's style. He was not quite as in tune with the Marine Corps type precision that I felt was required. I felt that he felt that the White House services could be somewhat more casual. Maybe it wouldn't have made any difference. The fact that people lost things, the fact that Jim MacIntyre's (the OMB Director) direct deposit paycheck didn't get deposited, which was embarrassing because that was the same month that Bert Lance was being investigated for overdrafts at his bank. Things would get lost in the internal mail and the secretaries and assistants were hand carrying envelopes around, taking turns, because they didn't trust the messenger service. Things just wouldn't arrive or the printing would have pages missing and smeared and blurred, a job that you wouldn't accept from the corner Jiffy Printer. You wouldn't pay the bill. It was a rather difficult time. It made the White House look bad. During this period, there was a lot of screaming and yelling.

But the real differences between us and Richard Hardin's Office of Administration came with computers Richard put in systems on outside computers, such as the Department of Energy, apparently without any control or concern over who had access. They may have thought they had control of the computers, but it was just too casual. You know, a 99 percent chance nobody would ever know and notice. But we were dealing on some pretty critical things. It was not classified information. National security was not an issue, but rather a question of propriety.

One incident I remember specifically was that one morning someone (I believe Marsha Thomas) in Jack Watson's office got a phone call saying, "I've got these printouts here on our computer. I think they're yours. What do you want me to do with them?" It was a lot of pending action items and mail for Jack Watson's office, with sensitive urban renewal programs and funding and grants and so on. And so Jack Watson's office said, "Where are you calling from?" "You have a printout of our data at the Department of Energy? Who are you?" And the guy gave his name and extension. What are we doing? Why don't we just leave this stuff out on the sidewalk? This is ridiculous. We're giving so much care to safeguard things and to clear people, and then we let things like this happen.

Again, the care was not taken. The concern wasn't there. Well, I got involved. I said, "How can we get this all back in house where we can control it and make sure this doesn't happen?" It's wasn't that it was impossible for the Office of Administration to take these safeguards. Rather it was that the Office of Administration didn't think this way. They didn't care. They said, "What are you concerned about? Is there anything illegal?" "No, it's not illegal, but it's a matter of proprietary information."

So using the Freedom of Information Act, we managed to get the White House counsel to agree with us that in order to maintain the White Office Office's exemption from the Freedom of Information Act, a very special privilege, we would have to maintain total White House Office control over all data processing activities, and we could not utilize shared systems, such as the Office of Administration, which shared many different Executive Office of the President units that were not exempt. There was a lot of bad blood in the process, but the White House Office regained control of its—data processing activities, and we would use the Office of Administration only for things when we specifically requested it. "Specifically requested" was a term used in the original Executive Order creating the Office of Administration, which said that the Office of Administration will, *upon request*, provide administrative support services to the White House Office, so when we don't request it, you keep your hands off.

ALLEN: And you had been involved with the original Executive Order.

GIANNINI: Right. I think that we wrote that wording into the executive order, and I'm very glad we did. And we also managed to retrieve the accounting functions, albeit without getting our people back. We'd given up a number of people to the Office of Administration, but our bills were not getting paid and orders weren't getting placed. There were months when our vendors were refusing to sell to us because bills from three months ago hadn't been paid, and the Office of Administration's phones were either busy or they wouldn't answer them. The telephone at the payroll office at the Office of Administration was answered with a recording. Sometimes it would be days before you could get a call back, and then the person didn't know the answer and was totally unfamiliar with this subject with the old White House personnel office you called, and got somebody who was bright and competent. If they didn't know the answers, they'd find it out in a hurry.

ALLEN: I don't understand the sequence of events here. At the time the Executive Order was written, you had changed some of the original plans for the Office of Administration.

GIANNINI: No, the Executive Order creating an Office of Administration was early 1978. We proceeded with transferring the people and the functions and gave it a trial of about six or eight, nine months. That fall we got our own computers, which I think was the right thing. We got the accounting back, without the people, but we got the work. In fact, there was less work than when it was being handled by the Office of Administration because we had control and we didn't have to go calling somebody else to get answers. We got control back over our own destiny. We also didn't trust the financial reports we

were getting from the Office of Administration, which really were wrong. If expenses aren't being posted, you can easily run over budget, and if you are over budget in the government, it's a criminal offense. Therefore while the Office of Administration was doing the accounting, our administrative people had to keep track of all the funds, essentially doing the same accounting job, by hand, that the Office of Administration was supposed to do. But we fought, and we got it back. Of course this created animosity between the Office of Administration and the White House Office, but you can't have people being sloppy. You can't have people being careless. You can't have people saying, "Oh, don't worry about it. Technically you're okay." As somebody said, "Well, the last time it only took three guys to bring the whole government down." It doesn't take many mistakes. A small error is a huge leverage in the White House, the wrong letter in the wrong envelope, a lost communication, a computer breakdown. We just can't afford it.

ALLEN: The White House office has reassumed the computer, the data processing, accounting and personnel. What actions did you take to expand and go into new areas?

GIANNINI: We didn't stop in spite of the lack of support that we were getting from the outside. Let's go to them one by one.

In the telephone area, we devised a concept of managing the operators and having a manager of the group. It worked out very well. The telephone system may sound small, but it may be the most important part of interface between the White House and the outside world.

In Central Files, we created a true records management system. We modernized the physical environment, added up-to-date methodologies, hired younger new people with computer skills as the older ones retired or left. The result is that over several years we had a totally new records management environment, where people are doing their work at computer terminals as well as some of the old manual filing. Instead of making five copies of a document and filing it on five different subjects, you catalog and cross index it by computer and file the document under by serial number.

In the Presidential correspondence area, we created computer systems to track the gifts, to track correspondence, to give a daily printout of more important mail, all things that had never been done before or, at best, had been done very, very primitively, by hand.

We continually upgraded the word processing systems. We tried a lot of different things. Some of them didn't work, but most of them were steps forward.

The travel office was on the Sabre System, the American Airlines reservation system. Put in your name, it'll give you a whole itinerary and your history. That really added a whole new dimension of capability to the travel office.

ALLEN: Who was primarily involved in the data processing systems?

GIANNINI: From a policy standpoint, Hugh would be the one who would say, “Yes, okay, that’s a good idea.” “That’s not a good idea.” From a conceptual design standpoint, I’d say mostly myself and my department heads. From a functional design standpoint it was generally Ralph Peck, and there were a few others. Basically we divided data processing applications by their characteristics into five clusters. One was a passive record-keeping system, a cluster of applications where everything would be cumulative; your basic database would never change, but you’d add to it every day. Then there were other systems where anything in the database may change overnight, like status of legislation, where—you’re only interested in the current situation; the history is not of importance in a computerized form. The concept of using a computer to keep track of things, which is all it is, is nothing more than a better version of a manual — tracking system. Basically it’s nothing more than what you can do with three by five cards. If you write down everything you have to do you can then lay the cards out by subject, by the date that you got to get them done by, by priority, etc. It’s just a tickler system, but it’s called “issue tracking.” The Presidential gift file system is an example of one, where the basic database gets added to but the entries once made, never change.

The reason you use computer is you want to sort information by different ways, and I think one of our biggest contributions was not trying to use computers in applications where all you really needed is perhaps an automatic typewriter tape. If you have a list of a few hundred names like congressmen, to whom you continually send things, and you’re going to send them from A to Z anyway every time you send them, why bother with a computer? You don’t need to sort them by middle initial. So I think it’s important to decide where not to use a computer.

ALLEN: What was the most difficult system that you designed?

GIANNINI: I did not design, I conceived them. I’m the father of the systems, not the mother. I put relatively little time in it. I made my contribution, and I like to think that maybe someone else would have if I hadn’t, but it was me. I’ll take credit for that part of it. For the design I give credit to the people at WHACA and Ralph Peck’s group.

[End Tape 1, Side A. Begin Tape 1, Side B.]

GIANNINI: I don’t know, but the important thing in ADP systems is not the computer aspect of it, but the user aspect of it; in other words, getting people to use it. That’s what makes computer systems difficult. It’s difficult to make them accepted, to make people realize that it’s helpful to them, or, at the same time, for us, the conceivers and designers, to realize that, although ours may be a better way to do it, but it doesn’t really help them. They want to do it the old way, and we’re just not going to convince them. You can have the best system in the world, but unless the people use it or “buy it,” so to speak, have you made progress? I don’t know.

ALLEN: Okay. Another area that I assume took a great deal of your time was slashing the White House Office staff by approximately 36 percent I assume from what you said

that you were responsible for doing it, and not just the support (operating units) staff, but also overseeing it for the entire White House staff. Is that true?

GIANNINI: The overseeing for the entire White House staff was very tough. We did not make the decision as to specifically who was going to leave or not going to leave. Rather we were given numerical targets. We went to the various departments, delivered the news, asked them to let us know who they picked and offered to help those people possibly find jobs elsewhere.

ALLEN: Who made the decision about the allocation?

GIANNINI: That was done by the reorg team and the management team, which, in addition to Hugh Carter, would be Hamilton Jordan, Bob [Robert J.] Lipshutz and Richard Hardin. It was done pretty much by consensus.

ALLEN: By the management team?

GIANNINI: There was a management committee originally created on an informal basis, chaired by Bob Lipshutz. I think it was actually set up by the president. There might be a letter somewhere to that effect. There weren't too many people. It was basically a group of White House staff who would get together, and decide upon this allocation. The reorg team did have a say in how many people, in the numbers—].

ALLEN: Did the management committee get created and start operating in '77 and continue?

GIANNINI: Yes, but with the advent of the chief of staff's office and the staff director's office, it became defunct. We didn't need a committee of people to decide. If people couldn't agree on how many administrative assistants somebody was going to have, they didn't have to go to the management committee; the chief of staff in this case Alonzo McDonald was staff director and would say, "You can have two" or "You can have three."

The last two years in the White House was just managing scarcity, scarcity of numbers. Everybody had overextended themselves. Commitments in the White House become cumulative. You never really finish anything unless there's a piece of legislation that gets passed, and even then it's got to be followed up. But other legislation, projects and programs just continue on forever and ever. People were screaming that they couldn't get their work done. They were trying every device under the sun to get more people, and it got very counter-productive. . They would borrow people from OMB or some other agency, or they would have volunteers coming out of their ears. At one point, Peter Bourne had so many volunteers up on the fourth floor that they needed name tags. They were all cleared into the complex as visitors. That's no way to run a railroad.

At one point, I remember that Peter Bourne's group—I don't mean to single out Peter Bourne—he's a brilliant person who was very loyal to the president, was looking

for secretarial help to type a 400–page report that was due by Friday. It was on some relatively obscure subject; it wasn't the State of the Union address. I thought to myself, *No one in the White House should even be reading 400-page reports, let alone writing them.* The White House can get buried in that type of thing. I was trying to educate them in prioritizing, because when you get too busy, you lose control, and if there's no way to add resources, it becomes priority time, and you need to start deciding what comes ahead of what.

Being politicians, as opposed to operations people—and there's nothing wrong with them; that's what they are—you don't turn down opportunities to do something that you're asked to do. You say, "Sure, sure, I'll do it." But then you have a credibility problem when you can't deliver on it. My feeling is there should be a *zero-based budgeting* of White House activities, in which everyone is asked: "Okay, assume you are starting all over: which of all your activities in the hopper would you initiate today, and after you decide that, rank them by importance." Another test is for them to look at the lower 20 percent on the list and ask "Well, if I just didn't do these, what would happen?" That's the ZBB concept. The problem was that we were understaffed for what we were committed to do. The battle and the animosity were continual. The bad feelings, the pettiness and the waste of time are just incredible; the energy that was consumed fighting over getting an extra secretary or an extra detailee to work in the advance office or the press office or any office you can name.

ALLEN: Who did you find to help with this?

GIANNINI: Hugh Carter was the one on the spot, but it just got to be ridiculous after a while. It just did. I don't know if other White House staff discussed this with you, but what was missing was overall direction from the top, for someone to say, "Look, folks, either we're going to get more people or we're not, or we're going to cut back on what we're trying to do, so what we do, we'll do well." And we didn't do that. We didn't have a chief of staff, and the senior staff were focusing on more creative, outgoing, programmatic things. Al McDonald coming in helped, but it was like getting a new coach for a team that's been basically together for three-quarters of the season but didn't have a coach before. Each individual is used to playing the game in his own way and is going to have his own dynamic. A new coach can help, he can contribute, but it's not going the same as if he had been there from spring training and the first game. You can't turn the clock back, however.

ALLEN: That was a pretty impossible position for you and for him, I guess.

GIANNINI: I was uncomfortable. It was unpopular, too, but it was uncomfortable because I felt that he wasn't carrying out the mandate of keeping the staff low as the President has mandated. Also the staff didn't believe keeping the numbers down was a *sumum bonum*.

ALLEN: The president never indicated any intention of intervening?

GIANNINI: The president said, “Look, you guys handle it. Find a way to do it. Had he appointed a chief of staff early in the administration and a staff director, an Al McDonald type person, it would have set things up from the very beginning, could have brought more order. But it wasn’t a disaster, it was just everything was less efficient and it distracted people and took people’s time. The important things still got done, but there was more frustration than there would have been otherwise, and the quality and quantity might have been better.

ALLEN: There was another tough job, I believe, and that was the general reduction of perquisites, which most people refer to as perks.

GIANNINI: Oh, that was done the first day.

[Interruption in tape, signifying end of original Tape 1 and the beginning of original Tape 2.]

ALLEN: This is tape number two, interview with Val Giannini, on May 14th, 1980.

I just asked you about perks.

GIANNINI: Okay, on the principle on the perks, there is a speech I wrote for Hugh Carter, although my name does not appear on it, that he gave in April 1980 to a Women’s Association. It contains a discussion of the principles behind the reduction in perks. It’s not the perks, themselves, it’s the symbolism. If you ask people to give up things, even little things, psychologically it puts them in the frame of mind of, in a way, acceptance and, in a way, unfortunately also resentment. It sets an example.

One example I used in the speech was something that occurred very early in the administration, in ’77. It was about the dialogue between my office and an administrative person presenting a purchasing decision. It wasn’t a big purchase. It was sort of “you could do without it, but it would be nice to have it” type thing. The purchasing officer—I don’t know who it was at the time was explaining “These are the pros; these are the cons; these are the pros; these are the cons.” After about ten minutes, we said, “What would you do if it was your own money?” he said. “I don’t know. I hadn’t thought about it that way.” We said, “I’ll tell you what, you decide what you’d do if it was your own money. If you really think it’s important enough, do it, we’ll support you.” We tried to get people to think that way. “What would you do if it was your own money?” And if you say, “Well if it was my own money, I wouldn’t waste it on that,” well, then, you shouldn’t be wasting the taxpayers’ money.

Same way with the perks. It’s the principle behind them. If you had your own business, your own office, would you have a television in it? If you needed it, you would. If you needed it for your work at the White House, you probably had one, but if you wanted it there because it’s a perk, then it becomes a symbol of irresponsible public administration, and irresponsible execution of your fiduciary responsibility to the American taxpayer, who put you there, and whom you’re there to serve.

The point on perks was the signal that they send to the rest of the government as well as the taxpayers. There are 2.9 million civilian government employees and another two million, approximately, military employees; you have five million people who hopefully will act the way their boss acts, and if they all treated the taxpayers' money as if it was their own, you'd have a lot better government probably than you do now. I'm not saying that they are abusive, but they just don't react that way.

The White House mess (the dining facilities in the West Wing basement run by the Navy, and thus called the Mess) was a perk that we expanded rather than taken away, but even that created some animosity. Prior administrations limited membership to 120, with one of the two dining rooms reserved to the most senior staff. It used to be a very, very exclusive privilege, and in the past some of the people who were mess members in this administration might not have even been allowed to be in there even as guests. We instead decided to do away with the senior dining room and expand the total number to, say, 150. That meant that an office, for example NSC or the press office, would get a couple of extra slots as compared what they would have had under the prior set up. This opened it up to a limited number of mid level staff, only a fraction of whose population, however, would get mess privileges. Their peers who didn't get mess privileges were told that "Hugh Carter has limited the number of members", so guess who got blamed, even though in fact that was a perk that was added for mid-level staff. To add to the insult, there were grumbles when people without reservations had to wait to get a seat as a result of the increased number of members. So the irony is you get a little more liberal in passing out the perks, and there is more resentment. But that can't be helped.

The White House cars? Who really needs a chauffeur to get the work? Oh, it would be great. I wouldn't turn it down if was offered to me, perhaps, but I'm the first to admit, "Hey, I'm part of the real world; I'm not that important." For the vice president, yes. For cabinet secretaries, yes. I can see it maybe for senior-senior staff. But the president's idea is "I want my senior staff to come in the morning knowing what it's like to be in a traffic jam and to live as much as possible like a normal American citizen, whose servants they are, whose lives their decisions are going to affect, whose lives the advice that they give me as president is going to affect. I'd like them to sit in traffic jams and have to wait in gas lines, and get their car fixed or have it fall apart and feel like everybody else." On top of that there is a federal law prohibiting government transportation being provided for commutation for anyone except cabinet secretaries and certain other exceptions.

The goal was not to save the money. There are still just as many White House cars as before. They are here for the staff to use for bona fide official business.

ALLEN: Were you involved with the solar energy panels that were installed in the West Wing.

GIANNINI: I was. The solar energy system, again, was a system to bring visibility to the solar energy commitment of the president, not necessarily to heat the water in the

West Wing or the staff mess. It was conceived, as a visible example. The numbers attached to them have been misused. There were so many different estimates by so many different experts who were so afraid to take a position that they got so ultra-conservative that it looked as if the thing was going to cost money rather than save money. In fact, we'll never really know because steam for heat and hot water comes from a central GSA plant. Unless you wanted to meter the steam and hot water systems of the West Wing separately, which would hardly be worth the expense, you will never know how much water is heated by steam versus how much is heated by solar energy.

Anyway, the cost of putting the thing up there was higher than it would have been in an ordinary commercial establishment because from both an aesthetic standpoint and from a construction standpoint, it was a very involved process. First they had to rebuild the roof because it's an old building. Then they over-designed the thing by a factor of two or three. You could lift the building with the pipes that are up there, they're so solid. But nobody wanted to take the chance of making it look anything other than like the Rock of Gibraltar, so we've got a monument on top of that roof, which is wonderful and will last for a hundred years.

In addition you have all the different people who had to be consulted and additional considerations involved in the design that you never would have in a commercial structure. It's been criticized because it's not economic, but who can say it's not economic? A newspaper reporter called about a year after it was put in, said, "Well, how is it working up there?" "It must be working—I know it's fulfilling the purpose that it was installed for because you're calling. That means that the press is aware of it, and that's the reason it was installed"

Yes, the water is still hot." That's the answer that Susan Clough gave a reporter. I thought it was great.

ALLEN: Where did the idea come from?

GIANNINI: Through Stuart Eizenstat and the solar energy people at the Department of Energy, James R. Schlesinger and his people.

ALLEN: So they turned it over to Hugh for implementation?

GIANNINI: Initially Hugh turned it down or recommended against it. Hugh was asked to look at it from a business standpoint, and he reported back that from a business standpoint, no, it would not save money. It could not be demonstrated to be an economically viable system. That was misinterpreted, I don't know whether by the press or by whom, that Hugh Carter didn't see the policy advantages of this. But that was not the issue that he was asked to address. The decision to put it up was irrespective of the fact that it was marginal from an economic standpoint. The symbolic, intangible benefits were very, very real.

ALLEN: Were you primarily charged with the execution of it?

GIANNINI: Yes.

ALLEN: What was the role of the Department of Energy?

GIANNINI: When it turned out that after six months of playing around with the idea, we suddenly had to come up with a date that it was going to be completed, I got involved and started asking questions and trying to keep track and seeing that the thing got done. There were multiple many players involved and it became horrendously over-complicated. DOE had three consultants working on it, and you couldn't get a straight answer out of anybody. Nobody knew anything because they had wrapped themselves up in the complexities of the thing.

ALLEN: Who were the other players in Hugh Carter's office? Who were the other people?

GIANNINI: I refer you to the organization chart, which has names on it.

ALLEN: Okay.

GIANNINI: Hugh had three direct departmental reports in addition to several liaison functions. These were the White House Operating Units, the White House Military office and the Executive Residence, which is literally the White House itself as contrasted with the White House Office). In the beginning I was the general assistant to Hugh. After a few months he said, "Do you think you can run the operating units?" I said, "Sure," and he said, "Okay." And I just decided on a title, director of White House Operations, which had not existed. The units had previously reported to the Chief Executive Clerk, Bob Linder, who had been a career White House staff and was responsible for making sure all White House documentation, from Bills to executive orders were handled properly. Bob had about ten departments reporting to him, which I reorganized into five direct reports, Admin, which included accounting and personnel and the White House Switchboard; Central Files, renamed Records management, which incorporated the Press Release office; Presidential Correspondence, which incorporated the Presidential Gift Unit; the Travel Office and later data processing. These plus my assistant/secretary, Rosa Gonzales, ran pretty autonomously. They ran a lot of things with their judgment. If Rosa would give me a White House request for somebody to get a White House pass, I'd sign it without question if she had said okay. If she said, "I don't think they ought to get one" or not get a permanent one, I wouldn't sign it. She was extremely competent and I trusted her implicitly.

Meanwhile, the military office had been run by a fellow named Bill [William] Gulley, who was a retired military person, who ran it with an autocratic hand. He was very clever, very smart, and used it very much to his advantage. He was a manipulator, and a good one. He wrote a book that tells a lot.—have you read it yet? It's supposed to be funny. Hugh wasn't buying into Gully and ended temporarily appointing a replacement, Herbert Upton, a friend of his who was running a plant for, I believe, Procter & Gamble

down in Athens, Georgia, where the Masters Tournament is played. Herb came up for three months. He was, real professional—you know, a pro manager. P&G is first-rate firm. He ran it well, and was cleaning the place up. But he was only a temporary leave of absence from P&G. Then Marty Beaman, a lawyer and friend of Hugh's from Orlando, Florida with whom Hugh and been a partner in a condominium came to run the military office. Marty didn't have any military experience, but he's just a solid, reliable person, intelligent, capable, with legal training, which is a good background. . Most important, Hugh knew him and had had a relationship with him before and knew that he could be an extension of himself.

And this carried on until January or the beginning of 1979, at which point we hired Dan Malachuk. Dan had been, from Arthur Anderson and was on loan to the reorganization team. We had used him starting that summer, the prior spring of '78, to do a review of the Executive Residence. He did a very good job there, and we really liked him; we wanted to keep him around.

Meanwhile I wanted to get into the business liaison side of things, which Hugh and I had decided we'd like to get into, and we needed a general manager for the operation. Although Dan I didn't think would want to take on that general management job, he, to my surprise, did. So we hired him just about January 1979, and turned over to him the line responsibility for the operating units sometime in February or March of '79. I didn't move. I didn't change offices but basically continued my staff functions to Hugh, supporting him. We never managed to get into the business liaison activities because other people were doing it and we didn't move fast enough. I don't know whether there was really a conviction there, but that never really jelled or materialized.

ALLEN: As you look back on your time—you were working in all these areas—you were primarily involved in areas that we have discussed, which is the data processing, the 30 percent reduction in staff, the reorganization of personnel in the White House office, the solar energy panels. Were there other management areas? I know we don't expect you to get into all of the minor functions that you would have dealt with.

ALLEN: The point is this: Every item you just listed was a staff function and a special project or an extracurricular activity. The main challenge was, being the general manager of at first a 242-person unit, all of whom were under great stress for two reasons: a) they had a new set of bosses that they didn't know anything about and secondly, as soon as they heard that 30 percent of them were going to be cut and thrown to the lions, they went through great insecurity pangs.

My principal job was being a line manager of an operation providing critical, time-sensitive services with a very high degree of reliability and quality. Failure to deliver that reliability and quality is going to make the front page of the newspaper. And all this was with people getting over the shock of new management plus the news that one out of three of them are going to be gone in a few months. They were very, very, very worried about their futures. That was the full-time job. All the other things you listed were stuff you did at six o'clock at night. Two hundred and forty is a lot of people

to manage under those circumstances, and when their number went down to 150 it was just as hard, because they were overworked.

ALLEN: Yes. When you see your areas of primary accomplishment and impact in that way, did you establish the job? Did you establish the authority in that position, do you think?

GIANNINI: Under those circumstances, I held together a shell shocked line organization and also made significant improvements. I held it together and made it functional, especially in its amputated state, because out of 240 people, forty of them were messengers and printers. Fortunately their work went with them. That left another forty-five that were just ripped out of the organization. No work went with them. We sent the accounting people to the Office of Administration. We end up getting all the accounting back but no people. We just had to give up seventy-two people. Essentially what I had was 160 people doing the work of 200 people. Now, that is a true 20 percent reduction in force.

ALLEN: How did you manage to do that?

GIANNINI: By working long hours and holding a lot of hands and getting mad at some people, getting rid of some people, hiring new ones, and just holding it together while it went through this shock. That was the biggest accomplishment. And it was necessary. I don't say we should have kept the 200 people, shouldn't have cut back to 160, but that doesn't make it less painful. Meanwhile, we were trying to introduce the computer systems and change things around, make people feel good, and fight the Freedom of Information Act problem with the Office of Administration, etc. etc.

It was trying to take on too much. I think, in retrospect, we could have made fewer changes and done them a little better. We tried to cut back on staff, throw in improvements. That's fine. But our term here is four years at a time, and I think we would have been better served by not making as large reductions, as far as the White House is concerned, or making fewer reductions and trying to clean up the quality of the operation.

ALLEN: Thank you. You're now going to the Commerce Department.

GIANNINI: The job is director of the Office of Productivity and Product Technology, but the appointment reads as Deputy Assistant Secretary for Productivity, Innovation and Technology, which is deputy to Dr. Jordan Baruch, the Assistant Secretary.

ALLEN: Is this a new position?

GIANNINI: This is a new position. It did not exist before, but it includes some programs that are old. Basically the objective is to nurture the increase of productivity and innovation through technology in the private industrial sector, by facilitating the

transfer of technology from one industry to another, from the government to industry and so on.

ALLEN: Sounds interesting.

GIANNINI: It's wonderful.

ALLEN: If ten years from now we have to come to see you and do another interview—

GIANNINI: I'll give you another interview right here.

ALLEN: What is an address that we could use to reach you in ten years? Do you keep your address current with certain alumni associations?

GIANNINI: The Princeton Alumni Association and/or the Hotchkiss School, Lakeville, Connecticut. Either one of those might be able to help. Those are probably the best. My family, ten years from now, I'm not too sure. I wish that there were one place, maybe in Chicago or St. Louis, one 800 number and a PO Box. You'd be registered for life for a service charge of a couple of dollars a year; I think it would be worth it. I wouldn't have to keep changing my address.

ALLEN: If a system appears that resembles that, I will know who is behind it then, a couple of years down the road. Thank you.

GIANNINI: You're welcome, Marie.

[End of interview.]