

ESTHER PETERSON

EXIT INTERVIEW

EMILY SOAPES: This is an interview with Esther Peterson, in her office in 495, Old Executive Office Building, on January 5, 1981. The interviewer is Emily Soapes, of the Presidential Papers Project. Also present at this interview with Esther Peterson is Ed Cohen, also of Mrs. Peterson's staff. We may well be hitting tops and waves, but again this is sort of an outline-type thing.

ESTHER PETERSON: So you want it kind of an outline thing?

SOAPES: Yes, Yes. Now, you were appointed Special Assistant for Consumer Affairs in April of '77.

PETERSON: In April.

SOAPES: Which would have been one of the early administration appointments.

PETERSON: January, February, March , April. Yes.

SOAPES: Was that expressly for the purpose of getting this Consumer Protection Agency passed?

PETERSON: Yes, the assignment was for me to come in and help get the consumer agency bill passed, and then to stay on and just help get it in place. The idea was that I'd be a good person for doing it, because I had no interest in going on administering it after we got it through, and that would leave the President open for any kind of appointment that he wanted. Also, I think that the Office of Consumer Affairs was not figured into it at that time. The dual area, that that was developed as it was, and because we felt this would pass very shortly, and the whole crew would be brought together.

SOAPES: And you had no thought you would be here four years then?

PETERSON: No, not at all.

SOAPES: Then was that what your office worked on mainly that first year?

PETERSON: That time--my first efforts were very definitely on that and doing some advising over at the OCA, to try to keep it on target because it was in a rather difficult--low morale--because many of the former administration people were still on, hanging around for a long, long time on payrolls, and the direction was not very clear. But I did not have the authority

to be Director of the OCA until a later date. I can't remember what that date was. But I did do informal advising at that time.

ED COHEN: August 12.

PETERSON: August 12.

SOAPES: Of '77?

COHEN: '78.

SOAPES: '78. That was after the...

PETERSON: when they enacted that, the President said, "What are we going to do?"

SOAPES: Right, Right. [Telephone ring. Tape Stops]

SOAPES: David [Alsobrook] interviewed Nancy--I can't remember her last name--

PETERSON: Erwin?

SOAPES: Yes, who worked for your office.

PETERSON: A long time ago.

SOAPES: A long time ago. And when she left, she talked a great deal about how it was absolutely such a terrible disappointment to your office. In brief, I know big business lobbied a great deal against the bill. Do you see it as the beginning of what we hear now as, "Get government off our backs?"

PETERSON: Oh, I think it was part of that. But it was also a kind of culmination of a long period where business had been opposed to an agency, a representation. I think they capitalized on the campaign of the President that we don't want more government. We don't want any more bureaucracy--we want less. And they twisted that, and made it awfully difficult for us to lobby, except this was exactly what he was saying--to bring together, to coalesce it, to tighten it and to not have a big budget. But we were really--had a very difficult time because there had been so much on the negative side. So we were on the defensive as we lobbied for that bill.

SOAPES: And the President was very definitely committed to...

PETERSON: Very definitely. He was very supportive. He was very supportive. Far more than some of the other people. I just can't forget when Griffin Bell--I picked up the print, a clipping from the Atlanta paper, where he quoted, said, "Esther couldn't get that bill passed with a bill-passing machine." It was in the

press. And I was having to fight. I called-- "Well, that wasn't what I said, Esther," you know "da da da da." And we had a lot of difficulty with some of the people who were around, in that, not really being enthusiastic. Tell me if I'm wrong. Just tell me the truth.

SOAPES: And there was some talk in the paper at the time that it would be made a '78 campaign issue. I don't recall it myself.

PETERSON: Well, I think that certainly the consumers--Ralph Nader and many of them--said this was going to be one. But the difficulty is that it was a process bill, which is very difficult--we didn't say that we were going to see that your zipper's repaired, or that your car was going to be repaired--you know, that sort of thing.

Because we're still in that ambivalent stage of the consumer movement when people think in terms of these concrete consumer rip-offs. What we were trying to do, what Carter was trying to do, is to get, really, a consumer perspective into the decision making so we have a structure for taking care of these questions. He was far ahead of where the average consumer was. So there was a difficulty in that, because it is a new concept.

SOAPES: By that. I take it you don't think that it's something that's dead for all time?

PETERSON: Oh, no. Not at all. In fact, the President has said it every time, in everything that we've gone into--we would have had it high on our agenda for the next session of Congress. Whether we would have pushed hard, depending on the way the votes go, in fact I'm quite sure I would have said to the President, "It's foolish to go where we thought we would be defeated." As we would now. There are a lot of technical things that...

Is this going to be sealed for a while, now?

SOAPES: These are considered presidential papers, just like your office records. They would not be opened until--what would they say--they're processed, until the Library's opened for research. Now how long that'll be, we don't know. The Ford Library is getting ready to open, and that's been a record time...

PETERSON: Well, for example, in my letter of resignation to the President, which I just signed and sent in, I said in it there were a number of things I would do differently. I think one of the things I would do differently is that although I think I fought awfully hard, I would have fought harder...Oh I don't know what I said now...to have that bill not pulled off the floor, when it was pulled off the floor over my objections. I also would have fought--although the President supported me completely in the Cabinet meeting--I would have really done a lot more lobbying with everyone I know, just to have them know that if

this bill was defeated, there was going to be defeat on everything else that came down the pipe.

COHEN: I think also...

SOAPES: Yes.

COHEN: I think also another thing we might have done in retrospect was to have brought to the President's attention some of the problems that we were having within the White House...

PETERSON: Within the White House.

COHEN: Where we were not getting the support we were entitled to.

PETERSON: That's really one of the things that I meant when I said in my sentence to the President... I think I would have used my--and I remember what Arthur Goldberg said to me when I was Assistant Secretary of Health was to act like an assistant secretary. That I forgot what power I did have, as a Special Assistant to the President, to really go bang on the door, which is really hard for me to do.

SOAPES: Bang on the President's door, you mean?

PETERSON: Very hard. Or on the assistants' doors. Because I'm not one of the inner circle, and not one of the--I know that. But anyway, I did put in my letter, obviously [inaudible phrase] these are kinds of examples of what I'm talking about.

SOAPES: This may be jumping ahead a little bit, but one of the things I wanted to ask you is to compare--you have worked at the agency level and you've worked now on the White House staff. I know its often thought in the agencies that it's the White House staff that's got the power. What is your reflection on that?

PETERSON: Well, I think it just depends. This is the third President I have worked for, and I was not part of the White House under [John] Kennedy, but I was very close. You know it depends on what issue. The White House was very powerful then. I remember going through Kennedy for all kinds of things. I had easy access to him, because we had had a good relationship. So I thought there, once I got the White House in my corner, I was in. So from that point of view.

With [Lyndon] Johnson, it depended on the issues, every time. I felt it a little differently there because I was a Kennedy person, which made my relationship with Johnson not quite as clear as it was with Kennedy, who had made the appointment. No, the White House was all-powerful, and I can remember as Assistant Secretary of Labor, our having to be sure that if anything looked good, we got it over to the White House for them

to announce. Carter never did anything like that. He didn't pick up the plums where he could have picked them up. Sometimes he got credit for all kinds of things, but they weren't the things you could bank on. [Inaudible sentence] I don't know if that answers your question?

SOAPES: Yes, it does, it really does. Now, to get back to the Consumer Protection Agency, you had to shift gears. There was a consumer council set up by executive order shortly thereafter. Now, was this something that as you saw a bill was not going to pass that you...

PETERSON: It happened afterwards. We tried to get the bill. It was withdrawn from the floor, which really annoyed me very, very much because I felt that it was better to have had--I thought we could have won if we had just really dug.

COHEN: Our vote count indicated that we were five to ten votes up.

PETERSON: Five to ten votes.

COHEN: Up.

PETERSON: Up.

COHEN: And, of course, you never can read all the votes right, but you prefer to go to the floor when you're up than when you're even or down as we were...

PETERSON: It disappeared. Frank Moore felt that we couldn't make it.

SOAPES: Was he that one who...

PETERSON: Yes, and he had it pulled off the floor without asking me.

SOAPES: I thought I heard that...

PETERSON: That was my biggest, biggest disappointment, and that's when I was ready just to walk out and say, "To hell with the whole outfit." I really was teed-off by this, and the President did call me and talk to me about it and agreed when I got back and calmed down we could talk about it. I could not understand how anyone would think that we could give that opposition three more months, and they wouldn't do better than they did that day. I'd been around Congress far too long to know the way those things work. I know how to count votes, and that's what really bothered me very, very much. Then when I came back, we finally got our interview, and it took me a long time. That was in... when were we defeated?

SOAPES: Was it in the spring?

PETERSON: No, October.

COHEN: It was October.

PETERSON: October. Because I took a plane out immediately, out home because I was so furious. The day I broke my arm was in December, the day I saw the President, so it took me that long. The President said to me when I talked to him on the telephone, "As soon as you get back, call me and we'll get together." [inaudible sentence] He was very good. I can't underline strongly enough my belief in this man. Whenever I got through to him, I had no problems at all. I admire him tremendously. I think he's a great President. But not very popular. A really good President. I've talked very frankly...

SOAPES: No, I want you to. It's not something that's said in malice.

PETERSON: It is not in malice, it is not in malice. It's in admiration, really. Well, anyway. And then he came back, "What do we do about all this?" And then there were some meetings. He talked to Jim McIntyre first. Then we got involved in it and came up with a plan whereby--and the whole thing was, "Do I leave

or don't I leave?" So my terms of staying were that I could have a little bit more authority in the decision making and that we could develop a plan. I guess that was about as clear as it could be, wasn't it? And we drafted something and he agreed.

And then he put me in the decision flow so I could have just a little bit more say and bring some perspective in the policy-making, which is the real thing that I am very proud of as far as Carter's consumer policy. I want history to show that he was the first one, the first President that has ever really moved in and put the consumer perspective into it, not that we won it all the time, but the point is that the door was open for us now to be able to do this, and I would feel sad if that weren't the fact.

Then the idea, "Well, how do you do it?" And there was a real conflict here, because the idea under the bill had been to take away all these consumer offices that had been set up by Ford and bring it together. I found, as I lobbied that bill, that one of the reasons we were defeated was because these people really, under the table, campaigned against us because they were afraid of losing their jobs. And they were a very strong force together with the business community. So it made it really rough for us at that time.

So what I proposed was that we get all these people together. We study the record of what Congress said. We study the debates just to see what beat us. And we did, and we got seven or eight option books, where we read them and worked out option papers and decided the answer was two things. One was to

strengthen the offices within the federal agencies, because that's really what Congress said. They did not say to us through that debate that they did not want any consumer consideration, but they did say they don't want another agency. And go ahead, I'm putting this in simple terms, go ahead and do what you can do yourselves under existing authority.

So what we did was recommend that we have an [inaudible words]. Well, first we had the options. And we studied it. We brought in business. We brought in labor. We brought in consumers. We brought in all these experts within the government. It was a very mammoth job. I think those papers ought to be really part of the Presidential Library, because it's historical what we did there. We analyzed all of what was going on and came up with what was wrong. Why we weren't working. And then we drafted an executive order to take care of what was wrong, and he signed it. And let me tell you now that he asked the best questions of anybody.

SOAPES: I don't understand.

PETERSON: They were in the margin of the decision memo. Better than OMB. Better than any of them.

COHEN: His [questions] went to the thrust of what we were trying to accomplish. He was looking at the forest rather than the trees. The questions you get out of the staff, and staff

circulation, more are the detail, pedestrian type questions. The President would ask broad, sweeping...

PETERSON: That's it. Go ahead.

COHEN: Broad sweeping, "where does this fit into the whole picture?" type questions, which is the job of the President.

PETERSON: And then he asked the specific questions. We've got that decision memo, and it will be in the papers, and what he said in the margins. He asked something about the funding of it. He insisted that it be somebody reporting to the Secretary.

COHEN: The head of the agency.

PETERSON: When all the others said, "Oh no, you can't move anybody up that high," and he said, "That's the only way." He couldn't have been better. He couldn't have been better. I'll never forget the day that we announced the order. I met him at the elevator. Remember that? I didn't like what the speechwriters had given him, and I said, "Oh, Mr. President, if you could make this point and that point and that point," and we got in there, and he made them.

SOAPES: Yes, I've seen the transcripts.

PETERSON: And he just did it.

SOAPES: Extemporaneously.

PETERSON: Well, he's done that I don't know how many times.

COHEN: He came up with the best quote of the administration in trying to characterize the executive order, which is, "I want the federal government to think like the consumer would think." I can't think of a better way to say it, to define the goal.

PETERSON: So you see, that's why I can say I think he's the strongest consumer President, of the three Presidents I've worked with. But it was a development of history. I'm not going to underestimate what Kennedy did, in his right.

SOAPES: Because they were pathfinders.

PETERSON: And Johnson certainly put an office in the White House. Nixon kicked it out, kicked it down. Ford dismantled and made... We've taken what Ford built and made something good out of it.

SOAPES: Did you feel that this office was able to serve the function of helping to make the federal government--at least putting it forward?

PETERSON: No question about it. And we'll have in our presidential papers our summary of what we wanted to accomplish. There's no question about it. And the thing that's good is that the mechanism is there and is beginning to operate. I was just talking this morning, you know what Lowell Tally did over at Treasury on the usury laws, for example, what we did on wine labeling. Having somebody sit there at the decision-making level that says, "Now, wait a minute, how does that affect the consumer?" And that's just beginning.

Now if Reagan cuts it out, why then we're back to square one. We'll never be back to square one again because I think we've got a taste out there of what this can do. And even Cabinet officers have said to me, "Esther, you know that little gal you insist on having. She's not bad. She may stick this thing out." I never forget walking with Miller one day, and he said he'd never thought about these things before. We've never had to take the consumer perspective. And that's why it's breaking new territory. It's forging new areas. I think that's the exciting thing about Carter. He had the guts to try.

SOAPES: And the main disadvantage you see of what you did get passed by executive order versus what would have been passed by congressional bill is the permanence of it?

PETERSON: Well, the permanence of it, and then I think the other thing is, if they think it will take the place of a bill, there's a lot of confusion on the Hill. One of the other things I would have done differently, I would have been on the Hill lots more, lobbying what I felt. And I was a little reluctant to do that because Frank Moore and I didn't get along too well. [inaudible phrase], to be honest, and I didn't want them to think that I was sticking my nose in their affairs.

But ordinarily, the thing that I had not liked is that I was given the responsibility, but not the authority. And I think that's something no one should ever take. If you have the responsibility, you've got to have the authority to go with it. I think that was serious. And that doesn't mean that I didn't get along, you know what I mean, but I was conscious of it. I think I'm fair in saying that, Ed.

COHEN: Yep. I think it's important, Esther, to distinguish--to indicate why these consumer programs are not a substitute for the consumer agency bill.

PETERSON: Yes, now...

COHEN: And specifically the powers that you don't have, in addition to the issue of permanence.

PETERSON: The point is that what we've done through the executive order is to be sure that we have a good way of knowing what the consumer thinks and getting that into the policy making in a number of ways. We set up so we know the money should be spent for the consumer. We got budget review. We have a professional series now, so we can now begin to have professional consumers, so we can hear an economist, or a consumer specialist here. And that's a whole new revolutionary thing, and we're having fights on that, because it's not easy.

But the thing that we don't have, in fact, is the power to intervene and to take to court, if necessary. That's what we do need. And that's why we must have both. We must have the agency bill that says that we can intervene and that we can represent the consumers. And we must have the structure within every agency that is looking at the consumer's point of view in their decision-making and being sure that their agency serves the consumer well.

SOAPES: Again, responsibility and authority.

PETERSON: That's right. It's both, and it's very necessary. And you do not have both now. And we've run into some difficulty because we have been intervening in some cases. In ITT and in...

COHEN: AT&T.

PETERSON: AT&T, and...

COHEN: Two AT&T rate-making proceedings and three proceedings before the Federal Energy Regulatory Commission on utility rates.

PETERSON: And a lot of them don't like us to do that. But we've been trying to say that this is the kind of authority we want. That's why [Senator John] Danforth put an amendment on the bill up before Congress the other day that there were no funds to be used for this. In a meeting, "Esther, you can have all the education you want, but don't intervene." That kind of thing.

The point is that we put our foot in the water and are testing it, so I'm just convinced that Carter is on the right path. I think had he been re-elected, that he would just go down in history as a superb consumer person, at bringing in the people. I don't always match the consumer and the people, but really doing what was symbolized by his administration, hopefully. And I think this would have been, and indeed still is, and I think history will write it that way, and I'll be awfully anxious to see that it does. But I think also that it will be, four more years would have been...

SOAPES: In this administration, one of the key issues--as some people say the one that led to the downfall--was economic planning. Was this something you were in on?

PETERSON: Yes, I was in on...

SOAPES: I know you worked somewhat with Alfred Kahn...

PETERSON: Yes, we worked a great deal, and I tried always to supplement. I found that Alfred and I worked, well, I had a great admiration for him. And I found that in policy meetings I could follow him pretty much with a clear conscience. He supported us, really always, I think, and in all of our decision memos. We had a very good relationship and I trusted his economic area, very thoroughly. So what I tried to do is support him and then do what we could to help people cope with reality. Not to say that we were being the economists, which we are not.

SOAPES: Not being an economic analyst in the process.

PETERSON: However, we did sit on the meetings they had, with congressmen, agricultural policy meetings, on grain, or wheat, on imports, all of that--we were present.

SOAPES: You did not go to the Camp David summit on...

PETERSON: No, I was never at the Camp David summit, and I was very disappointed. I'm sorry about that. I don't know who made up those lists. I really have the feeling the President would

have asked me, if he had had the occasion to. I've never been part of the inner circle.

SOAPES: I know you have to get going up to the Hill. But what un-addressed issues do you see right now for the future of...

PETERSON: I think public participation--the funding of public participation is probably going to be the biggest one. Just off the top of my head.

COHEN: I think the maintenance of health and safety.

PETERSON: And maintenance of health and safety...

COHEN: Regulatory programs.

PETERSON: Under the regulatory. Yes, that's possible. I was thinking of our particular OSHA [Occupational Safety and Health Administration], certainly has that and FDA [Food and Drug Administration] and all the rest of them. We've been very supportive of all that.

COHEN: And EPA [Environmental Protection Agency].

PETERSON: EPA, and all that. And then I think also that the funding of the enforcement of the existing laws is going to be

very important. And how do we enforce the laws? I have a feeling that we're going to be very lax on some of the safety laws.

SOAPES: I've heard it said that it's going to be a bad time now for consumerism.

PETERSON: A bad time. And it's interesting for me, that consumers are saying, "How are we going to organize ourselves," to create what they are afraid the government will not be doing. I think that was very interesting. I got that in a meeting the other day, and I thought that was fantastic. So I said you've got to be your own, just like in the grocery store. If the dating isn't right, yell about it. But therefore, I think that I expect far more community organization.

SOAPES: Is there any one thing that you are most pleased about in the time you have been on staff during the Carter administration?

PETERSON: I think I'm most pleased with getting the executive order in place, getting that through. And, along with that, seeing that the consumer is moved up into the decision-making of the White House, as well as out in the agencies, which is the point.

Also, I think the fact that we've been able to take responsibility, been given responsibility for some big policy decisions. For example, this hazardous substance export policy, which is really--we worked on for two-and-a-half years--and we don't know quite yet how that's going to come out. We're having a lot of ups and downs with it. But this will be the first time the consumer office has really taken a major role in formulating top level policy--where the consumer is involved--and that one I think is a symbol of the kind of thing that is one of the accomplishments.

COHEN: More than that, Esther. That's a good example where we headed a working group. But for the first time after the defeat of the consumer agency bill, the President directed that the consumer office would be involved in the development of domestic policy. That's a function that no other White House consumer office has ever played, and it was significant. We were involved in interviewing and recommending nominees for regulatory agencies.

PETERSON: We worked.

COHEN: We were involved in decision-making in areas of energy, of housing, of credit...

PETERSON: Of meat imports.

COHEN: Meat imports, sugar...

PETERSON: We were set up so that the consumer perspective was heard in the trade negotiations. I'm very proud of what we've done.

SOAPES: I see you were working closely with the DPS staff.

PETERSON: Part of that. We worked very closely with Stu [Eizenstat]. And they've been very supportive of that. And every day we worked on trucking, we worked on [inaudible word], we worked on...I can't say a few of those things, myself. And they will call and say, "Esther please don't [inaudible phrase]." Various things, you see.

COHEN: I would think that one of the most significant gains, though, is the involvement of the Consumer Office in just plain domestic policy decisions.

PETERSON: Oh, yes, in the sense that we never had that before.

COHEN: Across the board, across the economy.

PETERSON: Just by contrast, I don't mean to denigrate [Lyndon] Johnson, but I'll never forget the day Jack Valenti says, "Oh,

Esther, now, I'm Jack"--and this was when all this whole business had just happened--"Come on over. We'll find an office. We'll get you an office and a separate telephone, and I'm sure that's all you need." And that's where we started. I had to fight, claw--to get a budget--so look where we are. I would say that just by way of... And that was not the President saying that, because once I got to the President we were all right. But nevertheless...we've come quite a ways. We really have come quite a ways.

COHEN: I think quite a ways in the four years you've been here.

PETERSON: It's nice just to look back and think about it some. But I think also what we've been able to cooperate with the food labeling--very important, getting people...

COHEN: Nutritional input...

PETERSON: It's just like what we've done on the mover's bill...

COHEN: Household movers. We handled that bill through the administration.

PETERSON: Getting the corporations come in and agree to a price freeze for a while. Not bad, I don't think for a tiny little staff.

SCAPES: When we've all got more time to talk about it--now you live in Washington, right? Where could we get in touch with you?

PETERSON: At home. I'm in the directory under Oliver Peterson. I haven't changed my telephone.

COHEN: 291-8443.

SOAPES: And Ed Cohen, where can we get in touch with you, in the next...

COHEN: 337-2398.

SOAPES: Okay.

COHEN: It's a home number.

SOAPES: 337-2398. And you live in the Washington area, too. Permanently?

COHEN: Yes.

SOAPES: You were originally supposed to be one of the first ones on here.

PETERSON: Well, he should be really.

SOAPES: Yes. And I'm glad you were able to sit in here, too.
As I say, I want to talk to you, too...

COHEN: [To Peterson] I just can't believe your memory.

SOAPES: Well, I interviewed her for the Roosevelt Library. She remembered seeing Mrs. Roosevelt come down Belle Wood Drive at Val Kill in her bathing suit. I better stop saying--I'll have to get going. But thank you ever so much.