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LAWRENCE F. O'BRIEN ORAL HISTORY, INTERVIEW XXVII

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Signed by Lawrence F. O'Brien on April 5, 1990.

Accepted by Donald Wilson, Archivist of the United States, April 25, 1990.

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ACCESSION NUMBER 92-39

INTERVIEW XXVII

DATE: September 23, 1987

INTERVIEWEE: LAWRENCE F. O'BRIEN

INTERVIEWER: Michael L. Gillette

PLACE: Mr. O'Brien's office, New York City

Tape 1 of 2, Side 1

O: On the evening prior to inauguration, my wife and I were visited by Hubert Humphrey and his wife, Muriel. Hubert had called earlier in the day and said they'd like to drop by, which they did. I found it unusual and, indeed, memorable because the visit was for Hubert to thank me for the efforts I had expended in his behalf. He made reference to our friendship over the years which had been enhanced through the campaign and he said would continue in the years ahead. Similarly, Muriel expressed to Elva an underscoring of this friendship. We had a very pleasant chat of an hour or so. I was most appreciative of the visit. I was extremely impressed that these two people could take time to really extend themselves to express appreciation and a pledge of continuing friendship. We had become close to the Humphreys and held them in the highest regard. I considered Hubert a close friend and I looked forward to the continuity of our friendship.

The next day Hubert Humphrey was to go through a tortuous day. He was to be on the inaugural platform, as departing as vice president of the United States, and sit through the inauguration of the man who had defeated him. In any event, it was, for my wife and me, a memorable experience that we've treasured to this day. We have the fondest memories of the Humphreys.

[The] inauguration proceeded and I was intent upon departing Washington, which was a commitment I had made to myself long before. A commitment that when I was no longer in government or politics, I would definitely prefer not to spend future years in Washington but to cut the cord. The off-again, on-again attempt to prepare myself for the private sector that extended back prior to joining Hubert Humphrey and shortly following the death of Bobby Kennedy had been brought into focus. I had failed to comply with the agreements I had made with the three networks and Hughes Enterprises to have them as clients of mine. But meanwhile, in December, up to Christmas of 1968, I had gotten into intensive discussions with the Wall Street brokerage firm, McDonnell and Company, and had concluded that offered better prospects for the private sector than the initial concept of the consulting arrangement.

So I had committed to come to New York to become president of McDonnell and Company on Wall Street. As I recall it, the firm had thirty or forty branches across the country, was one of the largest in the country and a member of the New York and American Stock Exchanges. This was a foreign field to me. I had some general knowledge of the McDonnell family--a well-known Irish-American family that had

achieved a great deal in the business sector through the father, who had established this firm many years earlier.

G: Do you have any idea how you were approached by the [McDonnells]?

O: Yes. There was a mutual friend by the name of George Bissell. George was related through marriage to the McDonnells. His former wife was a McDonnell. There were a number of McDonnell children. It was a large family. Henry Ford had married a McDonnell. George Bissell and I had known each other for years. My exposure to Murray McDonnell occurred probably late in December, certainly in December. George Bissell brought Murray McDonnell to Washington. We had lunch, which led to intensive discussions over a period of several days. I remember it reached Christmas because Murray's wife sent my wife flowers at Christmas. Murray's brother had been chairman of the board of McDonnell. Murray was president. Sean had died of a heart attack while jogging. He was in his mid-thirties. Murray had to replace Sean. Murray's proposal to me was that he would become chairman of the board and I would become president.

I called for a contract that I was quite impressed with. I weighed it in the sense this was an ongoing business, firmly established with an assured salary and benefit level, all of which I would have to put together in my own company from scratch even though I had a good base to start. George Bissell, my good friend, with Murray, pressed the issue. I came to the conclusion just prior to the first of January of 1969 to drop the concept of a consulting firm in New York and join McDonnell and Company as its president. Either way, I would be coming to New York.

So I joined the firm and came to New York to meet the top officers of the firm for the first time. I think it was literally on the day that Nixon was being inaugurated. I moved into active participation in the firm almost immediately, no later than the first of February or earlier. I had no knowledge of Wall Street. I had no understanding of the brokerage industry. I had, obviously, no concept of the general disarray on Wall Street at the time. I was most naive and I was intrigued with the package offered me and the stability that package would present. By accepting the McDonnell proposal I didn't have to go through the initial stages of developing an entity of my own. In any event, I chose that route. Ira Kapenstein, my deputy, agreed to move his family to New York. That was part of the agreement I made with McDonnell. Phyllis Maddock, my top assistant, who had been with me for years, similarly agreed to come to New York. So I negotiated with McDonnell the package that brought my two top people with me to join me in this new endeavor.

I wasn't at McDonnell and Company very long when I realized that all wasn't as had been presented to me, in terms of the state of the industry and the state of McDonnell and Company. In those conversations that led to accepting the position, we had discussion regarding broadening and diversifying McDonnell and Company well beyond the brokerage firm, with thirty-five hundred or four thousand employees. That sounded challenging.

Also, you had to own a percentage of a firm in order to be accepted as a member of the exchange. Also, the normal requirement was that you take an examination, I believe orally and in writing, along with interviews prior to acceptance. In fact, Joe Fowler and I believe General [Lucius] Clay, who arrived on Wall Street simultaneously with my arrival, went through this whole procedure. It was arranged that I would meet the requirement of stock ownership by signing loan agreements with a bank and the bank was only too happy to accommodate me. In fact, the vice president of the bank came to my office at McDonnell's to have me sign these documents. I was investing no money of my own. I wasn't in any position to do that. I recall the only bright decision I made during those early stages was when this banker said, "Just sign here." I signed loan agreements for just what was required at that time, which was half of what I was to receive. That would be satisfactory in fulfilling the requirement of the exchange and meant I hadn't committed myself to as significant an indebtedness as the smiling vice president was encouraging me to do. Later events proved that that was probably the only smart decision I had made in some time.

Beyond that, the officers of the exchange met with me in a formal setting. John Loeb was one of the key people on Wall Street and he and I had become friendly in the Humphrey campaign. There were a couple of other prominent Wall Street people who joined with John Loeb and notified me they were waiving all other requirements.

So I found myself president of a brokerage firm with a waiver from the stock exchange that brought me membership and acceptance by the exchange almost simultaneously with arrival. Then we proceeded to look at McDonnell. Every brokerage firm on Wall Street was in some serious difficulty. Firms were closing; firms were merging. The operation was in a total state of disarray. That was prior to computerization. Nobody could clearly determine stock ownership of individual purchases. It was a total mess. In addition to that, McDonnell and Company owned several seats on the New York Exchange. My recollection is probably five. They owned several seats on the American Exchange. My recollection is probably three.

Contrary to what I had envisioned, we weren't engaging in any serious considerations regarding diversification. Rather, we were in discussions constantly regarding survival. Survival meant there had to be an input into McDonnell and Company of a significant amount of money. Significant was in the millions. As we pursued this, we were forced to sell some seats on the exchange to meet the exchange requirements in cash on hand. I guess we probably reduced the five seats to two on the New York Exchange and three seats to one on the American Exchange. That was our sole source of cash flow.

G: Pardon my ignorance but what was the advantage of having five seats as opposed to one or two seats?

O: Well, it was a matter of prestige and it did mean you could function nationally in better order than with one seat. Your position on the exchange was more significant. And it

was considered a good investment. The seats on the New York Exchange were probably in the vicinity of half a million dollars at the time, but beginning to drop. The going price can vary and does. I have no idea what it is today. I imagine it's very substantial. The New York Exchange sent us notice a couple of times that we were delinquent in meeting our obligations to the exchange. This was what you were engaged in.

Now I'd begun to catch up with this situation probably in the first ninety days. It took that long before you realize that not only was it a serious problem which required a significant input of money in order to modernize, but the money wasn't there. This went on for probably ninety days or longer and you hoped to see daylight. You didn't have time to regret what you had done. You had made a commitment and tried to fulfill it. It was a very depressing situation. But you continued to hope for the best.

The McDonnells' mother was still alive. She was very much a matriarch and a very impressive woman. I didn't know her husband, who was the founder of the firm, but he had been extremely successful. They had their compound in the Hamptons and their homes in New Jersey. This was a socially prominent family, one of the most highly visible Irish-American families in the country. On the Flanigan side of the family, Murray's wife had a brother, Peter Flanigan, who became an aide to Nixon in the White House, and her father, Horace Flanigan, who--not in his presence--was referred to as Horrible Horace, was president of Manufacturers Hanover Bank. Another McDonnell was married to a man named Johnson, who was a lawyer active in the business world. All of them had a share of ownership in McDonnell and Company, all the children. There was a brother who was head of the Detroit office.

It became a matter of widespread concern in the family. Finally it came to a head. I remember it vividly. There was a firm on Wall Street, Donaldson Lufkin, an investment firm with a high reputation. Lufkin, who was close to the McDonnells and in good shape financially, made a commitment to invest in the firm if the McDonnell family was able to make further investment. At this point, Don Lufkin, who I was extremely impressed with, told me he did see hope for the firm, that the firm was a victim of the general situation on the Street. No firm was immune. Some firms were worse off than others.

We had had one opportunity to merge. We had serious meetings on merger, which probably would have salvaged the firm. But Murray McDonnell, and I guess his view was shared by the family, refused to merge. That went to family pride.

Meanwhile, all managers in various parts of the country who were also investors in the firm, at least they had a stake in the firm, along with a fellow by the name of Tom Cassidy, who joined the firm with me as vice president and signed similar notes for his share of stock, were becoming more and more upset and concerned, as was I. So a decision was made to call in the branch managers for an all-day session at the Summit Hotel. We would review the problem, try to reassure the branch managers and we felt, through Don Lufkin, that we were going to be able to give them some good news. Meanwhile, Murray McDonnell and the McDonnell family were in deep discussions with

Mr. Flanigan, Murray's father-in-law.

G: Horrible Horace?

O: Yes, who obviously was a sure source for significant financial input. I was charged with conducting this all-day meeting, fully anticipating Murray would be joining me. Murray had taken ill shortly before that and had put himself into a hospital. I went to visit him in the hospital and it was clear what he needed was some rest to try to pull himself together, leading to this climax. That was the climate when they opened the meeting. These managers from around the country were expressing their concerns and Murray McDonnell failed to appear. I wasn't in any position to give them reassurances because the other piece of the puzzle was not in place as far as I knew, namely Mr. Flanigan. I knew Mr. Lufkin's role was dependent upon the involvement of Mr. Flanigan. However, as the meeting dragged on, Murray McDonnell arrived. He prefaced his remarks by saying he had been delayed because he was having discussions on the status of McDonnell and Company, that he was pleased to announce a deal had been cut and the necessary financing would be available immediately. Obviously the climate of the meeting changed dramatically. And my view of things obviously changed dramatically, too. The meeting ended on a high note.

In the office the next morning, Lufkin wanted to see me privately. He advised me that what Murray had said the previous day was not the case. It was his hope, but it had not been satisfactorily concluded with the Flanigan end of the family. He, Lufkin, felt in good conscience that he should advise me that he didn't anticipate it was going to conclude satisfactorily and therefore he would not be a participant. I remember saying to him, "Do you see any reason why I should continue to be president of this company beyond the close of business today?" He agreed that he couldn't see any reason. I called Phyllis and Ira, my two associates who had pulled up stakes and joined me in New York, advised them I was going to resign by the close of business. I then looked for Murray McDonnell, who was not in his office. I had to wait a while before he finally arrived. I advised Murray McDonnell that I saw no future in continuing, that I was there less than eight months, that this was not only a personal disaster to me but it afforded me no comfort that the company seemed to be going deeper and deeper into the hole, and that the commitments he had made to me in terms of the thrust of the company and its future had never been fulfilled.

I then indicated to him that I had two choices in my press release resigning as president. To state the facts as they are or to state that what I had anticipated would be the thrust of the company was not forthcoming and therefore I did not want to continue. In other words, a flat-out statement or a diplomatic statement and that was dependent upon how he conceived Ira Kapenstein's continuing role. He had grown to be extremely impressed with Ira and rightly so. Frankly, he needed Ira not because of his knowledge of the Street, but as a right arm as Ira had been for me. I wanted some assurance that Ira had some continuity, if that's what he cared to do at least for the time being, that he was not resigning at five o'clock along with me. If Murray and I could have that understanding,

then we could have a publicly amicable departure. Murray was very quick to accept that. In fact, that was his preference. So it wasn't a matter of negotiation or debate. He was anxious to have Ira stay on. He could not debate with me my departure and so we had no real conflict or mean conversation. It was almost throwing up his hands and saying, "Well, what can I say?"

G: How did he account for his misrepresentation of the financial situation?

O: I don't know as he accounted for it. He made no attempt to suggest that I had the wrong impression, nor did he attempt to suggest, "Just give it a little more time and the Flanigans will be aboard." It was clear that these intense discussions within the family, which I was not party to, were not going to be fruitful.

Obviously, Lufkin, who was in a far better position to know the facts than I, particularly the facts regarding the Flanigans, had reached his conclusion. I think it was very considerate of him to advise me of this. He wasn't going behind Murray McDonnell's back. He recognized I was entitled to know, as president of the company. I certainly was entitled to know that he was not going to pursue this course. His commitment had been made on the basis of a Flanigan commitment.

In any event, Murray and I closed out our discussion amicably. Murray McDonnell at no time had been devious. Those were his expectations back in December. He was looking at the company through rose-colored glasses. What motivated him in convincing me to become president I never understood, because I had no background in the business. He probably thought I was a name to put on the letterhead. I often wondered and I wondered about my own decision. I think my own decision was based more on the bottom line of the agreement than common sense in going into a business I had no knowledge of.

G: Well, do you attribute any of the firm's decline to your own lack of knowledge and were there any decisions or shots that you called that should had been called a different way?

O: No, because there weren't any shots. The firm was in a sad, sorry state upon my arrival. The Street was in a sad, sorry state. Several firms folded over those months. A number of firms merged and then merged again, trying to save themselves. This was a very difficult period for the Street and this was not due to anything Murray had done. His firm was in no better or worse position than many others on the Street. It was extremely unfortunate that this firm, which had been built over two generations into a prestigious Wall Street firm, was in terrible decline. But obviously, without further financing, without even the hope or expectation of any source of further financing, there was no purpose in my staying there. I closed out my involvement. I issued a brief press release, simply saying, in substance, that Murray and I were not in agreement on the thrust of the company. It was a very light notification that you were no longer president. You had to make some statement. If you hadn't made the statement, then people would have certainly been inquiring quickly, particularly the New York Stock Exchange.

So Ira stayed on for a period of time. The company drifted along. Finally, there were charges brought against Murray by the exchange. Ira stayed until the firm was dissolved, which was probably a year or more later. Meanwhile, my departure was not that simple because the following morning, after I announced my resignation, this friendly banker was figuratively on my doorstep demanding payment on the notes. In addition, as part of my agreement with the company, the company purchased an apartment for me. The apartment was in a co-op; therefore it was in my name not the company name because in a co-op, you can't have commercial ownership. So I received two demands the next morning--one for payment of the notes, which was delivered to me certified mail, and the other demand was that I immediately depart the apartment.

My friend, George Bissell, came to the rescue. I didn't fault George one bit for encouraging me to take the position in the first place. George had no more awareness of the problems of the company than I did. But George was in a financial position to be helpful. Through a loan from George, I walked into the bank and had the satisfaction of closing out my own personal account with the bank and paying off the indebtedness, which taught me a lesson about banks, the cold-bloodedness of banks. I wasn't being given one hour to work this out, no suggestion that we work out some kind of a long-term payment or whatever, nothing. So I cleared that up. Then I called Murray and made an offer to purchase the apartment. It was a flat offer, take it or leave it, but it was an offer that was readily accepted because that did mean that there was a little money flowing into McDonnell and Company that day. I became the owner of the apartment by sending a certified check.

Tape 1 of 1, Side 2

So I purchased the apartment, paid off the indebtedness.

I then, of course, had to start thinking about what happens now. I had certainly cut the cord with the networks. There was no way the networks would want to talk further to me. (Laughter) I had been off and on again with them at least three times the prior year. But I decided to go back to the drawing board to see if I could once again undertake establishing the consulting firm. I talked to Ira at some length about it. He was still at McDonnell and he was receiving his salary on a regular basis, working arduously to be helpful to Murray and they were getting along fine. I told him about my plans and we informally agreed that if I could get O'Brien Associates established, he would like the opportunity to consider joining me and leaving McDonnell.

I proceeded to try to locate some potential clients. There were a few people who had expressed some interest months ago or years ago in having a client relationship. In the course of that, I decided to screw up my courage and renew discussions with Bob Maheu of Hughes Enterprises. I talked to Bob at some length. He still seemed to be intrigued with the ideas of promoting Hughes and promoting the Hughes Medical Center. In any event, initial contact with Bob resulted in his comment, "Let me think about it,"

and, "Let me communicate with the man." I believe that's how we referred to him. Shortly I heard back from Bob and he agreed to enter into a client relationship on the same basis, at the same money as we had talked about many months earlier. I told him that in order to try to achieve some early stability, I would like to have a contract for a specific period of time. We agreed on a two-year relationship. Meanwhile, Claude Desautels was back in the picture and through some of his sources and some of my sources, we picked up jointly four or five other clients. So we had a half dozen clients including Hughes and we were in business. Ira and I discussed his leaving McDonnell and joining me. Claude would not come to New York; he would remain in Washington.

Phyllis, who left McDonnell when I did, was working with me through this period. We were able to assure a pretty good initial launching and reasonable stability while we continued to build the company. I sent out press releases to business publications, to the press generally. I continued to make whatever contacts I could and I reached agreement with Ira on joining the firm. I found myself rather quickly in business. I then could look to repaying the debt I owed George Bissell, which was significant. I was able to repay that debt within a period of twelve months. Most of my income went to discharging debts during that early period.

By the time I received a call from Ben Bradlee, I had recovered reasonably well from the shock of my eight months experience on Wall Street and was beginning to contemplate other activities, book activities. The call from Bradlee came, I guess, sometime in early February, and I was stunned. Ben said, "I want to welcome you back to Washington." I remember, knowing Ben as intimately as I had over many years, that he was fully capable of pulling your leg and having some fun with you. I had no idea what he was talking about so I asked him. He said, "You know that Fred Harris resigned?" I said, "No, I didn't." He apparently had resigned that morning. And he said, "It's clear to me that you'll be back as chairman." We chuckled about that and I told him that he was as crazy as ever and that terminated that conversation. That was my first knowledge of Harris' resignation and the first contact I had following that.

Then this began to unfold. I don't recall the exact chronology, but it happened with great rapidity. One contact was from Colonel Jake Arvey, a lifelong Democratic leader out of the Daley organization in Chicago, an eminently respected fellow in the party across the country. And he said, "You're going to be pressured greatly to make comment about the chairmanship." I said, "There won't be any great pressure, Colonel, because my comment is obvious. I'm in the early stages of a new business and the last thought in my mind would be to discard that and be back as chairman. It's nice of you to call. But that's the extent of that." Arvey replied, "I'm going to ask you one favor. Would you not comment or if you do, don't comment negatively. Just refrain from commenting for a day or two because I want to get back to you and I want to talk seriously about some aspects of this. You would be doing me a favor. I don't want to get into all the details. You'll be doing me a favor if you'd just refrain from barring and locking the door, because that would make it more difficult for me in what I'm attempting to do." I said, "That sounds fair enough." And that was that.

It went on from there. There were several comments about who would be chairman. I guess I was mentioned among them. My recollection is I observed Jake Arvey's request and remained mute and was out of contact. The candidates began to surface. It was apparent that there was going to be a real contest for the chairmanship and that was fine. I recall the mayor of Providence had perhaps announced his candidacy.

G: Oh, Joseph Doorley? Was that--?

O: That's right. There was Joe Crangle and the chairman in Indiana.

G: That was Gordon St. Angelo?

O: Gordon St. Angelo and there were others, I guess. It was developing into a contest and the Executive Committee of the Democratic National Committee had or would receive a recommendation from the titular head of the party, which should resolve this. Hubert Humphrey would make known his choice to the executive committee and that would close the matter out. I had no conversation with Hubert Humphrey. Arvey got back to me and the sequence of events eludes me now. Hubert was about to or had made his recommendation to the executive committee of the national committee and his recommendation was the former governor of Indiana, Matt Welsh, who, in my judgment, would make a fine chairman. I knew him well; thought highly of him. However, the executive committee did not support Hubert's recommendation. That left the matter, apparently, in considerable disarray with several avowed candidates and Hubert's recommendation of Welsh not acceptable to the executive committee.

Arvey called me and said the executive committee had instructed him to contact me and ask me to accept the chairmanship. He urged me not to respond, that he was going to hang up because all he was asking me to do was just think about it. And he hung up. I don't know how much thought I gave to it. I don't know now whether I'm talking about days or what.

In any event, I had become a director of George Bissell's modular home company in northern California. This is the same man who had bailed me out in terms of my problems with McDonnell and Company. He was having a public presentation of his first modular home. Would I come to this press launching? I went to California, spent a day or two there. I think I was asked by one reporter about the chairmanship. I said I was on modular home business and there wasn't any pressure to talk about the chairmanship and it certainly was not in my mind. I owed George a debt and I wanted to do everything I could with the launching. At the airport in San Francisco I believe, heading back east, I ran into Bob Novak. Bob did attempt to question me and I told him I had no involvement.

When I returned to New York, Hubert Humphrey called me. He said if he had thought for a minute I would accept the chairmanship, he would have presented my name to the executive committee and no one else's, but that he made the basic assumption that

there was no way I would be interested. I replied, "You're right." We had a pleasant chat. At that point, I believe his choice of Welsh had been turned down.

G: Did you suggest anyone else?

O: No. I don't know as we got to that. It was a very pleasant call. The purpose was that he wanted me to know that he assumed I had no interest and if by any chance I had had any interest, he would have been in touch with me and I would have been his choice.

There was a call from Bob Strauss, who was on the executive committee, as I recall it. And Bob said that if I would take the chairmanship, he would take the treasurer's post which was certainly not a pleasant prospect [for him] and he would commit to me to break his butt, so to speak, to raise money to keep the Democratic National Committee afloat, to do something about the debt.

I was not aware of the extent of the debt. I had been out of the committee for a year. I was totally out of touch. As part of determining the debt, it was Bob's query, "Would you come to Washington? I'll put together the treasurer of the committee and other officers and we'll have dinner. I'll find out exactly what this debt is and maybe we can talk further."

At Paul Young's restaurant one evening I met with Bob and three others in the national committee to go over the debt. Through the course of dinner, it became apparent the debt extended far beyond what I had heard or read about. My recollection is the debt was in the vicinity of nine million dollars, not five or six million people had been talking about. There had been a significant increase in the debt over the prior year. Fred Harris had borrowed additional monies. There had been a fund-raising event in Florida that had been a failure, a debacle. This was the state of affairs.

G: Do you know why that event was unsuccessful?

O: I didn't know. I'm sure I didn't even know it took place until I got into this.

G: One of my notes indicates that Harris, in effect, had given Nixon's Justice Department an invitation to investigate organized crime in Democratically controlled municipal governments and had really crippled the party structure in big cities even more. Is that a--?

O: I don't recall that. I think probably Fred, at that point, had had enough. He apparently came back from this Florida misadventure and resigned. That started this whole thing.

G: Why was he ill-suited for that role?

O: I really don't know. When I finally arrived at the national committee, I found the staff in total disarray. I never pursued that. All I knew at Paul Young's restaurant that night is

whatever Fred had done or not done, he had added significantly to the debt during that year and probably had no way to avoid it if he were to keep the national committee doors open. That's all I knew. There was some further contact from Hubert coinciding with the dinner. There was contact from Meany and contact from others.

I came back to New York and Ira and I and Phyllis and Elva came to the conclusion that this was ridiculous. Furthermore, there had been further statements by candidates for the chairmanship. There were three or four candidates. There was no way in God's world, if I gave remote thought to going back, that I would go back in a contested situation.

So I announced publicly I had no interest in going back as chairman and that was flat. Following that some or all of these candidates in one way or another indicated that if I would take the chairmanship, they'd withdraw as candidates. With one exception as I recall, Gordon St. Angelo, who was busy traveling the country, talking to the national committee people in his quest for the chairmanship. Additional conversations ensued between Hubert and me. Hubert was busily informing me that the decks were all being cleared; all I had to do was say yes. The national committee meeting had been called; a date set. This was quickly coming into place.

Hubert said, "Why don't you come down to Washington the night before the meeting and we'll talk further?" Ira and I went down. I was listed as being in the Mayflower Hotel. I decided I didn't want to talk to anyone. If Hubert wanted to talk further with me, I would make myself available and I wouldn't be available to any national committee members or any press. So I literally checked in at the Mayflower, but I went to another hotel, the Madison. Ira was with me. As the hours went by there was recognition I wasn't around the Mayflower. I don't know how it occurred--but Joe Crangle finally tracked me through Ira in some way. Joe came to the Madison to talk to me. He was no longer a candidate if I would accept but he would be a candidate against St. Angelo or anybody else if I didn't. He urged me to accept. That sort of thing went on through the night.

G: Did he tell others where you were?

O: I don't recall. I think there were a couple of other telephone contacts through the night but I never went near the Mayflower. So the next morning, Ira and I, early in the morning, went to the Mayflower to meet Hubert. He was excited, all aglow, "This is great; got it all done." I said, "You haven't got it all done. What are you telling me?" He said, "Well, Gordon St. Angelo is still a candidate but don't worry about it." I said, "I've told everybody that there's no way I would touch this in any kind of a contest." "Well, you'd beat them." I said, "I don't care how much I would beat them by. I'm here in Washington now. Everybody keeps saying you're a lifelong Democrat and all that. You know, this doesn't add up to anything." Finally, there were several people in the suite.

The meeting was about to start. People went to talk to St. Angelo and

apparently--I never knew how this came about--St. Angelo said he'd withdraw as a candidate if I would take it, but he wanted to have ten minutes to speak to the national committee to thank them for all the kindnesses they had shown him as he toured the country. I just sat there. We were drinking coffee. Finally, a committee arrived in the suite. People from the national committee had been designated as a committee to escort me to the meeting.

So down I went and I became chairman, at which point I probably destroyed the private sector forever, I don't know. The adrenaline is flowing and I make a speech. I'm chairman again.

G: You were really sort of railroaded into it?

O: Actually, it was unbelievable it turned out that way. Why did the executive committee turn down Hubert's recommendation of Welsh? I never understood why. I remember a time when Adlai Stevenson supposedly was titular head. I guess titular head doesn't mean much. Fritz Mondale would be titular head of the Democratic Party right now. Hubert found to his dismay that these people loved him but they weren't interested in his proposal. In addition to that, clearly there would have been several candidates contesting. I would assume, at least six. There were three or four avowed. I think all of the avowed had been campaigning for the chairmanship.

So it was the old story. If O'Brien takes it, then everybody disappears. If O'Brien doesn't take it, we're in turmoil. So I think there were probably people who said, "Let's get O'Brien to take it." They weren't so much pro-O'Brien as they were anti-turmoil or didn't want to start choosing up sides. But it played out on its own. I never had one conversation that I initiated with any member of the national committee throughout this period. And Bob Strauss dutifully took over the treasurer's job. We took our respective places in the national committee.

G: Let me ask you, how do you explain Humphrey's interest in this thing?

O: Humphrey was, in my view, fulfilling a responsibility he saw he had as titular head of the party. And his advocacy of Welsh, I'm sure, was not based on any desire on the part of Humphrey to have any active role in the national committee. I think it probably came about--and it was a good choice--with Hubert looking around and saying, "Who would be a good chairman who would be a fellow of stature?" This fellow had just left the governorship. I think that he had to be stunned when he advised the executive committee, "Here is my recommendation. I'm complying with my responsibility," and have the executive committee reply, "Thanks but no thanks."

That, of course, opened the door to a spate of candidates. None of them, individually, would have sufficient support to plow through this easily. They probably would have gone through innumerable ballots to elect a chairman. I'm sure Gordon St. Angelo felt that if the specter of O'Brien hadn't arisen, he would have been chairman. I

don't know.

All I know is that a fellow silly enough to take that chairmanship, as I did under those conditions, had to have politics in his blood and somehow couldn't resist it. It's almost as if you're an addict. I turned my back on a burgeoning business with a heavy debt following a disaster. And there I am, blithely walking into the ballroom of the Mayflower Hotel, accepting the chairmanship in February, when O'Brien Associates has existed for but a few months.

So I was forced to immediately contact each of my clients. Regardless of the agreements I had with them, in the instance of Hughes Enterprises it was a two-year contract that was in probably its fifth or sixth month, I called each and told them that whatever the agreement they had with me, obviously, they were at liberty to tear up the agreement. After all, I am becoming a chairman of the out-party and that isn't, probably, a pleasant prospect to clients. Maheu's first reaction was the obvious, "Is this outfit of yours going to continue?" I said, "Yes, it is. Claude Desautels is going to stay in place. There are a couple of other people involved and it may be necessary for Ira Kapenstein to stay with O'Brien Associates." Bob was not about to give his approval and said, "I can't tell you that we will continue. We have a two-year contract and I'd see it through if you insist upon it, but if you're giving me an opportunity to be released I would have to talk to the man again." He got back to me and asked, "What we're interested in, is there going to be continuity?" I replied, "Joe Napolitan is in the PR business and extremely able, and I think he can handle some of your activities and you can drop out anytime you care to." He responded, "On that basis, let's see. I dislike the idea of canceling out. There's nothing in the agreement indicating you couldn't be party chairman, but you understand our position. That could be a negative situation for us." (Laughter) He concluded, "Let's let it be for now and see how it works out."

As time went on, his contacts were with Joe Napolitan and Claude. Then my son returned from Vietnam and he took an active interest in O'Brien Associates part-time and became president, while he was finishing law school. Despite what I was saying to clients about Ira, Ira came with me. (Laughter) Ira said, "You can't leave me behind." He was anxious and excited about being the deputy.

In trying to operate the national committee, you look first to keeping the door open. Could you maintain a decent staff? Could you pay the bills? Bob had committed he would do everything possible to assure that and he did. Bob and I would kid back and forth. I told him, "My job here is to spend the money you raise. Your job is to raise it." I immediately considered what role the committee could play as the out-party. Now it's March 1 and you're in the midst of an election year. Can the committee be helpful to Democratic candidates? What role can the committee play as the loyal opposition? What role can I play as a spokesman? Is there a role taking on the administration? What can we do to organize the staff and have it as effective as severe financial limitations will allow? So we started to focus on the remainder of 1970 and the off-year election.

- G: Before we get into that, let me just ask a couple more questions about the selection. Did the southerners boost Buford Ellington for national chairman?
- O: I think they probably did. There seems to me, there were indications that the South would like to have a chairman. There were some indications that perhaps Lyndon Johnson wouldn't be happy to see me as chairman because I had joined Bobby Kennedy when I left his cabinet. If that was brought to my attention it was of no interest to me because I had no interest.
- G: Do you think party leaders regarded Harris as too far to the left and not appealing to the mainstream of Democratic voters?
- O: Fred took over a difficult situation . . . the party in disarray. You have a very serious financial situation. What can you do to show Democrats there is a meaningful Democratic National Committee? As the debt increased that year, there were no observable activities in the committee. The attitude towards Fred, which I assume was supportive at the outset, obviously deteriorated. Fred decided that's enough and he would walk out. I don't know that it went to Fred's political views. The committee was barely alive and nothing was happening.

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- G: Had voter registration lagged before you came?
- O: I'm not faulting Fred Harris personally. Fred had to be completely disenchanted when he found he couldn't raise funds to function on a current basis.
- G: Did you, upon assuming the chairmanship, sense a need for making the party more appealing to middle-of-the-road Democrats?
- O: That was part of it. We, clearly, were in difficulty with the mainstream, the traditional Democrats. There was a prevailing view among the Democrats that the party, as represented by those who were speaking for the party, was soft on crime and not attendant to the problems of Middle America. We weren't, as a party, effective in articulating our positions leading into an off-year election to a degree that would impress the average Democrat, who had traditionally supported the party but had little enthusiasm for the party at that stage. That lack of enthusiasm continued through 1972. The whole Wallace venture. George Meany and organized labor were deeply concerned about the drift of the party, as they saw, to the left. And you still had the party under the cloud of Vietnam. It certainly was not a favorable climate.

If I had any initial advantage, I did enjoy a continuing reasonable acceptance on the part of the Democrats in the Congress. I could attempt to establish a closer relationship between the committee and the Congress and the party structure. We had lost a number of governorships. We were not in good shape nationally.

But, basically, with this relatively small entity, probably thirty or thirty-five staff, the debt problem--what could you do? What could be meaningful in organization, in communication, and in the role of the loyal opposition? First, review the small staff in total disarray. Most of them wondered if they'd survive. A number had left off and on during the prior year.

Bob Strauss had focused on keeping the door open. We'll develop fund-raising programs as best we can. A hundred dollars per month membership for those who haven't been contributors. Fund raising is much easier for the House and Senate campaign committees and candidates for governor than it is for the national committee. You're very much low man on the totem pole; you get no financial support from those who are in a position to raise big money. You have to contact dedicated Democrats who might contribute modest amounts in addition to helping fill the coffers of the House and Senate campaign committees and/or who would be willing to contribute a thousand dollars a year to the national committee. That's what Strauss was faced with. You were also faced with restructuring the staff, restructuring the basic operation of the committee, reassuring the staff. You worked on the structure first. You divided responsibilities. You set priorities.

As early as April at one of my staff meetings, on my agenda, the first reference is inspiration. What is our mission? Preparation for the 1970 campaigns and how to be helpful to candidates. Building toward the 1972 convention, the challenge of party reform, which was a hot item, and coordinating and assisting state organizations. That was basic.

So I decided to set up three major operations. The first, obviously, finance; communications would be the second; campaigns and organization, the third. I urged them, if they have problems, to work them out within the family. I didn't want any more negative publicity emanating from the committee. I reviewed the role of vice chairman, deputy chairman and executive director; they were going to play key roles. Then I did get to an item which, on reflection, I wonder about. This is April 20, 1970 and I'm talking about office security. "Know who is working after hours;" responsibility for volunteers and interns. I'm sure I was not contemplating a Watergate. I felt we were going to keep these offices open late. We could secure interns and volunteers in the evening. We were going to find use for them and somebody would have to maintain security, because the hours would no longer be nine to five. I talked about decorum and appearances, supplies and desks: "Let's put on a good show for visitors." I have an item: "Press, responsibility of communications director and press secretary." "Don't gossip," underlined. Then the mail--that always bothered me--"Expedite replies." And then of course, "Keep expenses down." That was the first order of business.

I had the good fortune of having some fine staff people. Stan Greigg came with me; Ira came with me. I inherited some solid people: Bill Welsh, John Stewart. We hired Joe Mohbat as press secretary from the Associated Press. There were several others who were solid. You had a nucleus but you had to give it direction. You had to give

department heads areas to operate, and "those working in these departments would know the department heads had my full confidence and my ear at all times." So it was launched and it worked out quite well.

Then to all aspects of help to candidates. We decided to put together several regional meetings. First, a closed-circuit television three-hour, in-depth communication setup beamed out to twenty or twenty-one major areas of the country. We took the loyal opposition on television. We had some initial success and then had the door closed on us. I took to the attack often, as far as Nixon and the administration were concerned. That wasn't costing money other than stamps. I toured the country extensively in 1970, appeared at many events involving candidates for governor or Senate or the Congress. That was ongoing through 1970. We installed a communication system to record statements from members of Congress and others to be immediately disseminated nationally, with emphasis on radio. This was at no cost to them, and was meaningful.

Meanwhile, Bob was trying to develop a membership program that would bring in some money. We had a few modest fund raisers.

I found it interesting and challenging from the start. It was considerably different than my role as chairman on a prior occasion, as chairman of a presidential campaign with the additional title of chairman of the national committee. During that Humphrey campaign, the focus was on the campaign period. Now, you're engaged in activities which the committee should engage in, trying to upgrade and be creative on the communication side, and also be a voice in the party. You place emphasis on youth; you ensure you maintain a close relationship with Al Barkan and COPE and labor generally. I was in communication often with George Meany, hoping he would not kick over the apple cart and we could develop unity. As an outspoken chairman, I obviously would be stepping on the toes occasionally of some members of Congress who would not be in agreement. But you needed to be aggressive.

At one point in 1970 you were berating Nixon for moving into Cambodia. Some in the Democratic Party didn't feel it was the right thing to do. But the leadership on the Hill and the party generally were in accord. I didn't get any great flak on that. It afforded me an opportunity to make a speech that was, I thought, hard-hitting. We were able to get it on national television. That gave some exposure to the party, whether you were in total agreement with the position on Cambodia or not. You were constantly harping on the economy. You were trying to enlist Middle America again in the pocketbook issues, the basics.

We had some free promotion through 1970 because of equal time--the loyal opposition demands that we made on the networks. We were finally able to get one network to agree to four prime time segments of loyal opposition. We did the first national show and there was flak. We found the FCC, chaired by Dean Burch, who was the former chairman of the Republican National Committee, agreeing that the Republican National Committee should have an equal opportunity to answer me. This would have

been endless. You found the networks had a good relationship with Senator Pastore; they were getting along quite well. John Pastore was not that concerned about the networks' position or change of position. All of this was the subject of a great deal of activity through 1970.

We developed manuals. We created contacts with candidates. Obviously, we couldn't offer money to them. We reached out as far as we could reach to be involved with them and their campaigns. We had an active 1970.

G: Was there a temptation at this point, as candidates were looking ahead, to aid one candidate more than others in a campaign, Humphrey's for example, just as an example? Were you tempted to favor Hubert Humphrey over other contenders for the nomination?

O: No. This is 1970. It became more sensitive later on, and we'll get to that later. You tried mightily, as chairman, to avoid any indication of preference for a candidate. Your role had to be equal consideration of every candidate, including John Lindsay, ultimately. Every candidate must be treated equally and fairly by us. That was going to be severely tested. I would be severely tested before it was over in 1972.

There was another aspect of the start, the first sixty days or so. I reacted rather strongly to an effort by Sarge Shriver to develop an entity outside of the structure of the national committee. My gut reaction could be anticipated with all the problems we had internally. We had an existing structure. The need to create some independent outside structure eluded me.

While this national committee activity was going on, Sarge had been busily engaged in eliciting from members of Congress approval of a concept of his to travel the country promoting the party. He would need certain funding for that. The record shows there were a number of attempts made to meet with Sarge. Several appointments were scheduled for Sarge to meet with me to go over this and educate me. It never occurred. At some point, these memos will reflect I must have wondered why an appointment hadn't been made and Sarge and I haven't sat down. I obviously asked somebody to review the record and we found fifteen or twenty incidents of attempts to arrange a meeting and all failed. A couple of meetings were scheduled and Sarge didn't appear. There were some suggestions his secretary neglected to tell him. That went on for quite a while.

Ultimately, it resulted in Sarge sending me a long handwritten letter outlining his ideas on this entity he was establishing and stating unequivocally as strongly as he could that this in no way was construed by him to be interfering with the national committee. Indeed, he would consider his role would be to be as helpful as he could to the national committee. I finally decided to accept that. I had enough on my plate without controversy with Shriver.

So I instructed my people to go along with it. In fact, as we got requests for speakers, we had a problem filling those requests from around the country. "Could you

get us a known Democrat or a Democrat of stature to appear at our function?" We tried on the Hill time after time and got very little help. You often received requests for Ted Kennedy or Ed Muskie. We never could get them to accept speaking engagements under the aegis of the national committee. So I found that Sarge's activities, bouncing around the country, could be helpful to us. We instructed the staff, when trying to fill these engagements, to get balance or variety, to contact Sarge. And Sarge did accept a number of them. So we were providing Sarge with considerable exposure which is what he desired.

As time went on, his activity dwindled and disappeared. That was a side bar of the early start and I reacted, as I said, strongly in opposition to what he contemplated. But it turned out to be a harmless venture, which faded in due course. I don't recall it was very lasting. Meanwhile, you try to cope with party problems and internal problems that face you.

End of Tape 2 of 2 and Interview XXVII