

George J. Mitchell Oral History Project

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Tom Gallagher
(Interviewer: *Brien Williams*)

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Brien Williams: This is an oral history interview with Thomas D. “Tom” Gallagher, G-A-L-L-A-G-H-E-R, for the George J. Mitchell Oral History Project at Bowdoin College. We are in the Washington offices of International Strategy and Investment, ISI, where Tom Gallagher is senior managing director. Today is Wednesday, April 29, 2009, and I am Brien Williams.

Tom Gallagher: I was born September 6, 1954, in Redfield, South Dakota; Ray and Theresa Gallagher are my parents.

BW: So give me a little bit of your own personal background, where you went to school and so forth, maybe even your parents.

TG: Sure, sure.

BW: What they did and their political leanings, if they had any.

TG: Yeah, actually, coming from a small town in South Dakota, it’s unusual to end up working in Washington, let alone for a senator from Maine. My father was a lawyer in the small town that I grew up in, but he was very active in the Veterans of Foreign Wars, and was actually the national commander of the Veterans of Foreign Wars in 1969 and 1970, which is at the [peak] of the Vietnam War, so I think that’s what stimulated the interest in public affairs for just about everybody in our family. All four kids ended up living in Washington, D.C., at one point or another, so that’s kind of interesting.

I went to the University of South Dakota as an undergrad, and went to Harvard, at the Kennedy School, got a master’s in public policy from there. Came to Washington – Washington’s a kind of ‘Emerald City’ if you have a master’s in public policy – and my first job was at the Congressional Research Service as a public finance analyst. [That] was actually a great job to be introduced [to Washington], it was a good transition job from academic work to government work, because you had to bring kind of an academic orientation, but you answer questions from members of Congress and their staffs on how to approach different issues. So that got me exposure to the issues and to the staff people in the public finance area.

I did that for a year-and-a-half, that would have been the middle of 1978 through January of 1980, and then I shifted over to work for Senator Muskie on the Senate Budget Committee staff. I remember telling my parents that: “This is a really safe job because, unlike working for an

individual senator where your job insecurity comes every six years, I'm working for the majority party and Democrats are never going to lose their majority." Of course, that year they lost the Senate. What happened was – they lost the Senate and they lost the White House. A lot of Democratic staff were out looking for jobs, and Senator Muskie during that year had resigned and was appointed secretary of state. George Mitchell was, of course, appointed to replace him. He held that Budget Committee position for Muskie, and then switched from the Budget Committee to the Finance Committee.

When I was on the Senate Budget Committee staff I did the tax work, and I started at the Congressional Research Service doing public finance, really just taxes, and then I did the tax work for the Budget Committee, so I had always wanted my next job to be with a Finance Committee Democrat. So [when] all my friends were out looking for work, I actually was very lucky to get to move on to what I wanted my next job to be, working for a Finance Committee Democrat. I was very lucky to get the job with Senator Mitchell when he left Budget and went on to the Finance Committee. So anyway, that's how I ended up working for George Mitchell.

BW: When you left Harvard, what did you see as sort of your career path? Pretty much as it unfolded?

TG: No, not at all. My wife is also from South Dakota, we met at the University of South Dakota, and we thought we'd spend five years in Washington and head back to the Midwest – Minneapolis, Chicago, something like that. And five years came and went, and here it is thirty, coming up on thirty-two years – no, came here in '78, so coming up on thirty-one years here in Washington.

I just went for the best job, and for me the best job was this opportunity to do more tax policy work at the Congressional Research Service, and then once I got here I guess I thought that I would move back and forth between the government and the private sector. And so I did do that, I worked at CRS, then I worked for four years with George Mitchell, then two years at the International Trade Commission, and then I went into doing what I do now, which is Wall Street research, trying to figure out how Washington affects the financial markets. And I thought that would be a good private sector experience, learning more about the financial markets, preparing me to move back into government at some point, and I've just liked it here, it's been a good career. So no, I'm a firm believer in the John Lennon, "life is what happens to you while you're busy making other plans" line, and so that's what's happened to me.

BW: I'm curious, was the CRS a kind of pipeline to congressional jobs, or what was the relationship there professionally?

TG: That's how it turned out for me, and I think it did for some other people, too. I think that CRS at the time, it's self-flattering to say this, but I think it was a great place for self-starters. And then if you were ambitious, you could do a lot of interesting research in areas and you could meet your counterparts in the congressional staffs, whether it's in the individual members' offices or in the committees. And as it turns out, a lot of people actually stayed at CRS, even

thirty years later some of the people I worked with are still there, [taking the professional route you mention]. So it's not always that kind of a pipeline, but that's how it worked for me and for some others. So actually there's a pretty clear line running through my first few jobs, of doing tax work on Capitol Hill.

BW: And when you went to Budget, were you on the senator's payroll, or were you on the committee's payroll?

TG: I was on the committee payroll. They had a majority and a minority staff; I worked for the majority staff. The staff director of course hired by the chairman of the committee, and so almost all of our work was done for the chairman.

The Budget Committee staff, it's interesting actually, back then – it hasn't really played out so much since then – but a lot of the early Budget Committee chairmen at one point ran for president. I think one of the reasons is, is you actually have a pretty good staff base to cover all the issues for you, because you have staff that cover every function of the budget. You had Muskie run for president; Hollings took his place, he ran for president. Even on the House side, I think one or two of the Budget Committee chairmen either talked about it or actually did do it. So it's just kind of an interesting phenomenon. John [Richard] Kasich, I guess, had done it on the Republican side. It gives you an exposure to the issues; it gives you a national perspective. So I worked for Muskie, but it was all in his capacity as committee chairman, there was no home state work at all.

BW: So when did you first become aware of George Mitchell?

TG: When he filled Muskie's seat on the committee and, again, since most of my work was for the chairman, my work shifted from Muskie to Hollings, and so he was a member of the committee and I had some exposure to him then. But it really was after the election, when 'most everybody on the committee were told, "You're probably going to have to find another job," because the committee staff, when you go from majority to minority shrinks a lot, and I was part of the economics team. There was a chief economist, two other economists and myself, and they were going to replace the four of us with one, and so we were all looking for work.

And then I read in one of the rags that George Mitchell had moved from the Budget Committee to the Finance Committee and I thought, "Well this is what I wanted to do anyway." So I went in to the staff director, John McEvoy, and I told him that I'd like to apply for that. And he just turned around and picked up the phone and called Senator Mitchell's administrative assistant and he said, "I've got a great guy for you for your Finance Committee position. He's been working for me for four or five years, he's got a Ph.D. in economics, da-da-da-da-da," then he hung up the phone. And I said, "Well thanks." He says, "You got an interview this afternoon." And I said, "Well thanks, but I haven't worked for you for four or five years, I worked for you for one year, I don't have a Ph.D., I have a master's." And I still remember what he said, he just said, "No charge." So I had the interview and started working for him, I don't remember if it was January or February of ['81].

BW: Of '81.

TG: Yeah, I'm sorry, '81, I'm fast forwarding.

BW: You're ahead of yourself.

TG: Exactly, probably January of '81.

BW: And who was the AA at that time?

TG: Well, Case was his last name, was it Jim Case? [] I forget, but he's the one that I initially interviewed with, but then David Johnson took over as the AA before any decisions were made, so he's the one that really did the hiring. I think I first interviewed with Case, and then actually interviewed with David again and was hired by David.

BW: And at what point did you meet the senator?

TG: You know, my memory's not that good. I imagine that I had a meeting with him -

BW: But you never went through a job interview with him?

TG: I assume that I did, but I just don't remember it that clearly. Most of it was with the AA. And I know they wouldn't have hired me if I hadn't met him, but that doesn't stick with me.

BW: Do you know anything about how Senator Mitchell maneuvered himself from Budget to Finance?

TG: No, all that happened before I got there, so I was really focused on thinking about how I staff somebody who's already on the Finance Committee. I'm not familiar with that.

BW: And in terms -

TG: It doesn't surprise me, because I don't think the Budget Committee offers a lot of political benefits. I mean mainly, you've got to make a lot of tough decisions. It's interesting, that's why the Budget Committee tends to attract people who are more fiscal conservatives or within their respective parties, they are drawn to want to make those decisions. Most people would rather be in a committee that actually doles out the money, either through appropriations or through taxes through the Finance Committee. So, not surprising that he didn't stay on that, especially given that he was going to have a tough election in '82.

At that stage, the record of appointed senators was a very poor one. It's improved a little bit since then, but it's still very iffy. I think the last like three or four appointed senators had all been defeated either in a primary or in a general election, so I think he had to be focused on what

would help him get reelected. But again, all that happened before I got there.

BW: Yeah. He described himself as “senator with an asterisk,” for those first two years.

TG: That’s a good one, yeah.

BW: Now it’s curious, because you say that Appropriations is sort of strategically a better position to be in than Budget, and yet the Budget people are the ones that were running for president.

TG: The chairmen were. I think it’s good to be a chairman, but even then, if I remember right, when Hollings had the seniority to become the Commerce Committee chairman, he did switch from Budget to Commerce. So again, it’s a little bit more of a hands-on, actually authorizing legislation that comes before you, actual programs to influence, so it’s - I agree, I agree with you, but they don’t have trouble filling the Budget Committee assignments, but I’m not surprised that someone who was looking at a tough election would opt for a different committee assignment.

BW: Before we get into the economic matters, what was George Mitchell like as a boss?

TG: Oh, he was actually very easy to staff, because he was just so smart and a quick study. I think the fact that he had been both a judge and a prosecutor helped him a lot in the areas where I saw him, which was in the committee and on the Senate floor. I actually think compared to most other senators he relied on staff [much] less. It’s just an impression that I developed over the years – in part because, he was a staff member himself, right, having worked for Muskie, and so, I don’t know, I found it, comparing notes with other staff people (and I became very good friends with people who had my job for the other Finance Committee members). There were either eighteen or twenty Finance Committee members at the time, and I just felt it was easier to do because he was a smart guy.

Here’s just one example, one of the things that the staff members had to do after a debate on the Senate floor that their member participated in: you were expected to go and correct the record, the air quotes around “correct the record,” this was always kind of a quiet thing. Every few years somebody like *Reader’s Digest* would expose the scandal that the *Congressional Record* isn’t really the verbatim record of what was said on the Senate floor. And I remember some of the staff [would] go into the room where they had the transcript and you’d review it, and some of these staff people were like, “Okay, here’s the start of the sentence on page forty-seven, I think he ended it here on page fifty-three, if we just kind of move these together and block this out...” It was horrible work for some people whose bosses weren’t as articulate as Senator Mitchell was. I just stopped doing this for Senator Mitchell, because I never had to make any changes. Not only did he speak in complete sentences, but he spoke in well-ordered paragraphs, and again, I think his previous experience helped him in that.

I don’t know if he ever knew that I stopped doing it. But these tax bills, [p/o] because every

senator would have an amendment when a tax bill came on the Senate floor, the solution was always just to stay in until two or four in the morning just to tire everybody out, to stop offering the amendments or to accept a compromise that the staff had negotiated. We always were very late, so if the debate ended at three in the morning, [p/o] if your boss spoke toward the end, you'd have to go correct the record. And I never had to make []changes.

BW: That's neat.

TG: So that's just an observation. He was a relatively easy guy to staff.

BW: What kind of a modus operandi did you develop with him?

TG: Well I think, because we had a small staff, because he was a junior senator and in the minority party, it was pretty informal; it was always easy to go in and ask him questions when you needed to. You'd go through the channels, but we had a lot of face time with the senator, if you will. So I just remember it being more informal than anything else. I'm sure I'd do some memos for him, but there was a lot of face-to-face time. That's when we had to answer questions. He had obviously meetings throughout the day. If it was a meeting that affected me, like if somebody was making a pitch on a bill before the committee or somebody was visiting from Maine and they had an interest in some legislation, I'd staff that meeting. So anyway, a lot of face time, but nothing comes to mind when you say, "What kind of MO did we develop?"

BW: Well I guess one thing I was curious [about], in what percentage of the times was he making assignments for you – "Look into this, look into that," – and how often were you doing sort of the opposite: "I think, Senator, this is worth your attention."

TG: Well, I think the answer is both of those things. If something came across him in his meetings that I wasn't a part of, other senators or people from Maine, when he was back in Maine, he would assemble tasks for all of us to do and either would come to us directly, he'd want to explain it to us directly, or it would come through the AA. So there was a lot of that, but then there was also, "Okay, you're the Finance Committee staff guy, help the Senator out."

I remember in particular one time we put together a bill on alternative energy tax credits, because that's an important issue for Maine. So it was a bit of an opportunity to be kind of an entrepreneur, in that sense, kind of develop an area, present it to the AA, present it to the Senator, and you go back and forth on it. Ultimately it would probably end up being a bill that was introduced where there'd be a speech on the Senate floor to accompany it, or possibly an amendment in committee or that sort of thing.

That was kind of my job, to look for opportunities and to respond to the projects that he developed. And economics really wasn't his strong suit, so I probably had more freedom to roam in that area. Obviously, being the lawyer and the judge that he was, he was more drawn to those kinds of issues and foreign policy issues, and kind of less drawn to the core economic issues that came before the Finance Committee.

Social Security was another issue that went through the Finance Committee, and that was one that he took more of a personal interest in, because you also had President Reagan's Social Security reform proposals that he came out with, in the first six months of his term, I don't remember exactly when it was, but that became a big issue for Senator Mitchell, and for most Democrats, in the run-up to the '82 mid-term elections.

BW: You said a moment ago, when Maine people came to town, that you would staff meetings. What does that exactly mean?

TG: To the extent they identified what their interests were in advance, I imagine I did a memo – I just don't remember – a memo to the Senator before the meeting so that it would say what the issue was, what the status of the bill was, remind him if he'd taken a position or had co-sponsored a bill or something like that. That sort of thing, just to give him background so that the meeting would be productive, not just learning about the issue during the meeting but where he had some knowledge of it beforehand.

BW: But he would be the main participant in the meeting.

TG: Yeah. Sometimes, where there was a well established relationship, somebody from Maine might just set up a meeting with me or some other staff person on an issue, where they would save their face time with Senator Mitchell for really important things.

BW: And how did you come up to speed on particular Maine issues?

TG: I relied a lot on the staff that worked for Senator Mitchell in the state; I did make some visits there as a staff member. So I just applied myself and I guess I relied on the people whose job it was really to look at it. That was another filter for projects, too. Senator Mitchell had a few offices in the state of Maine, and they did a lot of constituent work. Either constituents would come to their offices, or they would attend meetings and that sort of thing, and so we worked really closely with them.

BW: And during the time you were there, you were *the* finance guy, is that correct?

TG: That's right, that's right. Later we broke that up, because the Finance Committee has really all of the revenues in the federal budget, that is: taxes, tariffs, even borrowing and then something like half or more of the spending side, because it had Social Security, it had Medicare, it had Medicaid, I think it had some other things, interest on the debt. I mean it was a budget committee in its own right. There was a lot of work there, so at some point, I know that we moved some of the spending programs over to another staff person.

BW: Who was chairman of Finance during that time?

TG: Dole was the chairman. And I assume that was for the entire four years while I was

there. Yeah, I'm sure it was.

BW: Any thoughts about working with him on the other side?

TG: Well I tell you, I think that they kind of butted heads a few times, in my day. Obviously they became fast friends as Democratic and Republican leaders later on, and I don't think there was any animosity then, but Dole ran the committee in a pretty partisan way. Well, I shouldn't say, let me kind of rephrase that. A lot of the bills that went through the committee ended up on a party-line vote. And Dole is a pretty aggressive partisan in that sense, and since Mitchell was a vulnerable member, I think that naturally led to some clashes, but again, not on a personal level. It just kind of, that was politics. And obviously it wasn't very deep because, as I say, they became pretty good friends and had a lot of mutual respect for each other when they were both their leaders.

BW: And who was ranking?

TG: Russell Long, and then Lloyd Bentsen. I think, did Long retire after '82 [*sic*: January 1987]?

BW: I'm not going to have that –

TG: I should remember that, because I'm pretty sure I dealt with both Long and Bentsen as the ranking member, but maybe it was Long the entire time. This is a long time ago, Brien.

BW: And there are no grades on this test, I think.

TG: That's good.

BW: I've asked you about George Mitchell as a boss. What about the sort of personal – was George Mitchell a friend kind of aspect of your relationship with him?

TG: Well, I'll say this, I think that he treated the staff very well, and I think that in part might have, I mean that was just his personality, but also, that was not Senator Muskie's reputation; he could be kind of tough on staff. So maybe he [Mitchell] had a reaction to that, so he was very understanding. I liked to staff when a bill was on the Senate floor late into the night or early into the morning, it was fun to be on the Senate floor and all that, but he would say, "If you need to go, go home." He kind of saw what the amendments were for the rest of the night and he was respectful of your personal side.

But I wouldn't say that, we weren't friends in that sense, because I don't think you should be, I don't think a senator really should be. Maybe with the AA, that's a relationship that would develop, but I wouldn't have said that we developed as friends. It was a very positive and productive relationship and that sort of thing, but I wasn't going to come in and put my feet up on the table and crack a beer with him.

BW: It wasn't a first-name basis?

TG: Well, the joke was that everybody had the same first name there, it was "Senator," so we never, I mean other senators did go by their first name, but that was never the case in our office, at least not with me.

BW: Were there party times at all, or was that pretty much not on the agenda?

TG: It would be, like on somebody's birthday, something like that would happen, and if he were there it would happen, it would happen in his office, and if he were there he would attend.

BW: Now, Muskie's presence sort of probably loomed over the office to a fair extent because so many of the people Mitchell hired were Muskie folks to begin with, right?

TG: Yeah, although I wouldn't overstate that. I think for one thing Mitchell was a very disciplined guy, and so we quickly had a lot of focus on what needed to be done for him to be a good senator and then to get elected in '82. And so part of it was, Muskie was strong on the environment and so it was only natural that a Maine Democrat would also be strong on that. So Charlene Sturbitts, whom you're talking to, did a terrific job on the acid rain issue, really developed an issue that he was identified with exclusively and pushed that.

But at the same time, Muskie was known for being rather aloof and not going back to the state often. Mitchell started in the Senate in maybe May of '80? Somewhere around there. And then the Democrats were devastated in the Senate elections, along with Carter losing in a landslide to Reagan, and Mitchell, I think, really studied that. And one conclusion that stood out above all the others was: you've got to spend a lot of time in the state. So that was a contrast with Muskie that he developed very much to his benefit, and never let up after he was elected in '82. It wasn't going to be [that] he was only going to come every sixth year.

BW: Did you notice -?

TG: Here's a story for you. He really was a modest guy. After the '82 election, so he was elected, [] and back then there weren't direct flights, or at least most of the time he had to change planes in Boston to get to Portland. I don't know if there are direct flights now, but anyway, he had to change planes there. And so after the lame duck session in '82 he went home for the holidays, went to the Boston airport and went to the Delta lounge, I think it was Delta, maybe I've got it wrong but I think it was the Delta lounge, and they turned him away. They said, "This is for VIPs only." They just didn't know who he was, and he was not the kind of guy to say, "But I'm a U.S. senator," so he just left. And then I think somebody pointed out, "You just kicked out a U.S. senator," so they paged him at the airport but he never responded to the page. So they called our office and said, "Do you know where your senator is? We just kicked him out of our lounge."

Anyway, I don't know if they ultimately got him, but taxation of fringe benefits was an important issue for airlines, and it went through the Finance Committee. The lobbyist for the airline in January came in, presented Mitchell with this bigger than life size, lifetime admission to their Delta VIP lounges so that this would never happen again. Anyway, it was a funny story, and I always thought, "Well, maybe he did it just for the story value too," but he was not the kind of guy to say, "You have to let me in, I'm a VIP."

BW: And that leads to another question. Some senators kind of carry an aura with them: 'I'm impressive' and so forth. Did Mitchell fall into that category or-?

TG: Well, he did. I think he reminded a lot of people of being the judge. He was a judge, he was only a judge for like a year, maybe less than a year, but I think he had that kind of a demeanor to him so that was a way different people have, different personas can develop that aura, but I think that's what served him well. And this is a thing to talk to the staffers who worked for him when he was majority leader, they can answer it better, but I always thought that he understood the changes in the institution and realized that one of the keys to being a strong leader is to be a good listener, and I think that was a real source of his success in moving up.

BW: So did you notice any sort of behavioral changes in '83, when he came back in as a full fledged senator?

TG: Ha. You know, maybe a little more relaxed, but you've talked to David Johnson?

BW: Not yet.

TG: He had a story, in the car with Senator Mitchell in December of '82, where they're having a conversation and David said, "I'm really looking forward now to working for a senator who's not up for reelection." And Senator Mitchell said, "You [still] are. It's just a little further away." To loop back to the earlier point, he was not going to lose sight of the fact that you're not going to abandon the state but you're going to maintain a high level of exposure in the state, go back a lot, see as much of the state as you can. So I'd say that we were a little more relaxed.

Just to talk about the election, as I'm sure he told you, [] in May of '81 a poll came out showing [Mitchell] losing to his ultimate opponent by like thirty-two points, so that made people pretty nervous in the office. And I think every poll taken after that was just a steady improvement, and he ended up winning by twenty-one – I may be wrong, off by a point or two in those. So it was actually a pretty good experience, because you just felt the sense of momentum and everything. It wasn't exactly a cliffhanger on election night, and so maybe the tension had let up a little bit prior to that. I think there was just a little bit of a more relaxed attitude in the office, but I don't remember a real change in demeanor on his part. He was just determined to kind of move on to whatever was ahead.

BW: Of course he'd also had that experience of not winning the governorship, in '74 I think it was, so he knew what defeat was like.

TG: Yeah, that's a good point. I think politicians who have experienced defeat probably learn more from that than they [] learn from victories.

BW: So during the campaign in '82, were the staff people in the state, or were you all still working down here, or a bit of both?

TG: Yeah, I think we stayed there. I know I took vacation time at the very end to go up and work, but I don't know if that was even for a week, maybe do a little door-to-door kind of thing or something like that, but we were there. When I say we, other staff people, and my wife was with me too, we were there. And on election night, because I remember I was the one who caught his opponent on TV, just hearing him make the statement, so I was like the only one who happened to be listening to the TV because everybody was partying or celebrating. So I had to go in and talk to Senator Mitchell, "Now what exactly did David Emery say? Did he concede?" was the question, because everybody else is celebrating with Mitchell, they just couldn't have been more matter-of-fact about it. I remember him saying, "Well I don't want to go out and declare victory if it turns out I'm going to lose." So he was very practical about it, not getting carried away with the emotion of the moment.

BW: But none of you were really biting your fingernails on that election night.

TG: Well no. Remember, it was a very big night for Democrats. The recession really had started, I want to say in July of '81, and they ultimately declared the end of it as November of '82. So we had a poor economy which always works to the detriment of the party in power, and that's why you could have a fifty-three-point swing in the race. It was never going to be a thirty-point race anyway, but Mitchell played it well and actually ended up having a pretty good wind at his back.

BW: Do you recall anything about his election speech?

TG: No, I don't.

BW: Was it jubilant, or rabble-rousing, or was the judge at work?

TG: Well no, he wasn't reading a brief, legal brief or anything like that. I just, that's too long ago.

BW: Let's turn to the economic issues of that time, because that was *Sturm und Drang* really, with Reagan coming in and David Stockman and -

TG: It's funny you mention that. Yes, I remember David Stockman having the famous economic Dunkirk memo, probably, I was waiting for somebody to make reference to that this time around, right, because this election last year was in many ways the mirror image of the 1980 election. In fact, what I do for a living here, my tag line was that '08 was the reverse of '80,

using numerology to make the point that the 1980 election accelerated the drive towards smaller government, and the economic troubles were a launch pad for that, and in the same way, '08 has accelerated a drive toward a more activist government, but I think Dunkirk doesn't resonate as much with voters today as it did in 1980 and '81.

But yeah, economic issues were front and center. There were the budget cuts, the tax cuts that were developed in separate pieces of legislation, I mentioned Social Security reform. And then starting in '82, Senator Dole took it upon himself to address the deficit with a series of tax increase bills, '82, '83, '84, that he was determined to try to close the budget gap, to play the role of the fiscally responsible moderate Republican, much to the chagrin of some of the diehard Reagan supporters at the time. I remember somebody, gosh, this was after the '80 election where some [conservative] came in saying, "Yeah, we're going to shoot all the liberals, starting with Bob Dole," so he was actually being very fiscally responsible. So that meant that the Finance Committee just had a lot of things.

We also had trade issues, trade policy issues, that's really when the trade deficit started to widen a lot. And Maine had, I remember a standard part of the speech was, "Maine – comma – the leading footwear producing state in the nation – comma," [I] had like one button on the word processor that I could punch and that whole phrase would pop up. Potatoes were another issue. So there were a lot of trade issues. And then banking was another issue at the time. So yeah, there were a lot of economic issues in the four years that I worked there.

BW: Did you come in before ERTA?

TG: Now, that was the tax cut, ERTA was –

BW: In '81.

TG: - the Reagan tax cut in '81, yeah.

BW: And what was Mitchell's position on that?

TG: Well, he voted to make many changes in it, but ultimately voted for it. I assume he voted for the spending cuts, too. I don't know that for a fact, I just don't remember that he did, but you had bracket creep back then, which was pretty famous for pushing people into higher tax brackets and raising more revenue, so you had to return, I mean taxes were too high and you had a recession, so it was important to have a tax cut. And he voted to make a lot of changes in it, but ultimately voted for it.

BW: Were some Democrats on the Finance Committee dug in and opposing this, or did everyone sort of go along?

TG: No, I'm sure that there was, if my memory serves me, Democrats might have been about split on that issue.

BW: And then it's my understanding that TEFRA in '82 sort of -

TG: You're good with your memory, or your research is good.

BW: Yeah, I've -

TG: My favorite back then was FIRPTA, Foreign Investment and Real Property Tax Act. But, yes.

BW: So TEFRA was, took some corrective action, is that -?

TG: That was the start of the Dole tax increases in '82, and that one, if I remember, was very much on party lines. I'm not sure that there were many Democrats – if there were a handful I'd be surprised – that supported that. And I think it was partly, Dole was a pretty partisan guy and so there might have been a way to elicit support among Democrats for that, but it just didn't materialize. I'm wondering if Bradley, Bill Bradley might have supported it. Bradley I think was, Mitchell being the junior guy was at the end of the dais, and I think Bradley was the next most junior, so I'm pretty sure they were next to each other and they were both really smart and so they had a lot of conversations on issues. But I think he might have voted for it, I'm not sure. But for the most part, Democrats were not participating in that process.

BW: And what their reluctance to participate in that?

TG: Well, like I say, maybe because I worked on the staff, but I don't think it was run in a particularly bipartisan way. But then also they were tax increases, and it was '82, the recession was still on, but that's just my recollection; I'd have to go back. And there were substantive differences on the elements in there as well. But again, it's a long time ago.

BW: But I think one of the things you *are* saying is that personality and the management of people had a role to play.

TG: Most definitely, that's what you see in the committee process is the personality interactions.

BW: Talk about that for a moment.

TG: Well I was kind of alluding to it earlier, with Senator Dole. Senator Long was very helpful with Senator Mitchell. I think a couple times his staff might have suggested, "Here's an issue; that's an issue; that you might want to look at." I mean they had a good relationship, as Senator Mitchell worked well with the other senators. I'm trying to think if there's anybody that he really didn't get along with and it doesn't come to mind.

BW: Having Russell Long as a mentor is a good sign, isn't it?

TG: Yes, and I'm trying to remember more about that relationship. I just remember it was a positive one; Long I think probably did more than he had to, to look after Senator Mitchell. But I don't remember much about it at a personal level, all of my dealings were more at a staff level, and a lot of times if there was a meeting among members [where] the staff were not present.

BW: Were there, this is just sort of a sideline here, but were there other senators that took George Mitchell under their wing?

TG: I imagine that Mitchell cultivated good relationships with most of them, so I don't remember any in particular that you'd say were looking after him. Like I say, I think Bradley and he were pretty good friends, but that was at a peer-to-peer level, not somebody really looking after him. It doesn't come to mind.

BW: Now, as a South Dakotan, you probably know when Tom Daschle arrived in the Senate.

TG: Yes, it's actually kind of funny that I remember, it was hard to staff a state that you weren't familiar with, and I thought, "Man, it would be great if there was ever a Finance Committee Democrat from South Dakota," but I thought, "that's not going to happen." And then Daschle wins the Senate in '86 and immediately gets on the Finance Committee, because he and Mitchell were actually very good friends and allies. So I was just a couple years off.

BW: You've mentioned the Social Security, and that was Greenspan and Moynihan and that whole, isn't that the cast of characters on that?

TG: Well, that was the fix, which I'm pretty sure Mitchell voted for, but Reagan made it quite controversial in, I want to say May or June of, well, maybe a little later than that, maybe it was the fall of '81, but he made a pretty controversial set of proposals to cut back on Social Security. And it was seen as part of the whole conservative agenda to try to cut back on that and maybe take advantage of the looming financial crisis to try to advance the conservative agenda, much the same way that Obama now is being accused of using the crisis to advance your ideological agenda – and my comment on that is, it's always been that way.

So it became very controversial and very partisan, and then the fix came about in '82. I assume it passed in early '83, because if I remember right, Moynihan revived this commission after the election and so they got the Social Security fix passed weeks before Social Security was about to go under. So when I refer to the Social Security issue my first thought is how controversial it was in '81, and then you had the fix in late '82 and early '83 that really held the system together for a pretty long time. Everybody wants to set up bipartisan commissions to fix things; that's probably the last one that really worked.

BW: And that's the one where they all retired to Andrews, right?

TG: No, that would have been in, I believe in '91, which Mitchell was still a part of. The

Andrews Air Force Base negotiations were the budget talks for the tax increase in '90, that would have been probably 1990.

BW: I think, though, on the Social Security they all holed up somewhere.

TG: Okay, it could have been, I don't remember.

BW: And I guess Gramm-Rudman happened after you had left the Senator's service.

TG: Yes, I think that started around '86 or something like that.

BW: 'Eighty-five, '86, right.

TG: I remember one of the reasons I was glad to get out when I did was that it was clear that, I don't know why it was clear, but it seemed to me that tax reform was on the horizon as an issue. And everybody else who did the work that I did, everybody else who had the same job for other Finance Committee members was a lawyer, maybe there was one [other] exception, and I wasn't a lawyer, and I was decided I didn't really want to get channeled into tax policy, so I started to branch out. I was doing more work in the trade area and I had my sights on working at the International Trade Commission. There was a Democrat who was heading it and so I saw a chance to broaden there, and so I didn't really want to do tax reform.

And then that became an issue because Mondale campaigning in '84 saying, "I'm going to raise your taxes; the difference is I'm going to tell you now." And so Reagan kind of said, "I'm not going to raise your taxes; I'm going to reform them." That was the dynamic, so he had to follow through on that, but I was glad to get out before all that happened.

BW: Any vivid memories of Mitchell on finance issues during that period?

TG: Well, the honest answer to that is, I don't have many vivid memories, twenty-five years old, that are twenty-five years old. I mean, I've given you some of the main things that came across to me.

BW: Did he ever show exasperation at Ronald Reagan and Reagan's economic policies?

TG: Well, he did. Exasperation is probably about the right word. It wasn't anger or outrage, but I know he felt that the dynamic that had developed where [Republicans were irresponsible on deficits and wanted Democrats to push for higher taxes to compensate for that]. I saw the seeds of what happened in 1990 in his opinion in the early '80s, when he thought that Democrats should not be lured into these tax increases [], I think was in Stockman's memoirs. Stockman said that he and Darman were having a conversation at the White House as this bill is going to conference, and they said, "The out-year deficits are really big, do we try to change it now or fix it later?" And I think Darman said, "We'll fix it later."

And his whole philosophy then became to get a tax increase by Immaculate Conception; you get all the negotiators in the room and they all come out and agree to a tax increase. And Mitchell saw that as being very irresponsible, they were asking Democrats to bail Reagan out of his policies. And so he resisted that dynamic, he didn't want Democrats to be set up as the tax increasers, when all these Republicans knew that it had to happen, they were just hoping Democrats would play along. And so he didn't like that, and clearly that was the name of the game in 1990, when budget negotiations took place where Mitchell kept insisting that the White House go on record calling for tax increases.

BW: Did you have good or strained relations with staff members of the Republicans?

TG: They were more partisan than Dole was, many of his staff people were. 'Strained relations' wouldn't be the right word, they were pretty intent on getting things done for their boss, but I wouldn't say strained. We ultimately did what we had to do, but the cooperation was much more on the Democratic side. [Among personal staff, as opposed to committee staff, there were good relations all around].

BW: Just a few quick ones here. Was Mitchell for a balanced budget amendment, or not?

TG: Well gosh, I don't think that he was. I don't remember that being a real major issue then, I think it became a bigger issue after I left.

BW: Right, right, and I guess the line item veto -

TG: I don't remember that. Tax reform I remember as a bigger issue which Mitchell embraced, partly because of his friendship with Bradley, partly because it was a better alternative than these kind of incremental tax increases that Dole was advocating at the time. So he actually ended up having his own version of a tax reform bill that was modeled on what Bradley had done.

BW: So I guess you explained to me already what prompted your leaving Senator Mitchell's office, right, you took aim on trade and so forth.

TG: Yeah, and I was working on trade issues working for Senator Mitchell; I liked it a lot. And the International Trade Commission is an independent agency with six commissioners, three each from each party, and they rotate the chairmanship every two years. And so there was a Democrat who was about to chair the commission, and she had like one Schedule C appointment, which is a political appointment, and so I was offered that and it was just a chance to move into another area, get a little experience somewhere else in government.

Working on a member's staff can tire you out. I had done both, the committee staff and the member staff, and the committee staff is a little easier in the sense that you don't have the home state issues to work on. And so I was getting tired of almost four years of that and I was ready to move on.

BW: Did Senator Mitchell play a role in your getting the job at the trade -?

TG: No, no, just one thing I remember is that the International Trade Commission had a case on footwear imports, which again, [was the] 'leading footwear producing state in the nation,' and so I made the switch just weeks before they made their decision on this. The timing was good, because to almost everyone on the outside's surprise, the ITC rejected the request for protection – Mitchell was pretty upset, but then they actually had a second case and reversed it. But no, he didn't have anything, he wished me well, and I stayed in touch with him over the years.

In many ways for me, even though that was my third job in Washington, [working for Senator Mitchell] was my most consequential one, because that's how I learned how a bill becomes a law. To work for a member is to understand how they decide how they vote on issues, and you see how bills move through Congress. For me it was, even though I'd say that most people in town would say, "You'd rather have a committee job than a member job?" That was my liftoff job, working for him.

And so I've just tried to repay, although I remember Mitchell had a lot of jokes about how we all were paid in 'psychic remuneration,' which is to say, I remember telling him if I had a psychic mortgage, that would be helpful.

BW: What about a psychic marriage, what effect does working for a member have on married life?

TG: Well, it was demanding, but frankly [while] I didn't think it would be true, I think my job here working for a Wall Street research firm has actually been more intense. The Hill jobs have a lot of peaks and valleys, the peaks, yeah, [they were intense]. I don't have any nights where I'm working till two or four in the morning, but during congressional recesses, that was the valley in terms of activity level. You could really put your feet up and relax a bit then. So I don't have any, my wife got to know Senator Mitchell and he was gracious to her and she felt like part of the family, and that sort of thing. So no, I don't feel that was at all a negative.

BW: Well, you said earlier that he was attentive to the needs of his staff in terms of -

TG: Yeah.

BW: - things outside of Congress. So what would you say was George Mitchell's role in history, during the period when you were working with him?

TG: Well remember, I worked for him when he was the most junior member of the minority party, so I guess I was there during the formative years for him in the Senate. I told you before you turned the recorder on, I always joke that his rise to national prominence seemed to coincide with my departure from his staff. So I enjoyed watching him, I stayed in touch with him a little bit when he went on to be the leader and did such an effective job. And in fact I wonder how

much, I don't know how much you talked to him about his presidential interest, because I remember in '92, '91, after the Gulf War, Mitchell was among those leading Democrats who said, "I'm not going to run in '92," thinking that Bush was the likely winner. In fact, I pretty much remember a public statement where Mitchell said, "I'm not going to run in '92, but you can pencil me in for '96," or something like, "I'm going to think hard about it for '96." And then of course when Clinton won in '92, I suspect that accelerated his thought process on leaving the Senate.

BW: When he was elected majority leader in '88 I guess, going into '89, was that a surprise to you, or could you see in the junior senator from Maine the makings of a potential leader?

TG: I didn't think about it at the time. I wouldn't say that that was a source of conversation at all in the office, that that was his aspiration. Of course through '82 the only goal was to get reelected, and then I think he probably started to build that. When was he the Democrat Senate Campaign Committee chairman, was that '86 to '88?

BW: It was '85-'86.

TG: Right, right.

BW: Or '87, '85-'87, for the '86 elections, which -

TG: For the '86 election, yeah, so I would think of it as the '85-'86, I mean that was a sign, people who take that job are usually looking for leadership positions, so that was a sign. I never saw that as the goal, but I certainly saw the personal qualities that could lead to his climbing the leadership ladder.

BW: When's your last contact with him?

TG: It was probably a couple years ago, he called me up, because I'd been contributing to the Mitchell Institute. When they set it up a lot of the former staff people made some commitments to it, so he called me up to thank me, which was very nice. We had a short conversation about hiking, that's all I remember about it; we had just come back from a hiking vacation. But no, I haven't seen him since then. But I tell you, you feel really great to see a former boss of yours having a unique role in American politics; the kind of guy that Clinton called to for Ireland and the Middle East. In fact I remember I went to Ireland, I bet it was a month after he negotiated the deal, the Easter Sunday Deal or whatever it was called?

BW: Good Friday.

TG: Good Friday Deal, was that what it was called? Okay, I remember getting a free drink somewhere - [after] I told them I used to work for George Mitchell. But in Ireland and then in the Middle East, and then now again in the Middle East, I think it just shows the unique skill set that he brings. And again, I think that one of his talents that allowed him to move up in the

Senate was being a good listener, and I think that, if you're trying to deal with age-old problems like Ireland and the Middle East, I imagine he's using the same skill set there.

BW: Right. Is there anything we're leaving unsaid here?

TG: Not, not really. Like I say, it just amazes me that it's been twenty-five years since I left his staff. So it's an important part of my Washington experience, I draw on it a lot, but no, I don't have anything else to offer.

BW: Well thanks very much; been a great interview.

End of Interview