

present (Pres + Staff)  
Haldeman  
Moynihan  
Erickson  
Kissinger  
The President

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**EXECUTIVE OFFICE OF THE PRESIDENT**  
**PRESIDENT'S ADVISORY COUNCIL ON EXECUTIVE ORGANIZATION**  
WASHINGTON, D. C. 20506

Final Draft  
presented orally to the  
President - at San Diego  
Aug. 20, 1969

MEMORANDUM

August 20, 1969

For: The President  
From: The Advisory Council on Executive Organization  
Subject: The Executive Office of the President

These are your Council's first recommendations on the Executive Office of the President that we promised in our memorandum to you of July 19, 1969. They are based on our conclusion that the increased pace, scope, and complexity of national affairs require improvement in the managerial capacity of the President's Office.

We have analyzed studies made since 1939 on Presidential management and conferred with many contributors to those studies. Regardless of ideology or party, there is virtual unanimity that organizational improvement of the Executive Office of the President is needed.

Two of the recent studies were the Heineman Commission Report in 1967 and that of your task force (The Lindsay Committee) in 1968. A June 1967 Heineman Commission working paper on the Organization and Management of Great Society Programs said: "Today there are major gaps in the President's institutional staff. The President lacks institutional staff and machinery to insure that the broad social goals of his policies are achieved through coordinated delivery of a host of federally inspired programs in thousands of individual communities .... While the President today is served by especially

present (Council)  
Ash, Kappel, Baker, Connally, Pecht, Thayer  
(Staff)  
Cowan, Rouse, Gold, McCormack

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gifted men their jobs do not allow them time to plan for the long run, to engage in systematic program analysis, to weigh new program ideas and program priorities."

In December 1968, the Lindsay task force on the reorganization of the Executive Branch, recommended "... that the President-elect give first priority to organizing more effectively the White House and Executive Office as the best way to improve the operations of the entire Executive Branch."

We agree with both of these conclusions. We also believe that the structure of the Executive Office pervasively influences the effectiveness of the entire Executive Branch. While most of the management today within the Executive Branch can and should be performed by the agencies\*, there are aspects of the overall management responsibility which must be provided for organizationally in the Executive Office. These involve processes and mechanisms through which the President can (1) exercise his own authority more effectively; (2) determine what should be delegated and to whom; (3) insure that delegated authority is being exercised properly; and (4) permit him to reassign or take back, from time to time, the authority delegated.

*Kissinger can  
we at this  
point - the  
sup little ref  
used to NSC -  
we're taking  
care of it -*

There are seven of these management processes which must be encompassed within the organization of the Executive Office. In some of these, certain improvements have been made since January 1969; in

\* As used in this memorandum, "agencies" includes the departments, agencies and other units of the Executive Branch outside the Executive Office of the President.



others, organizational inadequacies persist. These management processes are --

1. Development of Policies and Programs. The translation of national goals into specific, workable, and consistent action programs is a primary Presidential responsibility. Federal programs have become increasingly interrelated and they often involve more than one agency. For these, no single agency has the necessary overview. However objective an agency may try to be, it cannot be expected to make government-wide priority decisions. Also, some programs which fall within one agency may at times require Presidential perspective in their formulation.
2. Proposal of Legislation and Budgets. Many legislative decisions cut across agency lines or involve political judgments requiring Presidential insight. Similarly, all major budgetary decisions are made in the broad context of national needs and available funds and typically involve not only present but future commitments of the country's resources. Both legislative and budgetary priorities need to be set by the President.
3. Assignment of Organizational Responsibilities. Many program decisions are made without due regard for their organizational implications. When programs are forced into inappropriate molds, their effectiveness suffers. And even when organizational questions initially receive the consideration they require, no one adequately sees to it that



organizational form continues to fit the intended purpose. The result is to lock the Executive Branch into patterns of disorganization that persist into the future. Resistance to organizational change is a principal obstacle to effective government, and yet the complexity, scale, and innovative nature of today's programs demand greater and ongoing attention to sound organization. The President's overview of the Executive Branch provides the only perspective from which to determine the organizational adaptations needed to accommodate ever-changing requirements.

4. Resolution of Program Management Problems. Interagency differences do not always require the intervention of superior authority and it is generally wise to permit the agencies to work out their own differences if they can. But sometimes agencies compromise on issues to their own satisfaction in such a manner that the public interest is not best served and administration policy is not followed. The Executive Office of the President is the only place where some issues can and should be resolved. Perhaps even more importantly, the Executive Office, on its own initiative, must occasionally grasp an operating problem and supply the advice and impetus needed for its effective solution.
5. Evaluation of Programs. An effective agency will evaluate the results of its own operations in order to manage its programs. However, an agency cannot fairly judge overall program effectiveness in multi-agency operations. Differences



higher Bureau  
should do it - but they  
have those vested interests  
- we're recommended another  
operation but they too will get vested soon.  
And - this should not have to  
decide who's data is right.  
Evaluation needs aren't

\* If it makes a case  
for taking the lead

RN - Evaluation done in light of  
competition w/ others for funds -  
agency evaluation is self-serving -  
Cabinet officer becomes a captive  
in some place then has to be a  
hard. used  
evaluation of  
programs.

in perspective and interpretation between Presidential and  
agency levels require a capacity in the Executive Office  
to evaluate program performance.

6. Development of Executive Personnel. Without sound manage-  
ment processes, effective performance is exceedingly diffi-  
cult. It does not follow, however, that such processes produce  
good results. Only people do. There is a critical need for  
first rate government executives. This poses an increasingly  
difficult problem in the face of intense competition for  
executive talent. Moreover, the government does not have  
personnel policies or mechanisms which permit the mobilization  
of the best managerial talent in the places where the needs  
are greatest. Individual agencies cannot effectively do the  
job. While appreciating the present role of the Civil Service  
Commission, we believe that the President's Office should take  
\* the lead in developing programs to recruit, train, motivate,  
and deploy top executives.

7. Creation of an Information System. Today, the President is  
not systematically and continually informed about many of  
the Government's programs. On some matters, he receives a  
great deal of data, some pertinent, some not. On other  
matters, he is inaccurately or inadequately informed. Not  
only does the President lack needed information about  
activities of the Executive Branch - the agencies in the  
Executive Branch lack information about their own operations.

Holdemann  
needs aren't



RN - Had it occurred to you - the need  
for a constant alerting operation?  
Connolly - The real word is evaluation

RNE info involves early warning  
follow through data  
RN - asks what does it mean  
by info - Chappel, Ash, Paset  
explain need for performance,  
environment and personnel  
data.

Ash - care for  
impetus in this office  
"about" - I like to use the  
word -  
Rappet - mentions cost of getting  
fragmented data  
Baker - info for business needs  
don't serve this needs.

The data available suffer from inconsistent definitions, techniques, and coverage. To meet the requirements of the Executive Branch, and to meet the President's singular responsibility, an information system is needed. The impetus for such a system can only be provided by the President.

RN - Does business  
have these things?  
Answer - all down  
variations -  
RN - Info system  
has to be done,

### The Council's Views

Reliance upon the Agencies. Abstract organizational principles, per se, have little value. The challenge is one of reducing to human scale the task of coping with the nation's most pressing and changing needs. The only way to meet this challenge is through greater reliance upon the agencies. The prerequisite is dramatic improvement of the management processes of the Executive Branch, with leadership from the President's Office.

A President whose programs are well designed; whose organizational assignments are plainly set out; and whose information system keeps him adequately informed and signals the need for Presidential attention, may delegate authority with security and confidence. A President whose office lacks these processes will necessarily be less inclined toward delegation and will try, by default, to retain in his control operating responsibilities he cannot possibly handle. Further, if agency heads have clear authority, they will have a greater capacity to manage their own departments as well as to respond to the needs of the President.

Thompson  
was absent

Flexibility and Continuity. Each President should have the freedom to organize his Executive Office in the way that will make

This subject (departmental reorganization) has been under  
consideration for over 10 years. It was promised by both  
political parties in the recent campaign. It has been  
repeatedly mentioned by many people and commissions



him most efficient. To achieve that flexibility the Council believes that the President should immediately seek reorganization authority over his Executive Office.

AN - seek this  
by legislation?  
Pres. needs his  
eyes on this -

Continuity of certain basic organizations and functions can greatly aid every President even though each may use the organizations differently. Such organizational structures should endure, therefore, from administration to administration.

Presidential View of the Executive Office. Care should be exercised in adding organizational units reporting to the President. Placing a unit in the Executive Office at a level immediately under the President may well raise its effectiveness by investing it with a claim on the President's time and attention. But that positioning must be at the expense of his attention to other activities and thus may result in a net loss of overall effectiveness. The concepts we are suggesting to provide organizational structure for the seven management functions in the Executive Office make a minimal charge on the President's time.

Transition. We could not fail to note that many of our recommendations are similar to those recommended earlier to other Presidents and, in some instances, by those Presidents to the Congress. Yet the unfortunate fact is that such changes, identified again and again, to make the President's job manageable have not been accomplished, although the need for them intensifies.

On December 3, 1929, President Hoover's first message to the Congress stated:

"This subject (departmental reorganization) has been under consideration for over 20 years. It was promised by both political parties in the recent campaign. It has been repeatedly examined by committees and commissions --



congressional, executive and voluntary. The conclusions of these investigations have been unanimous that reorganization is a necessity of sound administration, of economy, of more effective governmental policies, and of relief to the citizen from unnecessary harassment in his relations with a multitude of scattered governmental agencies. But the presentation of any specific plan at once enlivens opposition from every official whose authority may be curtailed or who fears his position is imperiled by such a result; of bureaus and departments which wish to maintain their authority and activities; of citizens and their organizations who are selfishly interested or who are inspired by fear that their favorite bureau may in a new setting be less subject to their influence or more subject to some other influence."

The world has changed greatly in the past 40 years, but the human problems involved in organizational change endure. They must be directly addressed.

Organizational Concept. We have given detailed attention to several alternatives. Each has in common the establishment of an Office of Executive Management to assist the President in carrying out a part of his management responsibilities. The alternatives differ in the way each deals with the balance of his managerial job, namely the placement and organization of the domestic policy and program development function.

We favor a structure which would vest that function in a Domestic Policy Council with a full time, Level II director and the President as Chairman.

The Domestic Policy Council director would supervise several deputies. Each would be responsible for program development in a broad program area. Existing entities would be considered for

roughs and  
scraps (w/ smth)  
in the hopelessness  
of it all!

PSH. dissimiles  
Transition -  
RN - seems to pay  
attention - but  
must recognize that  
time is running out  
on how long we have  
to do this - even if  
people will resist  
change - effects  
going to be done -  
it has to be done in  
the next month

Held & Berlin smile  
and nod - that things  
will happen if it  
comes in much  
longer.  
No room only 500  
should be so half  
armed operation  
for so long.

RN - would this  
replace Vietnam  
Affairs - Enver.  
Council?

RN - this  
paper - should be kept  
where it is - if  
paper gets beyond  
this room we'll  
be trouble - let me  
decide when it  
gets out - one if  
determine this is  
a small group

RN  
we could then  
something other than  
deputies

RN -  
Have you looked  
at how cabinet  
officers? why not  
the whole cabinet?  
this is fundamental

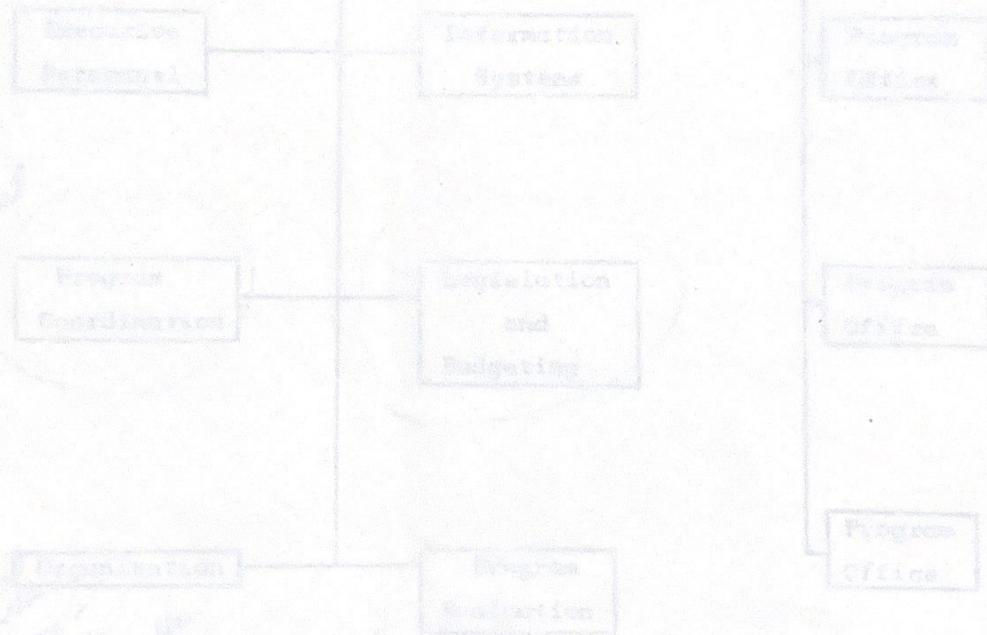


# Conceptual Chart of Part of the Functions of the Executive Office of the President

subsidiary responsibilities if feasible, and new units such as one for natural resources, could be set up.

In making these first recommendations, we have not addressed ourselves to the statutory bodies within the Executive Office.

The following chart illustrates our proposed concept.

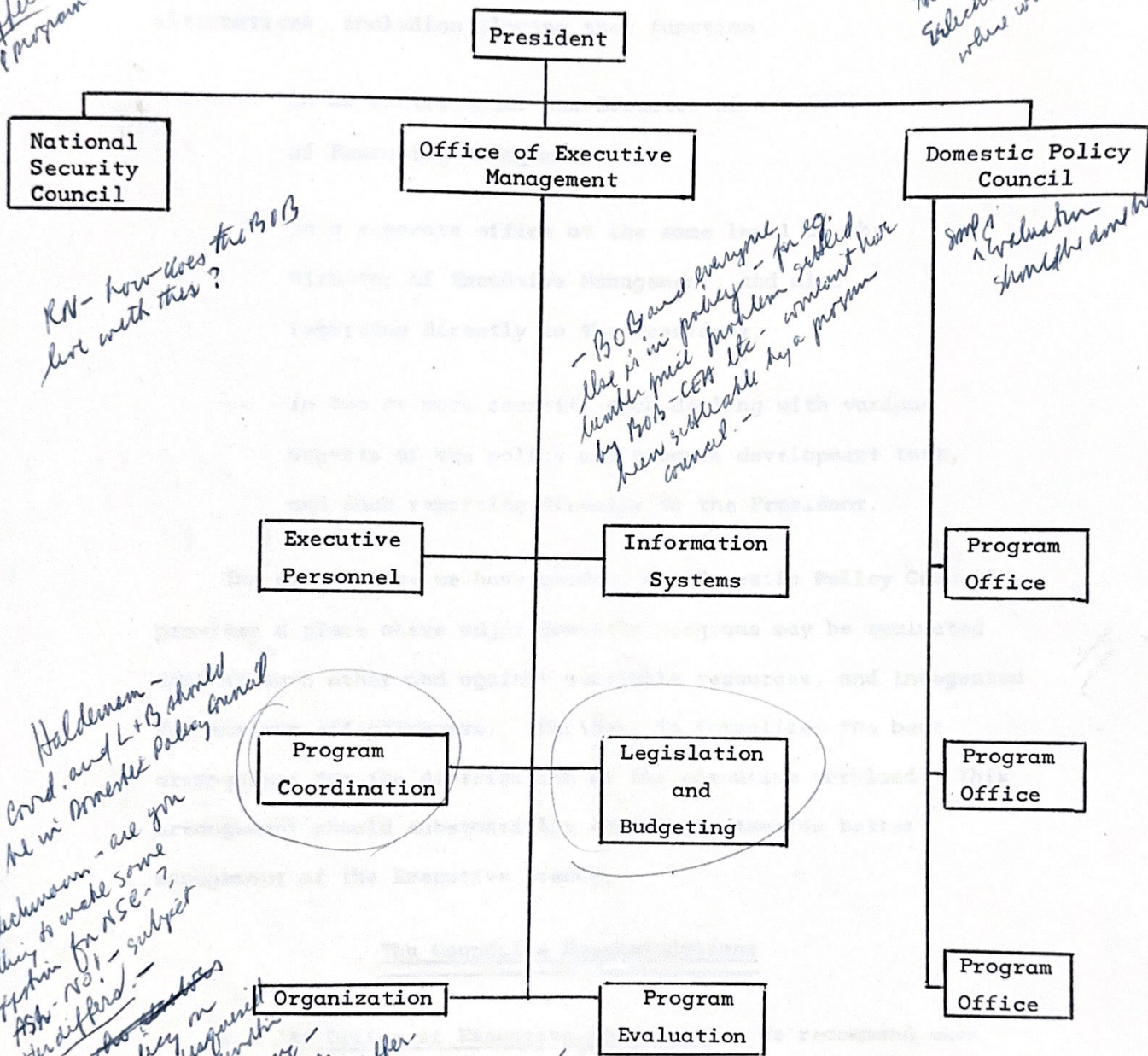




# Conceptual Chart of Part of the Functions of the Executive Office of the President

*RN - keeps to wrestle with where things would go - need for direction outside councils which relate what they're doing to entire govt. Edickmann - does this - where would John go?*

*Edick + Haldeman pass each other notes - Urban Affairs Council - not effective except for ideas - program development*



*RN - how does the BOB live with this?*

*- BOB and everyone else is in policy - for eg. under paid problem solved by BOB - CEA etc - couldn't have been solved by a program council.*

*Some evaluation should be done here -*

*Haldeman - Coord. and L+B should be in Domestic Policy Council Edickmann - all you willing to make some suggestion for DSE - ? ASH - no! - subject matter differs -*

*Edickmann - who makes what is admin. policy on what allotment - is a diagnostic way of asking a program coordinator - ASH announced it wrong - he sound Domestic Policy - but its really coordination - (division of differ between budget and ASH) immediately picks up the problem of omits us day to day program development -*

*RN - asks about difference in role of DPC vs OEM.*



In considering the placement and organization of the policy and program development function, we rejected a number of alternatives, including placing that function

- in an office under the Director of the Office of Executive Management;
- in a separate office at the same level as the Director of Executive Management, and also reporting directly to the President;
- in two or more councils each dealing with various aspects of the policy and program development task, and each reporting directly to the President.

The alternative we have chosen, one Domestic Policy Council, provides a place where major domestic programs may be evaluated against each other and against available resources, and integrated for maximum effectiveness. Further, it formalizes the best arrangement for the distribution of the executive workload. This arrangement should substantially contribute towards better management of the Executive Branch.

#### The Council's Recommendations

1. An Office of Executive Management. We recommend that you approve in principle the establishment of an Office of Executive Management and that you direct us to work out the necessary plans for your approval.

KV- O.K.  
work w/  
Haldeman,  
Erickson,  
Flower  
Kissinger and  
no more



2. A Domestic Policy Council. We recommend that you approve  
✓ in principle the establishment of a Domestic Policy Council  
for policy and program development and that you direct us  
to work out the necessary plans for your approval.

3. Reorganization Powers. We recommend that you direct the  
Bureau of the Budget to prepare draft legislation giving  
the President broad powers to reorganize the Executive  
Office of the President.

4. Executive Personnel. We recommend that you appoint a full  
time Presidential Assistant for Executive Personnel to  
collaborate with us in evolving a plan for the development  
of the Executive Personnel function.

We would hope that this paper be circulated for comment to key  
members of your immediate staff so that we may have the benefit of  
their views in developing the implementing plans.

\_\_\_\_\_  
Roy L. Ash, Chairman

\_\_\_\_\_  
George P. Baker

\_\_\_\_\_  
John B. Connally

\_\_\_\_\_  
Frederick R. Kappel

\_\_\_\_\_  
Richard M. Paget

\_\_\_\_\_  
Walter N. Thayer

C8  
Haldeman  
to Eisenhower with  
draft

NO

Eisenhower  
seems to be assenting  
to this - further  
explains personnel  
needs to be examined

RN - Haldeman  
please have plan

RN -  
CSC can't  
do it  
will wait  
for further  
discussion  
RN sup  
yes but  
give us plan

Original to RN  
was signed by  
Ash Council member -

Haldeman  
really controlled  
and if necessary  
brought it to  
close by asking  
for decisions