

GAO

United States General Accounting Office

History Program

November 1990

John P. Abbadessa
1947-1962



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Preface

The History Program of the General Accounting Office (GAO) uses oral history interviews to supplement documentary and other original sources of information on GAO's past. These interviews help provide additional facts and varying perspectives on important past events. Transcripts of the interviews, as well as the audiotapes and videotapes, become important historical documents themselves and are used in the preparation of written histories of GAO, in staff training, and for other purposes.

Although the transcripts are edited versions of the original recording, we try to preserve the flavor of the spoken word. It should be understood that the transcripts reflect the recollections, impressions, and opinions of the persons being interviewed. Like all historical sources, they need to be analyzed in terms of their origins and corroborated by other sources of information. The transcripts in themselves should not necessarily be considered definitive in their treatment of the subjects covered.

John P. Abbadessa served GAO from 1947 to 1962. He progressed rapidly from a junior auditor to senior management positions of Director of the Transportation Division and Deputy Director of the Civil Accounting and Auditing Division. In this interview of Mr. Abbadessa, conducted on March 27, 1990, we have focused on his prominent role in leading GAO's post-World War II activities from a largely voucher auditing process to more sophisticated audits of government financial and management operations.



Werner Grosshans
Assistant Comptroller General
for Policy

John P. Abbadesse



Biographical Information

John P. Abbadessa

John P. Abbadessa served the United States General Accounting Office from July 1947 to April 1962. He began his GAO career in the Corporation Audits Division and progressed rapidly, holding various positions in the Civil Accounting and Auditing Division (CAAD). In 1959, he was appointed Director of GAO's Transportation Division and, from 1960 to 1962, he was the Deputy Director, CAAD.

Mr. Abbadessa attended schools in Washington, D.C., and in 1942 received a bachelor of science degree in business administration, cum laude, from American University. Following service as a captain in the U.S. Marine Corps during World War II, he received a master's degree in business administration from the Wharton School of Finance in 1947. He is a certified public accountant (North Carolina, 1950).

Following his GAO career, Mr. Abbadessa served as Controller of the U.S. Atomic Energy Commission until 1975. From 1975 to 1980, he was the Director, Division of Budget and Finance, in the International Atomic Energy Agency in Vienna, Austria. Since his return to the United States, he has served as a management consultant for U.S. government agencies, private corporations, and international organizations.

Mr. Abbadessa's distinguished public service has been recognized on many occasions. He received the Junior Chamber of Commerce Arthur S. Flemming Award as 1 of the 10 outstanding young men in the federal government in 1959. He holds the Atomic Energy Commission's Distinguished Service Award (1970) and the National Civil Service League's Career Service Award for Sustained Excellence (1974). The Netherlands Government cited him for outstanding international civil service in 1980.

Interviewers

Henry Eschwege

Henry Eschwege retired in March 1986 after almost 30 years of service in GAO under three Comptrollers General. He held increasing responsibilities in the former Civil Division and became the Director of GAO's Resources and Economic Development Division upon its creation in 1972. He remained the Director after the Division was renamed the Community and Economic Development Division. In 1982, he was appointed Assistant Comptroller General for Planning and Reporting.

Werner Grosshans

Werner Grosshans is the Assistant Comptroller General for Policy. He began his diversified career as a government auditor in 1958 in the San Francisco Regional Office and held positions of increased responsibility; he was appointed Assistant Regional Manager in 1967. In July 1970, he transferred to the U.S. Postal Service as Assistant Regional Chief Inspector for Audits. In this position, he was responsible for the audits in the 13 western states. In October 1972, he returned to GAO to the Logistics and Communications Division. In 1980, he was appointed Deputy Director of the Procurement, Logistics, and Readiness Division and, in 1983, he was appointed Director of Planning in the newly created National Security and International Affairs Division. In 1985, he became Director of the Office of Program Planning where he remained until 1986 when he assumed responsibility for GAO's Office of Policy.

Roger R. Trask

Roger R. Trask became Chief Historian of GAO in July 1987. After receiving his Ph.D. in History from the Pennsylvania State University, he taught between 1959 and 1980 at several colleges and universities, including Macalester College and the University of South Florida; at both of these institutions, he served as Chairman of the Department of History. He is the author or editor of numerous books and articles, mainly in the foreign policy and defense areas. He began his career in the federal government as Chief Historian of the U.S. Nuclear Regulatory Commission (1977-1978). In September 1980, he became the Deputy Historian in the Historical Office, Office of the Secretary of Defense, where he remained until his appointment in GAO.

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Abbreviations

A&B	Accounting and Bookkeeping Division
AEC	Atomic Energy Commission
AU	American University
BOB	Bureau of the Budget
Btu	British thermal unit
CAAD	Civil Accounting and Auditing Division
CDA	Combined Development Agency
CPA	certified public accountant
DOD	Department of Defense
EEL	Electric Energy, Incorporated
FBI	Federal Bureau of Investigation
FHA	Federal Housing Administration
GAO	General Accounting Office
GE	General Electric
GSI	Government Services, Incorporated
IRS	Internal Revenue Service
NASA	National Aeronautics and Space Administration
OGC	Office of the General Counsel
OVEC	Ohio Valley Electric Corporation
R&C	Reconciliation and Clearance Division
R&D	research and development
RFC	Reconstruction Finance Corporation
TVA	Tennessee Valley Authority

Interview With John P. Abbadessa

March 27, 1990

Introduction

Mr. Eschwege

John Abbadessa, we are glad that you came back to GAO today, where you spent one of your many careers. The first 15 years, I believe, of your working life were spent here in GAO. I would like to introduce you to Werner Grosshans, the Assistant Comptroller General for Policy, and Dr. Roger Trask, who is the Chief Historian for GAO. We wanted to get together to talk to you about the impact—and it was a great one—that you made on GAO while you were here. In fact, some of your associates from that era told me that you were a really hard worker and the late Arthur Schoenhaut, when he came for a similar interview, told us that, in his opinion, you were probably the best accountant in town. That is a lot for Art Schoenhaut to say, isn't it?

Mr. Abbadessa

Arthur was being kind.

Mr. Eschwege

I will tell you a little story about when I came down here from New York. Charlie [Charles E.] Murphy told me to come to Washington just to look around because he was trying to entice me to come to work for GAO in 1955. He pointed to a door and said, "Now, see that door there. In there is a fellow by the name of John Abbadessa. He is one of our stars and he is working real hard." I think you must have been on AEC [Atomic Energy Commission] work in those days. He used you as an example. Maybe you had a little bit to do with my finally coming to GAO in 1956 because Charlie Murphy had a good sales pitch there, thanks to you.

Biographical Information

Mr. Abbadessa

Before we get into some of the details, I wonder if you could briefly talk about your career at GAO, the different assignments you had, and your educational background when you came to GAO.

Well, I went to high school here in Washington, D.C., at McKinley High School. Then I went as an undergraduate to American University [AU], also here in Washington, D.C. I didn't have any money, and my parents didn't have a lot, but I got a scholarship to American University. American University had prelaw, preengineering, and premedicine. The only thing I could find that would lead to a career—I knew I wasn't going to go more than 4 years to college—was accounting. I was pretty good in math. So I went into accounting. It turned out that being good in math didn't help me much, but that's beside the point.

Then I spent 4 years in the Marine Corps and, when I came back from the war, I decided I had better really find out what accounting was all about. So I went and got a master's degree from Wharton. I visited Harvard first, but I wanted to do it in a hurry, in 1 year, and Harvard wouldn't compromise. They mentioned Wharton, which I had never heard about. So I stopped at Philadelphia and went over to Wharton. I told them I would like to get a degree in 1 year. At AU, I received a bachelor of science, incidentally, rather than a bachelor of arts. AU didn't have enough courses to enable a person to get enough credits for a bachelor of science, so I took several graduate courses downtown. Wharton gave me credit for any course I had an A in, which was great, because I had all As. I got enough credits from Wharton to get a degree in 1 year.

I am unlike anybody else I know at GAO—it seemed like everybody had to be enticed to come. GAO sent out [Harry] Trainor or O. Gordon Delk and had to talk people into coming to GAO. Well, I have lived in this city ever since 1930. I went to high school here, my family was here, and I wanted a job in Washington. When I went to my adviser and told him I was interested in Washington, D.C., probably the government, he said he understood that the General Accounting Office was setting up a firm of CPAs [certified public accountants] right in the middle of the government. He thought that I might be interested. This was in 1947.

So I came down and I went in to see Delk right off the street. I gave him my background, which was just time in the service and some work at the railroads for about 6 months in the accounting department. However, I had good grades and a master's degree from Wharton, and he welcomed me with open arms. So that is pretty much the educational part.

I might say I wrote my thesis under Dr. Maxwell, who was the Chairman of the Pennsylvania Board of CPAs. I will never forget that, when he found out I was coming to the government, he called me into his office and really gave me the dickens. He said, "You are wasting a Wharton education going to work for the government. It is a haven of mediocrity." Actually, I had several pretty fair offers upon graduation from Wharton. We were the first graduating class after the war, and Wharton had a good name. But, anyway, that is how I came to GAO.

What was the other part of your question? What did I do when I came to GAO?

Mr. Eschwege

Just very briefly—the assignments.

Early Assignments at GAO

Mr. Abbadessa

Well, in the early days, my first assignment was the Federal Prisons audit with a Levi Brantover. Then I worked at GSI [Government Services, Inc.] with Tom Fickland. I went down to Fontana, Tennessee, where they had some branch office accounting for GSI. I worked at RFC [Reconstruction Finance Corporation] for a while and at FHA [Federal Housing Administration]. Then I got pulled off of FHA and assigned to our CPA training course. The first year there I was an Assistant to Ted Freedlund, who ran the course [GAO staff technical training]. That was in 1950. Then I ran the course in 1951 and 1952.

After that, we went out of business. We had two problems. In those days, nobody would recognize government experience, or they had a residency requirement for CPA candidates. Nobody in this area recognized government experience. Some states would accept IRS [Internal Revenue Service] and FBI [Federal Bureau of Investigation] service if you were working in the accounting areas. We did some work with North Carolina, and they recognized GAO experience. I think it is recognized everywhere now. I'm not sure.

Also, North Carolina didn't have a residency requirement. This class of ours grew like mad. We had 55 people in 1950, 67 in 1951, and 111 in 1952. It was a tough course. We used to meet two evenings a week—one evening we had a lecture and on the other we had a test—and then on Saturday we also had a test. You had to work the problems sections of the exam.

Anyway, in 1952, more than one-half of the CPAs who passed the examination in North Carolina were from GAO. The next year North Carolina established a residency requirement. I got my CPA certificate from North Carolina in 1950. The certificate is numbered with a three-digit figure. It's a low figure because 1950 is about 40 years ago.

We had a problem with Kaufman, who ran the Cades CPA Course; he threatened to take us to court for unfairly competing with him. So we wrapped it up. I think later, GAO paid for people to go to these courses.

Mr. Eschwege

Right.

Mr. Abbadessa

An interesting footnote my youngest daughter, who is a CPA, took a refresher course at Cades on my recommendation some 30 years later.

Anyway, we had the training course for about 3 years. Then I went on the AEC audit, about 1951, and pretty much made a career of AEC. Later, about 1955, I was also assigned to the TVA [Tennessee Valley Authority] audit. Later, when I became an Associate Director, I picked up the Post Office audit.

Directing the Transportation Division

[Comptroller General Joseph] Campbell called me up one day and said he was concerned about the Transportation Division and whether it fitted in because it was kind of the last vestige of the old voucher audit. The Transportation Division was down on the fifth floor. They were a group of real pros, relatively low graded, but there were 1,200 employees.

Mr. Campbell was very conscious of the budget. He wanted to reduce staff who were doing voucher audits and build a professional staff, while keeping the same budget level or, preferably, a lower one. So he wanted me to make a survey of the Division and he said, "You can do it either way. You can go in and audit it and give me your recommendations on whether I should close it up and how or else I can make you the Director." The top three people had left—Mr. [Harrell O.] Hoagland and his top two assistants. I didn't want to go at all. I wasn't interested in transportation, but I said, "Well, if you want me to do it, Mr. Campbell, I will certainly do it. Make me the Director instead of doing a survey. Then I would have one less person to argue with."

He said I could have anybody I wanted, so I picked a lad, Bob Floyd, to be my assistant. We served there for about 10 months. While running it, we had some great successes. The Congress had just passed a law setting the statute of limitations [on transportation audits] at 3 years. We were way behind in the audit when I got down there. So I put in some controls, some reporting on production, and reorganized. Railroad used to be the way everything was moved, and most of the people were in railroad auditing. Trucks and airlines, however, were really being used more than railroads, but Transportation didn't have enough people assigned to those audits. What had to be done was obvious. I shifted people from rail to motor and airlines and adjusted the staff to the work load. We caught up in the audit and continued to collect some \$30 million a year from carriers—overcharges. We didn't lose any money due to application of the statute of limitations.

We also had some long-standing, major problems with the Railroad Association from the transportation of material during World War II. There were big disputes and substantial money involved. There were a lot of new things, like jet fuel, that weren't in the tariff. So the carrier would pick the highest priced commodity akin to jet fuel, and our people would pick the lowest price and, bingo, there was a dispute and a claim by the carrier.

We settled these claims on an industrywide basis. Actually, we ended up in chambers, not in the court, with the staff of Felix Frankfurter, the specialists on transportation. They essentially told us, "Look, if you come to this court, you are probably going to lose." I think they told the railroads the same thing—I'm guessing—because we were both amenable to settling it. Our problem was that we didn't stamp the freight bills like we were supposed to for lend-lease material being shipped. The day before the meeting, our legal department said we had no case. They said to try to settle the claims by paying only 90 cents on the dollar.

Mr. Eschwege

What do you mean by the stamping?

Mr. Abbadessa

I'm not a really good technical man in transportation. I managed it. But one of the problems was that we were supposed to stamp each one of these freight vouchers to certify that it was in the war interest. We didn't do it.

Mr. Eschwege

One of those bureaucratic things.

Mr. Abbadessa

That's right and I was told, "Settle for 90 cents if you can." I also had the flexibility to go to 95 cents. We got together with these elderly chaps from the railroads, and they made some kind of a statistical presentation. I didn't know much about transportation tariffs, but I knew a little bit about statistics. So I told them they didn't have the universe correct and that their samples were flawed. I ended up making quite a speech on statistics. Finally, we settled the thing by paying only 50 cents on the dollar. That saved millions of dollars for the government.

The third thing we did was reorganize the whole place. That was extremely interesting. Up to then, I don't think I ever managed more than four or five people on an audit. I was the junior staff member for most of this time. Even when I had AEC and TVA, I had relatively small staffs. Suddenly, I had 1,200 people.

Then I came back to CAAD [Civil Accounting and Auditing Division], and I was [Adolph T.] Samuelson's Deputy for about a year or 2. Then AEC offered me their Controller's position and I accepted it.

Comments on the Corporation Audits Division

Dr. Trask

Your first duty at GAO was in the Corporation Audits Division. I wonder if you could comment on that—what the Corporation Audits Division did, the size and caliber of your associates, how that staff was recruited, and the leadership of the Division.

Mr. Abbadessa

Well, like I said, the advisor at Wharton said they were setting up a CPA firm in the government. It turned out he was right. I never regretted coming to GAO, and, certainly, the Corporation Audits Division was a really, really excellent organization. I think it was started because corporations weren't under much congressional control. I'm not even sure if they were under GAO review. The Congress wanted to put them under some kind of control.

It started in 1945, I think. Anyhow, I came in 1947. T. Coleman Andrews had just left. Howard Bordner was still here but not for very long. Ted Herz ran the RFC audit—he was here, but not for very long. Steve Ives became the Director, and Irwin Decker became the Deputy. Personnel was handled by Mel Werner, but Gordon Delk handled personnel when I was here. Also, they had a whole group of grades 14 and 15. I'm not sure whether we had assistant directors. Corporation Audits was heavily salted with ex-Navy cost inspectors, who were stationed at the various Navy plants. It seemed that they were all former Navy personnel, although there might have been some former Army and Air Force types.

Most of them had public accounting experience and were 10 to 15 years older than I was. Really, as a group, they were superb. I mean people like Samuelson, [Roy] Lindgren, and Otis McDowell. There were some 8 or 10 of them, including [Ted] Westfall. So it was a good outfit. The staff was relatively small. We were doing essentially commercial-type audits, balance sheet verification, and the like. Most government corporations had a requirement to have financial statements. They varied in quality. TVA's statements, for instance, were very, very good. Some of the other

ones weren't nearly as good. That was the group, and they were, I thought, absolutely superb.

I have often thought that starting with commercial-type audits, where you audit payrolls and take inventory, gave me an excellent base in my later career. I think—I'm not being critical here—if I came into GAO now, I would start at a high level of management activity. If you moved on to a comptrollership or something like that, I think you would be missing that type of basic accounting experience.

Anyhow, I found that the audit work for the first 3 or 4 years was essentially commercial-type auditing. And it was very valuable. I did payroll. As a matter of fact, I discovered "fraud" on my very first audit of the payroll. The name on the payroll was one thing, but the check endorsement was something else. That's when I found out married women usually change their names and my fraud case evaporated.

But I learned. When I went to Fontana, GSI was doing branch office accounting for the Washington headquarters. It was a mess, absolutely a mess, and I was given the job of reconciling it.

Mr. Eschwege

What is this Fontana you are talking about?

Mr. Abbadessa

GSI, as you know, used to run the government cafeterias. Fontana was one of the TVA construction sites just a little bit north of Knoxville. They made it a recreation facility and had horseback riding, swimming, and all of that.

It was owned by GSI, and they had branch office accounting out of their Washington office. We had to reconcile the accounts, and I spent hours and hours. Finally, I got the difference down to, I don't know, \$14 or something like that. I then went to the boss and said, "Enough is enough." He said, "No, it isn't."

So I went back and I got the difference down to about 32 cents. So I walked into his office and threw 32 cents on the desk and said, "I'm through." He said, "You're satisfied?" I said, "Yes, sir." He said, "How do you know it is not \$1,000,000.32 one way and \$1,000,000 the other way?"

But, I will tell you, the solution was simple. We set up a system where they posted from copies of the same records that the home office used. I learned two great lessons there. If you're going to run an activity out of

headquarters, you should post from the same documents; this is true even with computers nowadays. The \$1,000,000 each way was also a valuable lesson.

So I felt the Corporation Audits Division was an excellent outfit, extremely well staffed. I also think the training we received, while I'm sure it would be considered quite mundane, if not insulting, by the present staff, was very valuable indeed.

Another thing that I think worked out pretty well is they had this initial cadre of fairly young people. At that time, to me, they were old. Nowadays, I would say they were young. However, that source of personnel seemed to dry up. So GAO went to college recruiting and started bringing in younger people. GAO worked hard—later I did some recruiting and I certainly worked hard—to get top people, although it wasn't always that easy. The combination of that initial group, plus some fairly high-caliber college graduates, I think, served the Office well and essentially became the core of the Division of Audits after the Westfall review.

Ted Westfall was the first Director of Audits. He didn't stay very long; then Bob Long took over. He was also an excellent, excellent man. He had some problems, unfortunately, and when he left, Mose [Ellsworth H. Morse] took over the Division. Then they had a reorganization that broke the Division into Civil and Defense Divisions; Morse headed the Civil Division for only a short time. When they appointed him to head up Policy, Samuelson became the head of Civil, and Bill Newman became the head of Defense.

Bill Newman, incidentally, was my supervisor in GSI. He came around one time; I was working on something, and he asked, "Are you busy?" He was the big boss. The first time I'd ever seen him—tall, powerful—I said, "No, Sir." Then he gave me hell for not being busy. Since that day, I have never said I wasn't busy when somebody asked me. But Newman was a force, and I liked him a lot.

Mr. Eschwege

By the way, you mentioned T. Coleman Andrews before. Was he the man who became Commissioner of Internal Revenue later on?

Mr. Abbadessa

Yes, I think so.

Mr. Eschwege

What grade would he have had in GAO when he headed the Corporation Audits Division?

Mr. Abbadessa

Oh, I think the grade must have been a GS-15, because they didn't have supergrades then and guys like Samuelson and others were 13s and 14s. Later, such positions ended up as GS-18s, Assistant Comptrollers General, and all that, but not in those days.

But in answer to your question, Roger, I think it was an excellent outfit. Further, I think it was a very solid base from which the GAO of today has evolved. For one thing, though, it wasn't all that well respected by outsiders. It wasn't used much by the Congress. Later in the 1950s and the 1960s, I think we made some real progress in that area with some of the work we did. I guess Ted Westfall with the Maritime Commission audit was an opening shot; Schoenhaut over there on public roads and the work we did at AEC and TVA started to generate some congressional attention and a lot of respect.

Mr. Grosshans

What was the relationship between the Corporation Audits Division and the rest of the divisions? Was there any cohesiveness or did you basically do your thing and have your area of responsibility?

Mr. Abbadessa

Are you talking about the early days?

Mr. Grosshans

Right, the early days.

Mr. Abbadessa

I don't think we were required to pay any attention to the other divisions. I think most people, certainly at my level, were hardly even aware of any division, except General Counsel. General Counsel was a major force. You had to get your report through General Counsel and, basically, GAO in those days had two major missions. One was to determine the intent of the Congress, and the other was to exercise the authority we had to hold up payments. That was the big stick we had, and while we didn't use it that much, it was always there. It was a heavily legalized organization when it came to reporting.

Now, as far as the work we did, essentially we just worked on our own. When people started worrying about why our reports were taking so long to get out—which was a curse in those days, and I suspect it still occurs—we were looking for some ways to shorten the time frame. We finally figured out that one of the reasons we were so slow—there were many—was the General Counsel's review, which could take months. When they finally finished with a review, they practically wanted you to do a new audit to cover legal issues. So we started consulting with the legal people when we thought we might have a legal problem. Then some very good relations were established with the legal division.

In the Corporation Audits Division, except for the Legal Division, we really didn't have, certainly at my level, any contact at all with [E. W.] Bell's audit group, R&C [Reconciliation and Clearance Division], A&B [Accounting and Bookkeeping Division], Transportation, Claims, Investigations, and Systems.

Mr. Grosshans

How big did the Corporation Audits Division get? Did you do most of the work out of headquarters, or did you have roving teams that did some of that work?

Mr. Abbadessa

I don't know how large we got when we were Corporation Audits in the early days, but I know the answer to your second question. We were essentially traveling auditors. I must have spent 40 percent of the time on the road. Fortunately, I like travel, and I have continued to do so for the next 40 to 50 years. We did a lot of traveling. In those days, you couldn't go by plane, so we went by train across country. Many times we would get sleepers, knock down a wall, and play bridge. I don't know how many times I went across Texas, and it would take about 2 days traveling past sagebrush. Most of the travel was to major cities: Los Angeles, Denver, Chicago, Atlanta. I think there were some field offices out there, but it wasn't the formal structure it is now. We didn't have much to do with the field offices—as a matter of fact, later when GAO set up a Field Operations Division and John Thornton headed it, the jobs we were on still didn't have much to do with field offices. We did the jobs ourselves.

Dr. Trask

Just one more question about the Corporation Audits Division work. The American Institute of Certified Public Accountants apparently took a dim view of GAO's approach to these audits, feeling that perhaps independent CPAs should do the audits. Do you recall that problem? Or was it not much of a problem?

Mr. Abbadessa

Well, again, you're talking about when I was a GS-5, 7, or 9. If there was a problem, I wasn't aware of it. That they would have had concern doesn't surprise me in the least. I'm a CPA. I passed the exam the first time. I have some serious problems with the Institute. I suspect they were more worried about protecting turf. If it made such comments, they were made before the Institute knew what it was criticizing, or, if they were made after the Division was set up, the Institute didn't bother to find out what it was all about. Independence has been a byword from the day I walked into GAO, even in those days. When Joe Campbell showed up, I mean it became almost a religion, emphasized maybe a little bit too much.

Comprehensive Audits

Mr. Grosshans

You talked a little bit about the early days of the Corporation Audits Division and some of the folks that you were bringing in. I guess that at about the same time, Mr. [Lindsay] Warren, then the Comptroller General, thought seriously about how to change GAO from a voucher-flipping organization to more of an audit- and maybe even an evaluation-oriented organization. In 1949, he issued a memo decreeing that, "Henceforth, we will do comprehensive audits." What did that mean to GAO in 1949, and did anybody know what was really wanted?

Mr. Abbadessa

A couple of things. First of all, I am not sure this idea came from the top down, from Mr. Warren. I didn't know Mr. Warren. I never met Mr. Warren. My big jump in the pan came with the Dixon-Yates report, and he had left just a few months before that.

If I had to guess and this is a fairly educated guess—I think the real leader in this thing was Walt Frese. Frese had a group of good people up there, such as Ray Einhorn and Reece Harrill. In the Corporation Audits Division, there were some people who were program oriented in their auditing, like Ted Westfall, and some who were strictly balance sheet oriented, like my good friend, Samuelson. Mostly, you had a very perceptive and sympathetic Frank Weitzel. I suspect the thinking primarily came from Frese, Ray Einhorn, and Reece Harrill. Then Westfall was given the task to review [GAO operations and organization], spent 6 months, came up with this overall organization, and became the head of the new Division of Audits. Westfall did the survey and set up a job for himself. However, Frank Weitzel was the person who made it happen.

What did the term "comprehensive audit" mean? I don't know that I have ever seen it defined. You heard operations audit, you heard program-results audit, but in the final analysis, it became reasonably clear very early that there was a desire to expand beyond the audits of corporations. There was a desire to spend less time on financial statement verification. The initial thought was we would go in and review systems. This is why I think Frese was involved. We would determine and test the system. If that test gave you the right results, you accepted the financial statements.

This approach grew like a tidal wave, and then we started getting into the audits of contracts. They were a fairly inviting target. As we expanded beyond the old line agencies and got into AEC, NASA [National

Aeronautics and Space Administration], and TVA, we encountered project and construction overruns. If you were alert at all and since you were going in with 20-20 hindsight, it made a lot of sense to do contract audits. Such audits received a lot of publicity, and I think that was attractive upstairs.

Then we got into program-results audits. So while I don't know where the term came from, I think the guidance and the intent were clear from the beginning, and I think things moved fairly rapidly in that area and in the right direction.

Mr. Grosshans

Did you do any comprehensive audits?

Mr. Abbadessa

Did I personally do any?

Mr. Grosshans

That's right.

Mr. Abbadessa

Oh, yes, sir. I don't know if it meets anybody's criteria for comprehensive audits, but after the first 3 or 4 years, I was out of the financial verification area. At FHA, we had a lot of repossessed houses to deal with, and GSI was a commercial-type operation as was Prison Industries. The best example was AEC. AEC was a contracting agency. It had 2,000 government employees, but 140,000 contractor employees. Savannah River was operated by DuPont, Oak Ridge by Carbide, and Hanford by GE [General Electric]. AEC gave policy program direction, but the contractors conducted the activities. So that resulted in a lot of contract audits.

TVA is a commercial-type activity, and, while they had very fine financial statements, we got involved in the coal contracting, construction, and power privilege. So I would say that most of my career with GAO consisted of, in quotes, "comprehensive" audits. I might add that I mainly defined what and how we were going to audit; nobody ever gave guidance or bothered me very much.

Mr. Grosshans

I think that is a good description of comprehensive auditing because, when I came in 1958, I was assigned to a comprehensive audit. We're still trying to figure out what the comprehensive audit intent was and what we were supposed to do. I guess shortly after that, GAO concluded that comprehensive audits were not really what we were planning to do in the future. It was much more targeted. The types of things that you are describing get somewhat into the program side, and program results were much more targeted. This term "comprehensive" audit may have

given people the idea that this was a broadbrush approach to what a particular agency was supposed to do.

Mr. Abbadessa

I don't have any idea of the origin of the term, but I think the intent was clear. It probably was the effort of some thinkers like Frese or Weitzel or somebody else to come up with some term that would clearly distinguish it from a financial audit, which was the bread and butter for the Corporation Audits Division in the early years. This they accomplished.

Dr. Trask

Was the Corporation Audits work a kind of bridge to the comprehensive audits, between the old and the new? Did it have anything to do with comprehensive audits?

Mr. Abbadessa

I think up to 1945, the work was with centralized vouchers—stamping, warrants, verification, and reconciliation. I'm not sure what this work accomplished. Probably, it met the criteria of some kind of decent fund control, but they certainly didn't get into the type of audits we do today.

The Corporation Audits Division work you could look at as a bridge, I guess, but to me it was the starting point and the base for making commercial-type audits, and it was the business we were in for 4 years.

Then, with the Maritime audit, we got into subsidies and rate analysis, and we weren't working with financial statements. I doubt if Maritime had any financial statements. I think the idea then was, "All right, let's expand into the activities of the rest of the government." You certainly couldn't do financial statement audits in most of these government agencies. So somebody came up with "comprehensive" audits. To me, it was a good term to mark a major change in direction from what the Corporation Audits Division was doing, and I think it accomplished that purpose.

Mr. Grosshans

I think Samuelson, in his interview with Roger Sperry, probably had some pretty good insights into this when he pointed out that the financial audits that you spoke of in the Corporation Audits Division started out looking at things more from the financial standpoint. But as they were getting into some of the other issues, auditors started to raise the question: Does this make sense? Did the inventories need to be the size that they were? Even though they were there, did we really need those? I think that was kind of a starting point to get into more of the agency-type audits and look at the issue of what we were getting for the money.

You mentioned Westfall's Maritime audit. Of course, he got into the same issues. You know, it was: What were the subsidies for? Who got the subsidies? Were the recipients legitimate entities and entitled to those subsidies? I think what we had is probably an evolving approach to comprehensive audits, which became much more defined as we went along.

Mr. Abbadessa

Henry was kind enough to send me some of these previous interviews. Unfortunately, they arrived kind of late and I didn't get to read Sam's [Adolph T. Samuelson], and I don't want you to take this statement incorrectly. I worked very closely with Sam, and I was his Deputy for a couple of years.

Sam gave you an excellent statement, but he was one of the last people to get on board on this comprehensive audit idea. Sammy was a financial statement auditor. I had some really major early battles with him over what we should be doing. When he was selected to head the Civil Division, you could see him grow into this. He had the background, he had the intelligence, he was just a superb Director, and he made a major contribution to this Office. My point is that we had people with varied backgrounds, and, while the intent was clear, the progress depended on who your key individuals were. Some weren't that enthusiastic originally. Later, it became a religion.

Mr. Grosshans

I know you already mentioned Frese and others who had a hand in enacting the Budget and Accounting [Procedures] Act of 1950. What did the act mean to GAO? Can you comment? Did you have any involvement in that at all?

Mr. Abbadessa

I certainly didn't have any involvement. I was probably a grade 9. However, I was always interested in the mission of the Office, and I followed it to some extent, but I had no real intimate knowledge. Certainly in those days, the key man on anything with the Congress was Frank Weitzel. I was always amazed when I got to know Frank Weitzel better and I certainly did, at how he was so tied into the mission of this Office and how he, as a lawyer and with GAO basically a legal organization at that time, learned so quickly and so intently the value of audits. He was the major link during my time with the Hill and certainly with the Accounting Act of 1950. He was supported by guys like Frese and Bob Long, but I think the 1950 act is a monument to Frank Weitzel. Now, I'm not sure it was all his thinking, but he certainly sold it to the Congress.

Auditing the Reconstruction Finance Corporation

Mr. Eschwege

Well, John, you have already given us a list of the different audits you were on, but we are going to get into some more of that now. One of the earlier ones, although not the first one, was the Reconstruction Finance Corporation audit that you were involved in. Did you head that up, or were you a member of the audit staff?

Mr. Abbadessa

No. I was maybe a grade 9 or 11. I was a long way from heading it. It was a good audit. I learned a lot. One of the things we had to do was verify some collateral that RFC held.

Mr. Eschwege

It was a lending institution, wasn't it?

Mr. Abbadessa

Yes. Well, they had lots of activities, but it was a lending institution, also. It was a subsidizing agency; it was a World War II thing and it got into synthetic rubber production, defense plants, lending, and other activities.

Mr. Eschwege

Even housing, I think.

Mr. Abbadessa

Oh, definitely. But to point out what a great learning experience GAO was, even though I was at a fairly low grade then, the Federal Reserve Bank was holding the collateral on some loans. We went to New York to make an audit, and we sat around all morning trying to get into the Federal Reserve Bank. I was amazed to see when we finally got in that, for this collateral, Great Britain owned General Motors stocks and large amounts of other blue-chip stocks.

Also, maintaining financial records I guess was practically impossible during the war years, but we now had the responsibility of auditing them. One of the major things that Westfall did, it was under Ted Herz, was call us together once and hand out some financial statements. The residual figure was the equity of the U.S. government. I asked how he supported the equity figure. I always asked a lot of questions. I still ask questions today because that is how I learn. I was really interested in how we had come up with the figure.

I remember one time I went into the certifying officer, whom I held in great respect. I told him I was sorry we had a major finding. He said, "Major? How big?" I told him, "Well, it was \$3 or \$4 million that came out of our review of the depreciation schedule." He said, "Well, that's all right. I don't worry about those million-dollar things. I worry about the \$30 things." So I kept arguing with him. He had a hearing aid. So finally, he got tired of listening to me, and he turned it off and said, "You're off the air, son."

But, to get back to Westfall and his financial statements—it came as a huge shock to me that the equity of the U.S. government was strictly a balancing figure without any support. We ran down all the assets we could and all the liabilities, and the balance was the equity of the U.S. government. Westfall said, in typical fashion, "This is it. From now on, these are the figures. We can support them."

I said, "Well, what about all the millions of dollars, trillions of dollars, that were spent during the war?" It just all got wiped out. But when you think about it, it was probably the best thing that we could have done. At least from that point on, we had fairly decent statements to audit. I learned a lot from that. In later years, when I had an impossible situation, I had the courage to worry less about the past and structure something that made sense for the future.

Mr. Eschwege

RFC was one of the big corporations in those days.

Mr. Abbadessa

Oh, yes.

Mr. Eschwege

The biggest, except for the Commodity Credit Corporation?

Mr. Abbadessa

I suspect it was larger.

Mr. Eschwege

Larger than that?

Mr. Abbadessa

I think so. I don't really know, but it was big. It's the biggest of any of the activities I ever audited.

Mr. Eschwege

As I understand it, also, RFC management opposed GAO's coming in there and doing the audit, more so than anybody. In other words, I think RFC was probably against corporation control.

Mr. Abbadessa

That might well be. It had a very flashy head, Jesse Jones, from Texas. Apparently, he was a pretty fair wheeler-dealer. On the other hand, I

think some of the defense plants, the synthetic rubber, and some of the other activities RFC operated were a real value in the war effort.

However, its accounting certainly wasn't very good, and we were interested in accounting in those days.

Audit of the Atomic Energy Commission

Dr. Trask

One of the other audits that you were involved in in these years was, of course, at the Atomic Energy Commission. What were the kinds of things that you focused on there? What were the issues? Would you put this work in the category of comprehensive audits as you understood them at that time?

Mr. Abbadessa

Yes, clearly. It turned out AEC had a very good financial management system—it prepared financial statements that were probably as good as any of the corporations. Its original Controller was Professor [Paul] Green from Illinois, and Walker Campbell headed accounting; he was a mighty fine accountant. However, we weren't that interested in the financial statements.

I was assigned to the AEC audit in about 1951 or 1952. Our major efforts were with its contracting and legislation. We made a lot of preliminary surveys. You didn't even have to be very bright to detect areas of weakness. When we saw a construction project with a 200-percent overrun, we figured that something was wrong someplace, whether it was the original estimate or the project management.

We did get into some accounting, such as the allocations of costs in establishing prices. Later, the big breakthrough for me, personally, was the Dixon-Yates contract, which is a story in itself. While on that audit, I was assigned to the Appropriations Committee and reviewed the AEC budget. Then I was assigned to the Joint Committee on Atomic Energy. I was able to establish pretty good relations, which were valuable later. When I ran the AEC audit, I used to visit with the Joint Committee staff to determine the things in which they were interested.

Mr. Eschwege

Are you talking about running the audit for GAO?

Mr. Abbadessa

Yes. Running the audit of AEC for GAO. The Congress was always interested in legislation. AEC was starting a nuclear energy industry, and it had numerous cooperative arrangements. We would find out what the Congress was interested in and the subjects on which they were going to hold hearings. We would then go out and audit those things. We would come up with reports before the legislation was passed or while it was being considered, and we built up a pretty fair reputation for assisting the Congress.

Without going into a lot of detail, after you invited me in, I looked at some of our reports. [I worked on those audits] starting from 1952 through 1958, and then I went out of [that] business because in 1959 I went to the Transportation Division. In 1953, Eisenhower had been elected President, and he wanted a review of the Truman budget. The administration brought in a lot of people from industry to make the review and attached a GAO man to each one of these guys from industry, I think to help translate the government jargon and to provide background. I worked with [Charles Robert] Bob Fay from Pittsburgh Plate Glass. He was the Executive Vice President or the Comptroller or something like that.

We reviewed the Truman budget and came up with recommendations that ended up with a \$540 million reduction in the AEC appropriations. In those days, we had field offices at Albuquerque, Oak Ridge, and Richland. We sent out a letter asking them for all of their suggestions, and they came in with several areas where they thought reductions could be made. Most impressive is that they did this in a 2-week period.

This is from a letter that I wrote after the review was over:

"I wish to acknowledge the important contribution made by our AEC Washington staff and by our field offices. As part of the AEC audit, the Washington staff had sent several letters to the field offices summarizing important points that were raised in the 1952 audit with instructions that the field offices ascertain during their current audits what steps AEC had taken to correct them and prevent their reoccurrence. With this work already done, I was able to write the field offices requesting this and other information and set a 2-week deadline. The field offices submitted reports which provided a wealth of specific examples which we used to illustrate areas where savings could be made."

The letter also listed the accomplishments.

This ended up with a well-attended meeting with Congressman [John] Taber. The Republicans then had control of both Houses of the Congress. I think it was the last time. Mr. Taber was the head of the House Appropriations Committee, and Mr. Phillips was the head of the House AEC Appropriations Subcommittee. At the meeting with Taber were Mr. Phillips of the Congress; Mr. Dodge, who was the Director of the Bureau of the Budget; Sam Hughes, who was then with BOB; Mr. Strauss, who was the Chairman of AEC; Mr. Nichols, who was the General Manager of AEC; Mr. Fay; and I. Until then, AEC would not accept any of our proposed reductions.

Even then, AEC didn't accept all of them. It accepted about \$400 million worth of them. Mr. Strauss initially took a tough position against any reduction and had the backing of the White House. However, when Eisenhower came in, the administration added a big increase in the AEC budget that wasn't in the Truman budget for the test that led to the H-bomb. By making the reductions that we showed them, they could add the increase that was necessary for the H-bomb test and stay just at the Truman budget level without disclosing the test. Strauss lost this battle, and the budget went on to President Eisenhower. During congressional hearings, the additional reductions of \$140 million were made based on our findings.

Then in 1954, we had the Dixon-Yates affair, which maybe you want to discuss separately.

Mr. Eschwege

Let's discuss it separately, yes.

Mr. Abbadessa

In 1955, we issued the Ebasco report. On Mr. Campbell's first day at GAO, I got called up to his office with Bob Long. Everybody told me I was going to get fired because Mr. Campbell had voted for the Dixon-Yates contract, and we had testified in the Congress against it. The Bureau of the Budget, with Dodge, supported it; the Federal Power Commission, headed by a gentleman named Kuykendall [Jerome], and Smith, their chief accountant, had approved it; and everybody in town, except GAO, had signed off on it. I had made the review and recommended several significant changes in it that had been accepted. The day I walked into Mr. Campbell's office, he said he was glad to see me again, and he thought that the changes I had recommended made a good contract even better. He then said he wanted me now to review the EEI [Electric Energy, Inc.] and OVEC [Ohio Valley Electric Corporation] contracts, which were power contracts of AEC that were awarded in the Democratic administration.

So I said, "Yes, sir," but I was a little bit upset because up to then we had been pretty much politically immune. I thought, "Hey, this guy is a Republican." He was Eisenhower's Comptroller, I think, at Columbia University. We all wanted Frank Weitzel to become the Comptroller General. However, it turned out Campbell wasn't political. He was anything but political. Later I found a letter that showed it was actually Senator Clint [Clinton] Anderson [who requested the review]. This came out in February of 1955. I'm not sure when Mr. Campbell came over here, but it was in late 1954.

Mr. Eschwege

December 1954.

Mr. Abbadessa

December, yes. This newspaper article states "Capitol Hill may soon see a Democratic-led committee investigate contracts negotiated by the Truman Administration." It was Clint Anderson, who was Chairman of the Joint Committee on Atomic Energy, who requested that GAO look at the contracts.

Mr. Eschwege

1955, right?

Mr. Abbadessa

Yes, 1955. We issued a series of reports and I learned another lesson. He wanted reports on the Ebasco, EEL, and OVEC contracts. I made a survey and said, "Well, we'll issue it in three parts." Well, I got out Part 1, but it soon became apparent I wasn't going to get out Part 3, only Part 2. So since then, I never issued another report that said, "Part 1."

Anyway, we reviewed and issued the Ebasco report. Mr. Campbell was interested in newspaper articles concerning GAO reports. So we always sent them up to him. He read them all and initialed every one of them. Before it was over, we had a whole series of these power reports.

Mr. Eschwege

What did Ebasco do?

Mr. Abbadessa

Well, Ebasco did the engineering and construction for the Joppa [Illinois] plant, one of AEC's major power suppliers. AEC was supplied by EEL, by OVEC, and by TVA.

Mr. Eschwege

Electric Energy [Incorporated] still exists today, I think?

Mr. Abbadessa

Yes. It's a group of power companies that got together to run the Joppa plant. Ebasco had enormous cost overruns. The importance of Ebasco was that it was also selected to build the Dixon-Yates plant. To show you how independent Mr. Campbell was, we showed him the report in

which we recommended that Dixon-Yates not use Ebasco. This report turned out to be a real shocker. However, Mr. Campbell had read and approved the report. He read all of my reports. He couldn't have read all the reports in the Office, but I guarantee you he read every report on AEC, every report on TVA, and every report on the Post Office. Further, he read them carefully and they would come back with little notes on them, sometimes. Generally, however, he never tried to tell us what to audit, and he never really seemed to care too much about what you reported, but he was very concerned that you were right. To that end, he would ask question after question.

In the face of GAO and other objections, the Dixon-Yates contract was amended to limit Ebasco's participation to design engineering. Then, after we reported that they shouldn't use Ebasco, this came out in one of these newspaper articles:

"It is incredible that Comptroller General Campbell would have released this report and would have made such recommendations unless he is seriously disturbed by the decision of the Dixon-Yates group to have Ebasco design the project.

"But here we have the Eisenhower-appointed Comptroller of the United States viewing with alarm, and prepared to document his fears, the relations of this gigantic company with AEC through the Mississippi Valley Generating Company. Even proponents of the Dixon-Yates contract must be astounded and dismayed by such a development."

That is a quote from the Denver Post [Apr. 10, 1955].

The point being made is that Mr. Campbell had approved the Dixon-Yates contract. GAO was now making recommendations for improvements and changes. They were accepted. One of the first audit reports this man issued was to recommend that you don't use Ebasco for Dixon-Yates and that, to my way of thinking, took a lot of courage. Mr. Campbell, however, did not lack courage.

Let me just run through this list. I can expand on any area you want. TVA expansion: we issued an audit report pointing out they were using their revenues to build power plants. It wasn't clear they had such authority. We recommended that TVA seek an amendment to the law.

John Taber, a Republican from New York and Chairman of the House Appropriations Committee, thought it was a wonderful report and said

some very nice things about GAO in the Congressional Record. Mr. [Clarence] Cannon, who headed the Democrats in the House and who was very pro-public-power, took great umbrage to this same report and laid it pretty much on Mr. Campbell; he thought the report was lousy. This invariably happened when you issued reports in the public-versus-private power area.

EEI and OVEC power contracts: this was another controversial report. We issued a report saying essentially that the power rates were reasonable under these two contracts, but the contracts didn't have protection for the government in the future. The rates didn't have ceilings, and they were based on formulas that would allow these companies to walk away with some pretty large profits. So what happens? The Wall Street Journal, a good Republican paper, in its headlines, said, "Official terms AEC electric payments reasonable at plant." The subheading: "But he reports government is not fully protected against possible future hikes." The headline in the St. Louis Post-Dispatch, [a] good Democratic paper, said, "Comptroller says AEC paid Union Electric excessive rates."

These reports bring up something very interesting. I fought many a battle in this agency, and I always seemed to be fighting them with the wrong people—fighting them with Samuelson, Mose Morse (particularly with Mose Morse), and with legal—the Office of the General Counsel (OGC). Anybody who stood in the way of my issuing a report the way I wanted to had a battle on their hands.

One of my biggest and continuing battles was fought when comprehensive audits first started, and the operative term around the Office was "deficiency reporting." The emphasis was on reporting deficiencies, deficiencies, deficiencies. We looked at something that was 90-percent good but 10-percent bad—well, the Office view was you expected it to be good, so we reported only on the 10-percent bad. As a result, we were making enemies all over the government. Besides, I didn't think it was good reporting, based just on my own standards. So I worked very hard for balanced reporting. That approach is what led to these more balanced reports.

I would try to cover the full picture because I thought the Office wasn't doing the job it was supposed to do; it found one thing wrong, put 20 people on it, and gave it half a year's thought when the poor guy making the decision probably had a half hour to make it and one-tenth of the information. To find one thing wrong and report it as wrong, without

evaluating the rest of the program to set it in some context was, to me, not responsible reporting.

So we at AEC worked very hard, and I would go out of my way to find something good to say. The other thing I did was to report only things that were factually correct—and this was essentially the philosophy of the Office. A report had to be factual, if nothing else; it could even be late, but it had to be right.

Another part of my reporting philosophy was that I could have 10 findings, all valid, but in decreasing order of importance. I'd much rather report three blockbusters and forget the other seven because if I got into a congressional hearing, all I was going to hear about were the weaker findings. So I believe in hitting really hard, but I also believed very strongly in my reporting to evaluate the whole program and try to produce a balanced report. That approach sometimes caused me real problems with Morse and Samuelson.

Mr. Eschwege

You mentioned Morse and Samuelson, but how did Mr. Campbell feel about this? Was he supporting Samuelson and Morse who wanted to zero in on the deficiencies?

Mr. Abbadessa

Well, Campbell was in a unique situation for many reasons. I do not know whose side he was on. It was never tested, to my knowledge. However, if it had been tested, I'm sure I would have won. Anyway, no one was successful in changing my reporting approach.

Mr. Eschwege

Well, the reason I ask you that is because I was a young auditor in GAO back in the late fifties, and people like Leo Herbert always taught us that you don't have the time to look at the whole program, so zero in on the deficiencies.

Mr. Abbadessa

Right; I was also told that.

Mr. Eschwege

Rightly or wrongly, I assumed that came right from Campbell.

Mr. Abbadessa

No, I don't think so. First of all, I don't think Mr. Campbell got involved in those kinds of determinations. My impression of Mr. Campbell was that he let the division directors do their thing. I think he was satisfied that he had essentially competent people. I think he realized this wasn't public accounting. I think he got really enthusiastic about, quote, the "comprehensive-program-results-type audits."

To the best of my knowledge, he was probably closer to the AEC and TVA audits than any others. He never once suggested anything of that nature. He made some broad suggestions, but my observation was he didn't tell any of the division directors what to do, but he was intensely interested in what went out in reports. If a report was critical, he wanted to be damn sure it was right. Further, if it was critical, he wanted it followed up with the congressional committee.

But I felt very strongly about balanced reporting. I don't think even fairness was my driving force. To me, it was a question of doing the job right. It seemed to me it was a cop-out to say what Mr. Herbert told you: "We don't have time to do the whole program. Let's just find out what's wrong and report it."

To me, there is something wrong with that. I'm sure we didn't learn everything about the programs we reported on, but I think we sure knew a lot more than most people did about other GAO reports that went out. I also think this reporting of deficiencies, although it happened after I left, finally led to flamboyant headlines and side captions in reports and the naming of people responsible for programs—and probably was a major factor in leading to the Holifield hearings.

Mr. Eschwege

That type of reporting, too, was sanctioned by Mr. Campbell.

Mr. Abbadessa

That might well be. Like I said, that kind of thing happened about when I left; it was just starting. I know Mr. Campbell was interested in, "Who is responsible?" He asked me that question many times. Just before I left, I was then Deputy, not doing audits, I was reviewing most of the Division's reports; if Sam got angry with somebody, I reviewed that person's report. That was the biggest threat he had. In my review of reports, I noted that they were starting to mention names. I was absolutely opposed to it.

To go on with my list—we issued some reports at TVA on the Westinghouse contract concerning whether there was a violation of the anti-kickback act. We also issued the Yankee [Atomic Electric Company] report at AEC, which discussed the first contract in a large program for cooperative arrangements with industry for generating nuclear power. Again, it was the private-versus-public-power issue. The private sector worried about an atomic TVA, and the public sector, I think, was pushing for an atomic TVA.

Anyway, we issued a report with six recommendations to strengthen the position of the government. It is an interesting report. There was an article in the Chattanooga Times [Feb. 25, 1957] a long article. It said, quoting:

"The GAO report was rendered more significant by the fact that it could not be considered an unfriendly effort to find something wrong with the administration of the program. The Comptroller General, Joseph Campbell, came into the government as a protegee of AEC Chairman Lewis Strauss, the leader of the effort to leave atomic power development to free enterprise. There is no reason to believe that Campbell does not share the position of his ex-boss."

That article is initialed "JC" with a question mark. I don't think he agreed with the Strauss reference.

The part in this article that is interesting is the quote:

"The criticisms of GAO were in fact so unanswerable that Strauss and the Commission immediately informed Campbell of their intention to adopt all of the recommendations in the subsequent contracts that were signed with utility groups."

This report illustrates the value of first finding out what legislation is going to be considered and getting your views up there while they are still helpful to the Congress. The General Manager of AEC, in commenting on the Yankee report, was also fairly complimentary to GAO. I'm not going to read all the nice things he said, but it can be summarized with:

"Senator Gore: Do you feel, and does the Commission feel, that the objections of the General Accounting Office are going to be satisfied to the extent that this contract can proceed without serious impairment?"

"Mr. Fields: I believe they can, yes, sir."

The Chairman of the Committee congratulated GAO on its alertness on these contracts.

"Mr. Fields [General Manager of AEC]: Mr. Chairman, the more arguments I have with GAO before writing a contract, the better it is. As far as I know, the relations with them have been excellent."

These kinds of comments helped build up some acceptance of GAO reports. The thing that is important here is that, with respect to timely reports, we were fairly successful at AEC, but this wasn't true of all our jobs. Later, when I became Deputy, I couldn't understand why GAO

wasn't looking at the agency budgets before they went to the Congress to find out what was going to happen in the next couple of years and audit against those activities. We did that at AEC. The other thing I questioned was why we didn't review the negotiation of contracts and get comments up to the Hill before the contracts were awarded, rather than 3 years later after a big overrun when it was too late to do very much.

I was told that most agencies wouldn't let GAO look at budgets before they were issued nor contracts before they were negotiated. This was not an unreasonable position. However, we were fortunate at AEC because we would just go to the Joint Committee and tell them, "Hey, AEC has this contract, and we think they have some problems." We then received a letter asking us to look at it. Now, the agency showed it to us.

I also audited CDA, Combined Development Agency, which was a combine that came out of a Roosevelt-Churchill meeting in Canada for the U.S. and the British governments to try to corner the entire world supply of uranium during the war. It was a top-secret activity. The United States paid two-thirds and England paid one-third. The Comptroller General was named the auditor. When Mr. Campbell came, he named me his representative. We made an audit and issued a report that resulted in a \$175 million reduction in commitments to purchase uranium ore from South Africa. This was in June of 1957. The United States didn't need to corner the world supply of uranium, and they couldn't do it anyway because Russia had a large supply of uranium within its own boundaries.

In March of 1958, AEC proposed some legislation—we always reviewed any proposed legislation. If we saw a problem, we informally reported it to the Joint Committee on Atomic Energy. AEC wanted to amend Section 55 of its act to liberalize the exchange of information and material with other countries.

We received a congressional request and issued a report. AEC wanted a \$200 million fund to buy plutonium. We said, "Hey, look. This is outside of congressional control. AEC can go out on their own if you pass this legislation." AEC then agreed to reduce the \$200 million fund to \$50 million and agreed to reduce the 15-year contracts to 7-year contracts. We said, "There still isn't adequate government control." So AEC withdrew the legislation completely.

This got GAO some real brownie points with Senator [John O.] Pastore, who was then the Chairman of the Atomic Energy Committee and one of

the real statesmen in the Congress. He wrote Mr. Campbell a letter and said:

"On behalf of the Committee, I wish to thank you for the prompt attention you afforded my request and the thoroughness of your analysis. The ability of the General Accounting Office to review and report on a matter as complicated and as specialized as this one under consideration, particularly in the limited period of time that was available, speaks very well for the competency of you and your staff. You may be interested to know your letter has been placed in the record of the hearings and that the Atomic Energy Commission by letter dated March 7th, has now withdrawn its proposed amendment to Section 55."

Mr. Eschwege

Can I ask you a general question?

Mr. Abbadessa

Sure.

Mr. Eschwege

In those years, we're talking now the mid-fifties, I guess—

Mr. Abbadessa

1952 through 1958.

Mr. Eschwege

It seems to me it was unusual for a staff like GAO's AEC staff to have such a close relationship with congressional committees. Did that happen anywhere else? I know this close relationship continued for many years.

Mr. Abbadessa

Senator Pastore said he was amazed that we could do this so quickly. In truth, we had the work done before we went up and told the Committee that the proposed legislation was flawed.

Mr. Eschwege

But you worked for the Committee. You worked with the Committee all the time. You knew what it wanted.

Mr. Abbadessa

Yes, and we worked at such communications very hard.

Mr. Eschwege

We didn't do that for a long time.

Mr. Abbadessa

That is probably true for the rest of the Office.

Mr. Eschwege

At least in my area, it was not done in the 1950s.

Mr. Abbadessa

I think it was probably unusual. There were several factors involved. When I was an Assistant Director and running these jobs, initially as a grade 14, there was an enormous statistical race between Civil and Defense, as to who could get out the most reports. Sammy would push

each assistant director. I always had the least number of reports scheduled and the most time to do the audits. We would go into these meetings and everybody would promise away their shirts, where they didn't have a prayer of meeting their projections. I would catch hell. "Is that all you are going to do?" I'd say, "Damned right, that's all I'm going to do. I hope I can do this much." However, although I had fewer reports, I didn't worry about statistics. I mean Sammy and Newman could play that game forever. I stuck with doing what I thought the staff could do. While we promised the least, we usually delivered what we promised; most assistant directors did not do that. Also, we took great pride in issuing high-quality reports.

Balanced reporting was another factor. Another area I pushed was rotation of staff. When I first came to the Corporation Audits Division, rotation of staff was normal, and I was on several of these small jobs. Later, I realized this approach was really valuable because I got different experience on different jobs. When the Civil and Defense Divisions came along, we started to get into program reviews, and there was more of a desire to keep the same staff. The staff wanted it that way, for one thing.

Samuelson was for rotation; however, a lot of pressure was building up to get out reports. The staffs themselves, particularly the higher level staffs, wanted to keep their good people. So Sammy was under a fair amount of pressure. I think one of the things he appreciated when I became his Deputy was that I restrengthened rotation. I really worked on it. It applied mostly to the junior staff, because we had to worry about some continuity on the job. As for the field offices, my limited observation is that they tried to maintain continuity on all jobs.

Another area where there was a fair amount of disagreement was the performance of systems work. I think Mr. Campbell closed up this area; maybe you're going to come to this later. However, regarding systems work, nobody wanted to do it and, least of all, I think, Mr. Samuelson. However, I was always looking for a place where we could take a step forward, and I always tried to build GAO. So I got real hot on systems work. I went to AEC and reviewed theirs. They had a pretty good system to start with, which helped. During the review, we got down to three issues on which the Controller of AEC and I couldn't agree.

Later, when I became the Controller of AEC, Art Litke was running the AEC audit for GAO. He came over right away and said, "Well, all right. Now, you can do these three things." I said, "Wait a minute. I can do two

of them." I forgot what they were, but I did them immediately. The third one, however, was to record depreciation in the budget. I couldn't sell that within AEC or to anybody having any knowledge of budgeting. If you budgeted depreciation and got a cut, what would you do with the reduction?

So I worked out a deal with Litke under which I would reconcile my balance sheet, which had depreciation, with my budget figures [without depreciation], and I'd put the reconciliation on page 742, where nobody on the Appropriations Committee would find it. This resulted in AEC's becoming the first agency to get their entire accounting system approved by the Comptroller General. This approval, however, was the child of the systems work that we did when I was at GAO.

Work on TVA

Mr. Eschwege

John, while you were still assigned to the AEC audit, am I right, you also got responsibility for the TVA audit?

Mr. Abbadessa

Yes, I became responsible for both jobs, then at grade 14.

Mr. Eschwege

Yes. Then, of course, there was a good rationale for that in that they both had power activities.

Mr. Abbadessa

One generated electric power and the other one used it.

Mr. Eschwege

Right.

Mr. Abbadessa

AEC was TVA's biggest customer in those days. It used about 76 percent of TVA's power.

Mr. Eschwege

One thing I always heard about was the coal contracts at TVA and the audit that GAO made at that point; I think Gene Birkle helped you with that.

Mr. Abbadessa

He was on the job, and he was an excellent auditor.

Mr. Eschwege

Do you recall what the major issue was concerning the coal contracts?

Mr. Abbadessa

Well, regarding coal contracts, the only thing I remember just off the top of my head was that we had an inventory verification problem. When I

was in the Marine Corps, they had some kind of a gadget you could look through that [visually] raised the Washington Monument, producing a 3-D [three-dimensional effect]. Also, I had read something in the Journal of Accountancy or someplace about air photographs, taking two pictures and laying them side by side to look down at them.

We had been certifying to the coal inventory for years and I said, "Well, look, how do we know all that coal is there?" I went to Mose Morse, who was then the Director, and asked him if I could have authority to hire an airplane to take these types of pictures. Such requests were unheard of in those days. Mose, in typical fashion, asked a single question in two parts. How much would it cost? The answer was a few hundred dollars. What was the value of the coal inventory we were certifying to? The answer was umpteen million dollars. He said, "Go." So we took our pictures and made our calculations. At first, we thought we had found a shortage, but TVA finally convinced us that the coal piles had been sitting there some 20 years and some of them had sunk below the ground level. This made sense, particularly since our shortage figures were relatively small.

I was really impressed with TVA's coal procurements. They used advertised competitive bid procedures. I remember attending an opening of the bids. It was the first time I had observed the awarding of contracts under sealed-bids procedures. They were all opened with the bidders present, and contracts were awarded on the spot to the lowest bidders. I think TVA was a very well run operation in those days.

Mr. Eschwege

Now, I understand that Mr. Campbell didn't make too many visits to the audit sites, but in this case, apparently, he came down 1 day to TVA to visit you guys.

Mr. Abbadessa

Yes, it was more than 1 day. I do not know why Mr. Campbell selected TVA for a visit. Nobody ever knows what another person really thinks. I think Mr. Campbell had a very honest concern and conviction that there were problems at TVA. One of the few things he ever suggested that I do was to locate the original plans and objectives of TVA when it was established in 1933 and determine if they had fulfilled their long-range plan and objectives some 20 years later.

He came down to TVA. They greeted him royally and he was very gracious. However, he was always concerned with the tremendous growth in the amount of electric power generated by steam. TVA was essentially established for hydropower generation, flood control, navigation, and

fertilizer production. They justified all of their steam-generated power because a steam plant was mentioned one place in the TVA act. This was a steam plant down at Mussel Shoals built to supply power for the fertilizer plant. With that one reference, their lawyers said, "Build this empire."

I think Campbell legitimately wanted to learn, probably in a sense of fairness, more about TVA. Anyway, he came down. He was very interested. We went through the power plants and TVA's whole operation. He met with the [TVA] Board [of Directors]. The thing I remember best is I was a GS-14 on a per diem of about \$6 a day or some ridiculous figure. On any trip I ever made for the government, I lost money. Anyway, TVA put us up in a fancy hotel. We had two huge rooms on the top floor and, when we went down to check out, the clerk said, "TVA has already paid for the rooms. This is gratis." (Or something like that.) Well, Campbell wouldn't buy that for 30 seconds, and he didn't want any GAO staff member accepting anything from the client. So he reached into his pocket and paid his bill. Of course, I reached into my pocket, paid my bill, and blew my per diem for the whole 3-week trip. However, he had an unusual interest in TVA, and I think he had a concern. In my view, his trip was to learn more about TVA.

Mr. Eschwege

There was also—I don't know whether you were still there—legislation enacted authorizing TVA to engage an outside CPA firm to conduct the financial statements audit. At that point, we sort of stepped back and just monitored the activities of these CPAs, who were auditing the financial statements from then on.

Mr. Abbadessa

I don't know what the source of your information is, Henry. My recollection is that TVA used Lybrand's in those days. That firm audited TVA's financial statements before the Corporation Control Act was enacted.

Mr. Eschwege

They did already before 1945?

Mr. Abbadessa

Yes, they had been using public accountants. However, upon enactment of the Corporation Control Act, cost conscious as they were, TVA dropped its public auditing firms and went with GAO. TVA fought us all the way until Dixon-Yates. Then, suddenly, we became the hero down there for about a year until we testified against TVA on its self-financing legislation. After that, we were in the doghouse again. In any respect, when TVA got its self-financing authority, it went back to CPA firms. To my knowledge, we never fought TVA on that decision. I'm certain we did not criticize them.

Mr. Eschwege No, I don't think we fought it, but it was an interesting situation. Actually, it relieved us from doing some of the work on the financial audit, and it also indicated that TVA felt it couldn't go with a GAO-certified statement to the bank and say, "Here, underwrite these bonds for us."

Mr. Abbadessa This was clear. TVA had to have independent Big Eight-type audits.

Mr. Eschwege Finally, before we leave TVA, there was also a position GAO took, I think first on TVA, but then on most corporations, that a corporation should bear all the costs of the activities even if some of them are authorized under other appropriations. Do you recall that?

Mr. Abbadessa Oh, very clearly.

Mr. Eschwege They got Treasury money and so on. The interest on Treasury money, for instance, was really a cost to TVA.

Mr. Abbadessa I testified on the TVA self-financing plan. This was legislation to make their power activity independent from appropriations. Basically, we had several problems with the proposed legislation. One was that we thought they should pay interest on their debt to the government. A second one was that they should amortize the government's debt over a 40-year period. Their law gave preference to the "co-ops" and "munies." We were basically interested in getting somewhat equal treatment for the federal government.

We won some of our points, not all of them. We won the interest issue hands down and, later, the repayment provision. The Public Works Committee to some extent made changes that met some of the objections of GAO. Senator Howard Baker, who was from Tennessee, supported us—he wanted the legislation, but he was also a compromiser and I think a very good statesman. He said, "I've listened to all the testimony of the General Accounting Office and Treasury, and I agree with two of the amendments suggested." They were both ours. The amendments to which Senator Baker referred called for the Secretary of the Treasury to approve the timing of the bond sales, market condition, interest rates and the like, and the provision for payment of interest to the government. In addition, later, when the Committee amended the legislation, it also put in our repayment schedule.

Here, again, I think GAO was successful in protecting the interest of the taxpayers. Herbert Vogel, who was the Chairman of the [TVA] Board, wrote the Comptroller General thanking him. We had transmitted to him

a report in which we had some significant disagreements with TVA. He wrote:

"We appreciate not only your own continuing, personal interest in TVA, but also the friendly and cooperative assistance of your staff. In my 35 years of government service, I have never known a finer attitude of public service and understanding than that which was demonstrated by your representatives and their relationship with our organization. It has made us anxious to respond in kind, and the frank discussions which have resulted have been most helpful."

So I think that during this period, not just on this job, but on several jobs, a concerted effort was made for high-quality audits, and recognition came to the Office from both our clients and the Congress that GAO was doing what we should be doing. I've several other examples.

The Dixon-Yates Controversy

Mr. Grosshans

Several times now you have alluded to Dixon-Yates. Maybe we ought to just clarify for the record what the issue was. This was a 1952 campaign promise that Eisenhower made to try to commercialize more of the activities that previously had been conducted by government. I guess one of the first ones was contracting for power for Memphis, Tennessee. The issue here was whether TVA would provide that or whether it would be provided through other means. The administration favored the use of commercial facilities. GAO got drawn into this whole issue from the standpoint of conflict of interest, the legality of contracts, and so on. Can you just elaborate a little more on what our interest in this was?

Mr. Abbadessa

Concerning Dixon-Yates, I could talk for about a week; as a matter of fact, there have been two books that I'm aware of that have been written on the subject. One of the books footnoted that on the evening I testified in the Congress, my oldest daughter was born prematurely and was immediately known throughout the Office as "Dixie Yatesy."

I think you ought to look at three distinct phases and let me try to cover them fairly briefly. This all started with Congressman Holifield writing a letter to the Comptroller General saying, "Does AEC have the authority to enter into the Dixon-Yates contract?"

AEC was buying power directly from two commercial utilities, EEI and OVEC, and from TVA directly. This [Dixon-Yates] was different. This was a plant in Memphis, Tennessee, selling power to TVA. That contract really wasn't AEC's, but then TVA would furnish that power to AEC. Clearly, it was a public-versus-private-power issue. People that were pro-public-power were absolutely against the arrangement. They thought it was an effort, at the least, to cripple TVA and, at the worst, to terminate it.

Now, actually, Eisenhower was the President, and for one 2-year period we had a Republican House and a Republican Senate. So the Republicans were the Chairmen of the Committees.

Okay. The letter came from Chet Holifield, a member of the Joint Committee on Atomic Energy, saying, "Does AEC have the authority to sign the Dixon-Yates contract?" Bingo. The letter circulated through the Office and landed on my desk; I was then a grade 13.

I looked up the law, which said, "AEC could buy power within transmission distance." The distance from Paducah [Kentucky], where AEC was going to use the power, to Memphis [Tennessee] was way beyond existing transmission distances. So we said, "No, they don't have the authority. However, the President has the authority under the War Powers Act to make the procurement if he wanted to." I wrote the answer and then forgot about it.

Three or 4 weeks later, I was taking my two children and my wife to a picnic and, on that Saturday morning, there were big headlines: "GAO questions Ike." So I looked to see who in GAO had been involved in this matter and it was me. The paper said that we had said they couldn't enter into the contract. Comptroller General Warren had just left. I had never met Frank Weitzel, who was now the Acting Comptroller General, but I met him that Monday morning. Fred Smith [Audits Division Assistant Director] and I were called to his office. Fortunately, while we were there and I was explaining to Weitzel that that wasn't all we said but that we had also pointed out the War Powers authority, Chet Holifield phoned him and apologized because he had put out the press release but didn't make the distinction that Eisenhower had the authority. The result was that Holifield got his headline, and I got off the hook with Mr. Weitzel. End of subject. That was phase 1.

Phase 2: in a few months, Holifield wrote us again. He said, "Okay, it is now legal because Eisenhower exercised the War Powers Act. Is this a good economic deal for the government?"

I was assigned the task to review it. I did a lot of work on it. I ended up saying it was not a good economic deal for a lot of reasons. The major one was that it was a target-type contract under which the amounts of profit they could make and costs they could recover depended on the fuel efficiency, in Btus [British thermal units], the plant could achieve. [The] Federal Power [Commission] was in this building; I walked down and researched fuel efficiency. Every plant in the prior 10 years had been built with a much higher fuel efficiency than was in the target. So we nailed them with that, pointing out the excessive profit involved. There were lots of other things wrong with it. The big problem was that they got greedy—they weren't satisfied with just cutting in on the TVA territory.

When I was drafting our report, I had a visit from a representative of our Congressional Liaison Office. I'm not going to mention his name. He put his feet on my desk and said:

"Now, look. I have been hearing rumors that you have problems with this contract. I want to let you know this is greased all the way. We don't want to make any waves. The SEC, the Federal Power Commission, BOB [Bureau of the Budget], the President, and everybody in town has signed off on it. Take that into consideration when you are writing your report."

I said:

"You're out of your mind. I'll write the report the way I see it based on the findings. I'll send it up for legal review and Congressional Relations review, and you all can decide what you want to do. Just remember, everybody who has signed off on this is in the executive branch of the government."

So I wrote the report. This ended up with Frank Weitzel, Bob Keller, [Lyle] Fisher, and I working on it for about 2 weeks. We were scheduled for testimony. It was a Republican Chairman, so he put us on at night hoping nobody would show up. The place was packed, primarily with newspaper reporters.

This was the first time I had testified in the Congress. Weitzel did most of the testifying. Weitzel was brilliant, absolutely brilliant. We had gone over the findings and the report again and again. Lyle Fisher said, "I'll never know that contract as well as you do, but I am beginning to understand it."

The night before we testified, I prepared the statement for Weitzel. He re-did it. I made it pretty tough. He made it even tougher. He smoothed

out the language a little bit, but it was an uncompromising position against the contract.

Warren had left. Weitzel was a definite candidate for the job of Comptroller General. About 2:00 a.m. one morning about 2 days before we testified, Bob Keller said, "Frank, if you issue this report, you're not going to be the Comptroller General." Frank Weitzel said, "That might be true, but this is not a good contract. I'm issuing the report." I had nothing but enormous admiration for Frank Weitzel.

Anyway, we testified and the testimony pretty much blew AEC out of the water. The result was AEC changed the target and put in a more reasonable Btu level. AEC made numerous other changes to meet our objections, and the contract went on its way.

Almost immediately after that, Mr. Campbell was appointed to be the Comptroller General. Dixon-Yates was proceeding when Mr. Campbell reported to GAO.

The third phase was the conflict of interest, and Weitzel assigned some investigators to the thing. I was satisfied because we had ended up with probably the best power contract that the government ever had.

So I was happy, but Frank Weitzel would not let go. He said, "There is something wrong here." He was concerned about conflict of interest. I said, "Frank, I've been in this Office now for about 8 or 10 years. We have always had conflict-of-interest laws, but nothing ever happens. We are wasting our time. Let's forget it."

That's when he assigned the investigators to me. We went to work and we finally identified somebody out of Boston who made the conflict-of-interest case for us.

Mr. Eschwege

A fellow by the name of Winslow?

Mr. Abbadessa

Yes. Anyway, it turned out that he worked for the company that was financing the contractor, and we tied him in to a key Commission meeting because he had to sign the security book to get into AEC. We took that to Frank, and it was all over.

Mr. Eschwege

He was an adviser to Strauss, as I understand it.

Mr. Abbadessa	Yes. He was on both sides of the fence. We concluded that it was an out-and-out conflict of interest.
Mr. Eschwege	But you are saying Campbell was out of this while you were doing this?
Mr. Abbadessa	Oh, yes. Campbell absolutely would not touch Dixon-Yates. He signed the Ebasco report, but he made the distinction that that happened after he left AEC. The conflict-of-interest case was Weitzel all the way. Mr. Campbell recused himself. Anyway, then it went to the Supreme Court and the government won. The contract then was null and void.

Weitzel-Campbell Relationship

Mr. Grosshans	There have been some allegations that the particular relationship that you just outlined there—Weitzel's involvement in Dixon-Yates—may have had some impact on the Weitzel-Campbell relationship. Would you care to comment on that?
Mr. Abbadessa	<p>Well, like I said earlier, you never really know what is in a person's mind. I don't know. There are certain things that I do know. This is likely to sound conceited, but I'm the guy that tore up the Dixon-Yates arrangement. Now, Weitzel testified, but I was sitting right next to him and also testified. I must say I became a fair-haired boy of Campbell to be perfectly honest about it. He never resented my involvement in Dixon-Yates for a minute to my knowledge. In all his dealings with me, he said, "You took a good contract and made it better." Those were the first words I heard out of his mouth. That, and "Go get these other contracts." When I brought him the Ebasco and EEI and OVEC reports, he signed them. I prospered under Mr. Campbell.</p> <p>From my observation but not a lot of knowledge, there was a strained relationship between Campbell and Weitzel. Weitzel had been the number 2 person in that office for all the years I'd been there, and he was a top-notch, superb number 2 person. He was, however, almost put in a corner and there were strained relations. When I saw the two of them together, they were always polite to each other. You never heard a harsh word. Of course, you would never hear a harsh word from Frank Weitzel, anyway. But I think Frank was hurt. I don't know what the reason was.</p>

Dr. Trask

You don't know why the relationship was strained?

Mr. Abbadessa

Absolutely not. I don't know. It could be so many things. You know, I think Campbell sponsored some legislation later to name his own Deputy. When I work, I like to pick my own people, especially my Deputy. You had a situation where Campbell didn't pick him. Could that be it?

Weitzel continued the Dixon-Yates investigation even after we had issued the report. He proved it involved a conflict of interest. He was right, but was that it?

Was he jealous of Frank's obvious position of leadership? I think most people on the staff probably would have liked to have seen Weitzel get the job. I don't know.

All I know is a lot of people say the strain was over the Dixon-Yates controversy. I have some major reservations about this because I was certainly as much involved in Dixon-Yates as Frank and I didn't suffer. Whatever the reason is, I don't know. I personally think Frank Weitzel is synonymous with the General Accounting Office. I think Mr. Campbell came at a good time and played an important role. Why they had this thing, I don't know. I wouldn't presume to guess.

The 1956 Reorganization of GAO

Mr. Eschwege

Okay. I think that is a pretty good synopsis of it. Let me just talk a little bit more about the reorganization, as I call it, that took place under Campbell in 1956. He created these distinct two Washington Divisions and the Field Operations Division. Then, of course, he also had a policy staff. Do you recall the purpose of doing that? Were you involved in it in any way?

Mr. Abbadessa

Well, I wasn't particularly involved. However, I think there were two basic reasons. One, to my knowledge, GAO had done hardly anything in Defense. We had a big Audit Division, and everything was oriented towards the civilian side, but large amounts of the [government's] moneys were being spent on the Defense side. I think that might have

been a reason—to bring more focus to Defense so we could look at more money. It made sense to me.

The other reason was policy. You know, we were going down the road and had been stumbling a few years trying to find out what comprehensive audits were. I think probably Mr. Campbell wanted a policy group. He had a perfect candidate for it in Mose Morse who, in my judgment, was a real thinker. He loved policy, systems, procedures, and the like. He didn't have the killer instinct of a Long or a Westfall or even a Samuelson, not to mention a couple of young turks like Schoenhaut and Abbadessa. So I think that two Divisions were established more to break up a very large group; to give more coverage to Defense, which certainly happened; and to provide policy guidance, which also happened. Nobody asked me, "Shall we do it?" I wasn't involved. However, this was my observation.

Mr. Eschwege

Was it also a case where you were beginning to have all these audit sites and trying to differentiate between the executive branch's different functions? At that time, it was really agencies that we were auditing, right?

Mr. Abbadessa

That's correct.

Mr. Eschwege

We wanted to house these different audit staffs under a Civil and a Defense roof.

Mr. Abbadessa

Yes. Wasn't it part of the 1956 reorganization when he set up the Field Operations Division and pulled in John Thornton to head it?

Mr. Eschwege

That's right. The Field Operations Division, that was the next question. Yes, Campbell established that, too.

Mr. Abbadessa

Okay. Then, I think what you are saying makes sense, Henry. This is 1956; [at that point] I had been around about 10 years. We had very little contact with field offices. Then, when Campbell set up Thornton, they started staffing, recruiting, and building up capabilities. I, personally, didn't have much involvement with field offices.

Mr. Eschwege

Even after that?

Mr. Abbadessa

No. For one thing, TVA was audited by Washington staff. Towards the end, the Atlanta office provided some staff. At AEC, we had a resident at Oak Ridge and a resident at Hanford. We had some field involvement out

of San Francisco because of AEC's activities at Berkeley, Stanford, and the Livermore Lab. Mostly, the field offices supplied bodies. They weren't involved with planning or report preparation. Those were Washington-controlled audits.

Mr. Eschwege Which meant sometimes you had to send a staff out there for a fairly long period of time.

Mr. Abbadessa Not the staff. All the power contracts I did personally. I think the nature of the job and Mr. Campbell's interest resulted in our dealing with very, very political-type or sensitive things. Things like public-versus-private power and trying to build an atomic energy industry with cooperative programs. The first time I testified in the Congress was on Dixon-Yates. After that, I can't count the number of times I testified. I remember the first time I was a little concerned, and Frank Weitzel, the night before we testified, gave me some really good advice. He said, "On testimony, first of all, make sure you have your facts right." Then he said, "We aren't influenced by politics, but be aware of politics."

Mr. Eschwege Right, be sensitive to it.

Mr. Abbadessa Yes. He also gave me some guidelines. "When you're testifying," he said, "if both sides of the aisle are praising you, that's the best situation you can be in. If both sides of the aisle are giving you hell, relax. You're probably okay. But, if one side of the aisle is giving you good praise and the other one is jumping all over you, look out. Be sure you are right." That turned out to be pretty good advice. Of course, Frank was certainly the best person I ever saw give testimony.

Mr. Eschwege There's one other thing that I was told. If you don't know something, don't try to answer in a positive or affirmative way.

Mr. Abbadessa I follow two rules when I testify. One, if you don't know, say you don't know. Two, be responsive to the question, but volunteer nothing. Be responsive. Volunteer nothing.

Mr. Eschwege That I don't know about. If you have some good information, you might want to volunteer it. But that was an Army concept: "Don't volunteer."

Mr. Abbadessa Well, it was gospel at AEC, my friend. When people broke that rule, we usually ended up in trouble.

Mr. Eschwege

So in your case, it did not decrease the travel, though, that was involved in trying to do the fieldwork, whereas I think maybe one of the reasons for creating the Field Operations Division was to get more of the field involved in doing that work so that we wouldn't have to live out of a suitcase like Sammy's group used to.

Mr. Abbadessa

I have probably understated the field's role. It wasn't involved in TVA. At AEC, in those early days after Thornton was set up, we did use people at Albuquerque, San Francisco, Chicago, Hanford, and Oak Ridge. However, we dealt more with them as an extended staff rather than through the field office manager.

I know we used to have these meetings with Sammy and Thornton because some assistant directors were fighting with the field managers over whom they assigned to the audit. One thing we at AEC had going for us was that we always had good people assigned in the field, because they had to be cleared for security access and that cost money. I think probably because of the nature of the job, the field staff was almost an extension of my staff. However, I might be understating the case. They certainly did work for us on these jobs.

Recruiting and Training

Mr. Eschwege

Lastly, I think you mentioned earlier, under Campbell, there was certainly a renewed or increased effort on recruiting and training people. Now, it had started under Warren, I guess to some degree, as you mentioned.

Mr. Abbadessa

Yes.

Mr. Eschwege

But Leo Herbert came in and established a whole new group for developing the staff and recruiting.

Mr. Abbadessa

Well, I'll tell you. When I was the Deputy Director in CAAD under Samuelson, we did our own recruiting. Leo Herbert did not recruit for us although he processed the paper. If he brought us somebody, we probably wouldn't have used them anyway. Samuelson wanted to do his own recruiting. This was essentially my job and I recruited extensively. I went to Maryland, Duke, Kings College, Scranton, Providence, Wharton,

and other colleges. I recruited a lot of our best people. Come to think of it, I also recruited when I was an Associate Director. I did it for about 3 years. Then I went into Samuelson and said, "I'm through." He said, "What do you mean you're through?" I said, "Look, every year I go out there, those kids get younger." I got a little bit tired of it, but Samuelson felt very strongly on recruiting our own staff. Samuelson had his own philosophy for running his Division, and it was close to the vest. He had considerable respect for Morse, and we worked well with Policy. He recognized the need for legal review and we worked with Legal. However, he wasn't too big on any other division as far as I know.

The Post Office Audit

Dr. Trask

Before we talk about your work as Deputy Director of the Civil Division, there is one more audit that I want to ask you about. You talked briefly about your work with the CPA coaching course and the Transportation Division, but another assignment that was important during these years was the audit of the Post Office Department. I wonder if you could comment on the kind of things that you were looking at.

Mr. Abbadessa

I didn't bring any files today concerning the Post Office audits. About three things come to mind quickly. One is GAO had terrible relations with the Post Office when I took over that job. [Arthur] Summerfield was the Postmaster General. The first report I issued was very interesting. We made an audit and recommended in a report that the Post Office close about 30 of these fourth-class post offices. Summerfield wrote back and agreed with our report 100 percent. It was the first kind letter that GAO ever got from Summerfield. Of course, he was leading us right down a primrose path. One of those offices was in Lynn, Massachusetts, which was in the district of [John] McCormack, who was then the Speaker of the House. It was the best case I had because it was in a department store, which was next-door to a full-size Post Office.

That report had been out about a week when Mr. Campbell called me and said, "Mr. McCormack wants to talk to us." We went to see Mr. McCormack, who was very gracious and said lots of nice things about GAO. Then he said something like, "Oh, Joe," as he picked up our blue-backed report, "What idiot wrote this report?"

I kind of saluted and said, "Here I is." We then went through the report, and he changed his tone and became very nice. He explained to us that

he had all kinds of reasons why that Post Office shouldn't be closed down; however, he never said, "Don't close it down." Finally, he said to Mr. Campbell, "Look, this is the Christmas season." It was around November. "Can we leave it open until March?"

So Mr. Campbell looked at me because he always let the staff man answer. "What do you think?" I said, "Yes, sir, of course." When we left, I figured, "Hey, we won this one." When we were riding back, Mr. Campbell said, "John, you're going to follow up on this in February or March, aren't you?" I said, "Yes, sir!" He said one word, "Don't."

Mr. Eschwege

Don't?

Mr. Abbadessa

Don't. Mr. Campbell had a reputation for independence and, in fact, he was very independent. He was very tough on independence with the clients. He wasn't, however, immune to the Congress.

Mr. Eschwege

In terms of the whole scheme of things, it was not a big thing? Just one little Post Office?

Mr. Abbadessa

Yes.

Mr. Eschwege

Do you know if it is still open?

Mr. Abbadessa

I have no idea.

Mr. Eschwege

Unless the store has closed. We made reviews of this after you left, too.

Mr. Abbadessa

Well, maybe you did. However, if it was closed, I bet it wasn't until McCormack left office and wasn't the Speaker of the House anymore.

I can mention a couple of others. We issued one report that I thought was really good. We reviewed and identified three basic problems with the Post Office. They had large subsidies to the airlines, a non-cooperative union that resulted in inefficiencies, and rates for third- and fourth-class mail that were incurring an enormous loss. The latter was offset to some extent by the first-class rate, but not nearly enough.

We made a study of the Post Office operation over a 20-year period and prepared a chart. The study showed that the cumulative loss by the Post Office over this period of time, 15 or 20 years, just about equaled, in fact, was a little more than the increase in the national debt during the same period. There were obvious implications. If the Post Office had

broken even, there would not have been any increase in the national debt during that period. This report received a lot of attention, and it also got us another visit to the Hill. A Senator from South Carolina requested that Mr. Campbell and staff (me) come up, but he used a whole different tack.

He was the Chairman of the Senate Committee for the Post Office or something like that. He complimented GAO very much and Mr. Campbell particularly. He then said that this situation was terrible and that we had to get the Post Office on a self-paying basis. He agreed that we ought to do something about this subsidy to airlines, which, in fact, was done. He also agreed on the union problem; however, I don't know if they ever corrected that. But he really did not like the rate recommendation.

He had been well briefed. He told us that one of the reasons the third- and fourth-class rates had to be so low was that industry presorted the mail. Anyway, he admitted that this was an area where some big savings could be made and that the Congress was certainly interested in that. He asked me, "You're a young gentleman. How much experience have you had running a Post Office?" I told him, "None." But I added one of Frank Weitzel's favorite lines, "You don't have to be a chicken to know a rotten egg."

It ended up with him saying, "We have to look into this." He said he was going to set up a group to study rates and to report to his Committee and he did. He set up a very distinguished five-man study group, the Chairman of which was the President of one of this country's largest publishing companies. As I remember, the other members had about the same degree of objectivity. As far as I know, nothing ever happened to the rates. The Post Office was indeed an interesting audit assignment.

Mr. Eschwege

What year were you on that audit, by the way? I couldn't find it.

Mr. Abbadessa

This had to be around 1958. I was there about a year before I went to the Transportation Division. When I was an Assistant Director, I continued to have the same jobs, AEC and TVA. When I was made an Associate Director, Sammy gave me the Post Office audit also.

Interaction Between Civil and Defense Divisions

Mr. Grosshans

A couple of quick items. You have already touched on it, but maybe you want to say a few more things, that is, on the interaction between the Civil and Defense Divisions. You mentioned that Sammy, of course, was a strong individual. You already alluded to Bill Newman. Would you care to say anything more about what the relations were like and how your two big Divisions got together on key issues? Or did you?

Mr. Abbadessa

Well, the honest answer is we didn't. I'm not quite sure whether it was a personality conflict between Directors or whether it was normal growing pains. Sammy had all the horses, but Bill Newman was starting essentially from scratch. He pulled in some people from the field, and he had some good people like Jim Hammond and Charlie Bailey. He also recruited some young staffers, like Ken Weary. However, it took him time to get started.

Samuelson was sitting there with a disproportionate amount of the talent, and I think Newman had a disproportionate amount of the work. But they just didn't hit it off. When I was the Deputy, relations were fairly cool. I got along great with Newman, with Charlie Bailey, Jim Hammond, and the rest of them. So I ended up as the contact man for Sammy. However, I never went over there with any negotiating room at all from Samuelson.

I think Newman did a very good job. He certainly was energetic. In my view, he wasn't in Samuelson's class as an accountant or an auditor. I mean Sam was very competent. But Sam wasn't in Newman's class as far as generating enthusiasm and attacking a problem. Bill was tough with the client, and DOD [Department of Defense] was a tough client. I think Sam was much more cautious and professional. Professionalism, however, would probably have bought nothing with DOD. So I think in their respective areas, they both did a good job.

I really think Newman did a superb job with some pretty heavy handicaps. In the final analysis, I don't think it was all personality because Sammy wasn't all that good with Personnel, Leo Herbert's group, or Accounting Systems. He ran his shop and he ran it well. He also worked hard and was very capable.

Decision to Leave GAO

Mr. Grosshans

You were Deputy and held several very, very important positions. Why did you leave? You mentioned you went to AEC for the Controller's position. But that must have been a tough decision to leave GAO at the time it was growing and a lot of things were happening.

Mr. Abbadessa

Well, looking back on it, it really wasn't a tough decision at all. I was happy at GAO. I was prospering and Samuelson was several years older than I. I think I had a bright future with the Office. I did good work and I liked the work. I loved it. However, when AEC approached me, several things hit me all of a sudden. One was: Do I really want to do auditing for the rest of my life?

One of the things I guess that bothered me with auditing was that it was done a lot with 20/20 hindsight. I felt I was dealing a little bit with history. Also, I admired AEC. I think I would have done the same thing with TVA. It is clear that I would stay in government, because I was committed to government. I had received a large number of offers from private industry and at a lot more money than I was making in the government. Money, however, wasn't really that important.

I felt fairly flattered by the AEC offer, not that I was lacking attention in GAO, because I had beat up on AEC pretty badly. As a matter of fact, Bob Keller said he took the offer as a tribute to the Office, as well as to me as an individual. I think it was mostly that I just wanted to play a more active role. I had been a "genius" for 15 years looking at things after they happened and having a lot of advantages in making my judgments. I guess I was kind of interested in finding out, am I really that smart? What would it be like to have to make the decisions, bing, bing, bing?

Well, that's the real reason. It was something I wouldn't have thought of. It was not something I looked for, but it was something that when I was offered it, it took almost no decision. Even I was a bit surprised.

Mr. Eschwege

Well, while we are on that subject, you mentioned that you had a very close relationship with Joe Campbell, and I suspect it was partly because he already knew you; he knew of your capabilities before he even came here, based on the Dixon-Yates case and so on. But he was very disappointed when you left, John. Is that an understatement or an overstatement?

Mr. Abbadessa It's an understatement.

Mr. Eschwege Why was that?

Mr. Abbadessa Well, I don't know why. Like, I said, you don't ever really know what goes on in another person's mind.

Mr. Eschwege You just mentioned that Bob Keller said that it was a credit to GAO that AEC wanted you over there. Now, Mr. Campbell didn't see it that way.

Mr. Abbadessa No and I don't know why. I guess he was just plain disappointed. I know they contacted him and asked permission to talk to me, which he gave. Later, at a lunch, he said, "They're very provincial. Also, they have insulted you." He didn't think I would be interested, but I was interested the minute I heard about it. He told me, "Nobody paid any attention to the [AEC] Controller." He also told me that he had plans to promote me to a GS-18 and combine the field and the foreign operations by setting up a bigger organization.

Mr. Eschwege You mean the regional offices and the branches?

Mr. Abbadessa The foreign offices, right. He said it would be 6 to 8 months, but it could be done immediately if that would help. Later, Keller said he had never heard of such plans.

 Anyway, I became persona non grata. At first, I think he hit the panic button a bit and said the timing is terrible. He asked that I get as much time as I could from AEC. When he figured out that I was serious, he wanted me out of here "yesterday." I had been to Harvard and had signed this agreement where I had to reimburse the training cost if I left GAO before 18 months. I hadn't been in GAO the necessary 18 months. AEC said they would pay the cost. So I had to sign something to cover that arrangement.

Mr. Eschwege I think there was a Comptroller General's decision on this.

Mr. Abbadessa To allow me to do it?

Mr. Eschwege I think the first question was: Should you have to repay?

Mr. Abbadessa Right. As a matter of fact, GAO billed me something like \$3,000, but I never had to pay it.

Mr. Eschwege Just to clarify, you had to sign an agreement that you would stay at GAO three times as long as the time you were up there in school. Failing that, you had to reimburse the government for the cost.

Mr. Abbadessa Yes, I was up there about 6 months. Anyway, my obligation was 18 months, and I was leaving after about 12 months. AEC said, "Hey, this isn't a problem. We would be willing to pay for it." Keller, I think, made the legal decision that, as long as I stayed in government, [my moving was acceptable]. I knew I was going to be in government for the rest of my career, so I didn't have any trouble signing another agreement. Finally, once Campbell realized I was leaving, we never talked again. Never. All communication from him came through Samuelson and they were, I thought, petty things.

About 3 years later, Schoenhaut called me and said Mr. Campbell said it was time to talk to me again, and he wanted to set up a meeting, but we never got around to it.

Mr. Eschwege Why? He wanted a meeting?

Mr. Abbadessa Yes.

Mr. Eschwege You didn't want it?

Mr. Abbadessa Well, I wasn't really excited about it. I had considerable respect for Mr. Campbell, and I admired his independence. He was a Comptroller General who understood financial management. Of course, we have even a better one now. However, I didn't think that my departure was well handled.

There was a party for me, and there must have been over 200 people there. But not one top person. I spent 15 years in GAO, I worked hard, and I think I had been a real asset to the Office. More importantly, I thought I had the right to go to any damn agency I wanted to. Schoenhaut was the only senior official who had guts enough to come to the party. Oye Stovall couldn't come. Samuelson couldn't come. Keller couldn't come. Not even Frank Weitzel.

Mr. Eschwege Well, there was no publicity for the party.

Mr. Abbadessa That's for sure.

Mr. Eschwege It was all by word of mouth.

Mr. Abbadessa

That's true, also.

Dr. Trask

Was this a question of loyalty, do you think? I mean did Campbell think you were disloyal to the organization?

Mr. Abbadessa

Possibly. Again, you don't know what people really think. Looking back, trying to see it from his side, I was a guy whom he treated well. I really think that going to AEC was the major factor. I know, once before, when I received the [1960 Arthur] Flemming Award [for being the outstanding young man in federal service], a West Coast steamship company, the Dollar Line, offered me a job. It was headed by a guy named Killian, who was a big Democratic supporter. It was a family-owned line. I'd received this publicity from the Flemming Award. So they flew me out to San Francisco and offered me the number 2 job to the President and Chairman of the Board, who was about 80 years old, to be the Executive Vice President. One of their questions was "Are you afraid of Ted Westfall?" because Westfall was with Grace Line, Inc., had come from GAO, and was doing good things. I said, "Hell, no. I used to beat Westfall in football pools, poker, and everything else."

But Mr. Campbell gave me three pieces of advice. He said, "First of all, the salary is ridiculous. Ask for 50 percent more." He said, "You'll get it." He said, "Then ask for an investment in their retirement system equal to the investment that you have in the government's retirement system and you'll get that." He said, "Then ask for a 5-year contract, which they won't give you." So I asked them for the raise, which they met immediately. The retirement thing was no problem. As for the 5-year contract, they said: "What's the matter? Don't you have confidence in yourself?" I said, "Hell, yes, I've enormous confidence in myself. However, I don't have confidence that with this family-owned line, some cousin won't come along [and take over]. I just want an assured period to prove myself." They finally ended up offering me a 3-year contract. I went back and told Mr. Campbell about the 3-year contract. He said he couldn't believe it. However, I decided not to go.

The point is that when we were going through this, he didn't seem to have any objection to my going to private industry, so, I don't really know what it was, but I suspect its being AEC gave him heartburn. All I know is I don't think it was handled well and I felt that it should have been handled better.

The Zinc Case and Holifield Hearings

Dr. Trask

There are two or three other events we'd like to talk about. One that happened when you were still at GAO was the abolition of the Office of Investigations in 1956. Do you remember the factors that led to that?

Mr. Abbadessa

Yes. Presumably, GAO had gotten into some kind of trouble over some case.

Dr. Trask

The so-called “zinc stink,” involving an Investigations report which apparently contained some incorrect information.

Mr. Abbadessa

My own personal view, and with absolutely no specific knowledge of the zinc case, is that Mr. Campbell wanted GAO to be a CPA firm. He wanted professional accountants in here. He didn't buy a lot of the peripheral activities. I know he wanted the Transportation Division out of GAO. I suspect that Investigations wasn't, probably in his eyes, pulling its weight. I really know nothing except it was abolished. As a matter of fact, we inherited some of the staff.

Mr. Eschwege

You mean on the audit side?

Mr. Abbadessa

Yes. We inherited some of their people, and some of them were pretty good. The impression I have is the overall caliber of the staff didn't fit in too well with the growing mission of comprehensive audits, but they had some savvy folks.

Dr. Trask

Another event that you tended to look at from two perspectives, both as a former GAO person and at the time as Controller of the Atomic Energy Commission, was the Holifield hearings of 1965, at which you testified. What observations do you have on those events?

Mr. Abbadessa.

Well, I thought that might come up, so I brought my testimony. I'm not going to take up a lot of time, but let me mention several things. First of all, without regard to Mr. Campbell, GAO, AEC, or anything else, I happen to be a very strong believer in the value of audit. Agency managers make decisions within a limited time frame and often without adequate information. You get as much information as you can. Some people are smarter in getting information than other people, but after you make the decisions, you have to forget it and go forward. I always figure:

"If 10 percent come back to haunt you, hey, that's not too bad. Making a decision is much better than doing nothing. If 50 percent comes back to haunt you, then you had better revalue how you are making your decisions."

The value of an audit is that the auditor has more time than the decisionmaker, he gets more information, and he comes up with findings from which you can learn and, if necessary, can take corrective actions. That is valuable.

The second thing is that a big outfit, an independent auditor, particularly an outside one, is going to see things in a different perspective, and he or she can contribute valuable information. The third thing involves reassurance. In my case, I was a Controller with an outstanding staff and a great system of financial control, and I received praise like no other agency in the government, although I personally never really knew how good the figures or the financial results were. I did a lot of work, don't misunderstand me, but it was reassuring when I got satisfactory results from my internal auditors or from a GAO report.

The fourth thing is the cop-on-the-beat effect. Just the fact that there is a GAO is important, because I had attended Commission meetings where they worried, "Hey, what will the Bureau think? What will GAO think? What will the Congress think?" The one they worried the most about was GAO because GAO could prove their findings if it went to the Congress. The Commission had a fair amount of respect for GAO, and I used the threat of GAO many times when I was trying to maintain good financial management—even when I was not sure GAO would agree with me or would even find the problem.

So when I was called [to testify], I met with the congressional staff and, while nobody ever said this, I think they felt I was out of sorts with GAO and would take that opportunity to throw some bricks at GAO.

When I sent up my opening statement, which supported GAO, I was called up by the staff again and they weren't happy. I can't prove this, but I think the staff didn't even want me to testify. However, Mr. Holifield said, "Yes." I knew Mr. Holifield really well from Dixon-Yates and from the Joint Committee on Atomic Energy. I don't know if you have a copy of this testimony.

Mr. Eschwege

Yes, it's printed in the record.

Mr. Abbadessa

Well, basically what I said was that GAO was a value to AEC in our running of that agency, and I meant it; it happened to be the gospel truth.

Employment of GAO Officials at AEC

Dr. Trask

Just one other question and that is that after you went to AEC, both Art Schoenhaut and Clerio Pin came over there to work for you. Were there some particular reasons why you brought them over other than that you had known them before?

Mr. Abbadessa

Well, two things. First of all, I didn't go after Schoenhaut. Schoenhaut called me up after Staats had been in GAO a while and said that he didn't want to work for him. I said, "Slow up. Slow up, Arthur. I know Elmer Staats. I have worked with him." I'd worked with him for about 5 years when he was with the Bureau of the Budget. I said, "This is a very capable man." I said, "He knows government, you have a brilliant future at GAO, and I don't think you ought to leave." So he accepted that.

About a month later, or 3 months, I received a very sharp call. He said, "I'm leaving. You have the right of first refusal and don't try to talk me out of it." So I said, "Arthur, I can always use a good man," and he was a good man. I felt the need for a Deputy, anyhow. I had three excellent Assistant Controllers, but more and more of my time was being spent upstairs, with BOB, and with the Congress. So I went to the Commission, got the grade, hired him, and he came to AEC on a lateral transfer. I was then an 18. He was a 17. So that's how Arthur came to me.

Pin, I went after. Not for me, but for our biggest Division, the Reactor Division, under a guy named Milt Shaw, whom you might know.

Mr. Eschwege

Yes.

Mr. Abbadessa

Even with all my power at AEC, I couldn't stay on top of Milt Shaw's operation. I thought it was desirable to get somebody in there who could assist the Reactor Division in its financial management. I called up Clerio and talked him into taking the job. He came over and then later he came with my office. I was constructing a computer building when I started getting into the computer business big time. I wanted Clerio to track the construction because I wanted that baby on schedule and

within costs. Clerio did it. He also helped with the GAO reports. However, I never could really give Clerio enough work for his talents. He and Schoenhaut left at the same time.

Mr. Eschwege

Well, the record should show that Schoenhaut came back to work for Elmer Staats on the Cost Accounting Standards Board. So he must have had some second thoughts about Mr. Staats.

Mr. Abbadessa

Well, that's interesting. Elmer Staats called me and offered me that job. As a matter of fact, he offered me two jobs, but anyhow, that was one of them. The other was in a different time frame. I said, "Look, Elmer, I'm not good at writing policy, decisions, and standards. I'm a doer." I was both busy and happy, I had a power structure, and I wasn't the least bit interested in going back and writing standards. I said, "But I'll tell you who can do a good job, Arthur Schoenhaut." This wasn't in Schoenhaut's testimony to your group that I read, but he might never have known it. "Schoenhaut," I said, "isn't really that happy here, and his talents certainly aren't being fully utilized." Staats wouldn't accept my answer and asked me to give it more thought.

I talked to Schoenhaut and he was very interested. Art had a somewhat unusual reason. He said, "Our profession has been around for 200 years and has never done this. This is my opportunity to make a real contribution." I said, "You're out of your head, but if you want it, I'll call Staats."

So I called Elmer. I said, "Look, I'm not interested, but I still think your man is Arthur Schoenhaut, my Deputy." He said, "He won't work for me." I said, "It's another time, another scene, Elmer. Maybe you ought to talk to him." I then knew Arthur was interested.

So Schoenhaut talked with Keller and he ended up with the job. He did a superb job.

Mr. Eschwege

Yes.

Mr. Abbadessa

One of his standards gave away my independent R&D [research and development], but leaving that out, he did a superb job.

Relationship With GAO Staff Auditing AEC

Mr. Eschwege

You had a different relationship with the GAO staff once you were at AEC than you had when you were here. There was a fellow named Phil Bernstein who was in charge of the AEC audit for a while. When Mr. Samuelson left, we put out a little blue booklet. In that booklet, he said:

"Boy, it's tough to work as a GAO Assistant Director at AEC, not only do you have to get your reports through the present Deputy Director and Director of the Civil Division, but you also have to deal with two former Deputy Directors and one Associate Director of that Division."

He was joking, of course, but there was a lot of sensitivity over GAO reports that came to you and your people in draft form, at least from our staff's point of view. They knew these reports would get a good going over.

I am not saying this in any critical sense, but I think that it kind of points out that GAO was listened to, at least, by some people over there in AEC.

Mr. Abbadessa

There wasn't any sensitivity on our side, because I had a very, very firm policy. I encouraged discussion with the GAO staff. I encouraged the AEC field people to have wrap-up meetings and to send me a write-up of each one. We received draft reports, and they got absolutely top attention. Essentially, they were handled by me when I first got to AEC. Then, when Schoenhaut and Pin arrived, they made the reviews because I was always busy. But I had a firm, firm policy, which was, Take a look at the draft report and see if they are right. If they are right, let me know. I can get corrective action before they can get the report out. Then get them to put the corrective action in the report. Not promised action—action taken. That washed the report away. If they weren't right, then fight with them and get them to withdraw; if you see an "It appears" or "It seems," man, you jump on that finding.

Schoenhaut and Pin were pros, and I had been around the track a few times. The basic philosophy was:

Take advantage of GAO findings. If they are right, get the corrective action and get the action included in the report. If they are wrong, tell

them they are wrong and fight them in the streets and fight them in the alleys and, if necessary, we will fight them in the halls of the Congress.

That's the way it was.

When draft reports were submitted for our review, they received careful attention—that is an understatement—at the various management levels that were affected, and, where we deemed it appropriate, the recommendations were adopted and implemented. Further, I believed the reports were so important that, apart from the consideration given each finding at the location covered by the audit, it was our standard practice to send all copies of published GAO reports concerning AEC to each of our field offices. In transmitting the report, the Controller, sometimes the Commission, directed attention to the deficiency discussed and requested the field offices to assure through self-examination that similar deficiencies did not exist in their own operations. We believed strongly in this.

Mr. Eschwege

I was going to say also, like you just said, that the benefit of that was that you would take the corrective action. While some of our staff probably didn't like your taking the zing out of that report, we were able to report to the Congress that not only were we right, but look, the proof that we were right is that AEC took the action. That, to me, was really the best way of doing it.

But I do remember one time, John, and this is an isolated incident, when I briefly had responsibility for the AEC audit. I walked in one morning about 7:30 like I used to, and you were already sitting in my office. Apparently, the staff couldn't get agreement on the title of one report; I think that it had to do with leaky containers.

Mr. Abbadessa

Oh, those would be terrible words to put in a title. I don't remember this, but I wouldn't live with that for 30 seconds.

Mr. Eschwege

I think that's why you came in to see me that morning. You made my day that day. But we got some agreement on how to resolve that.

Mr. Abbadessa

It wasn't with the words "leaky containers" in the title, I'll bet.

Mr. Eschwege

No. It did concern some containers that were shipped, I think, by air to different locations; they leaked.

Mr. Abbadessa I don't question that they leaked. I'm just saying I don't think such words should be in the title of a GAO audit report.

Mr. Eschwege Well, I was in a compromising mood that day.

Mr. Abbadessa You're a good man and you ran a tough audit, Henry.

Mr. Eschwege We did okay. So our staff really had a good relationship, but they were always cautious to be sure that their previous relationship with you—and I'm sure you were, too—did not affect their views; when they were right, they would call the shots.

Mr. Abbadessa I always thought they did and GAO had a good staff over there. It started with Litke, we had you, we had Bernstein.

Mr. Eschwege You had [Richard] Kelley. You had Pin.

Mr. Abbadessa I don't think Pin was on the AEC audit. I know Schoenhaut said he was, but I don't think that he was.

Mr. Eschwege Pin wasn't out there at the site; John Milgate was. But Pin had overall responsibility for GAO's audit at AEC and some other agencies.

Mr. Abbadessa Milgate made a presentation out at Las Vegas once when we had all of our financial people at a meeting. [Let me read from the record.]

"In commenting on Milgate's presentation, Mr. Abbadessa emphasized that GAO usually did a good job on running down factual information and that AEC should not try to defend a situation that is wrong. Getting the whole story and taking needed corrective action promptly is the only good answer to a GAO audit report on a case like this."

Now, this happened at a field office with all my Directors of Finance. We also said as an overall evaluation, "We found that the audits by the General Accounting Office had been beneficial in bringing about improved management in AEC operations." That was true.

Comments on Current Comptroller General

Mr. Grosshans

John, we have covered an awful lot of ground here, and we certainly appreciate the comments that you were able to add. Are there any areas that you would like to comment on that we haven't mentioned, or is there anything that GAO has done since 1962 that may be of particular interest to you that we haven't talked about and that you would like to mention before we wrap this up?

Mr. Abbadessa

Since 1962, I've been busy doing other things, but I have always tried to stay close to GAO and its activities. Staats invited me over two or three times to talk to the GAO staff because he knew we had a pretty good financial management system at AEC. He also invited me over to make some presentations to the Cost Accounting Standards Board.

I am really not in a position to comment further on Staats. However, I would like to comment on Chuck Bowsher. He and Schoenhaut wrote a report once on cost-based budgets. I was in Vienna, Austria, and I sent them considerable background material on AEC that they used. Chuck Bowsher, as you know, really understands financial management, and he really wants to improve it in the overall government. I was on a couple of his task forces; however, he quit inviting me. I don't know why. Anyway, we talked him into changing GAO's approach on approving accounting systems. Instead of doing it based on the planning for the system, the task force recommended waiting until implementation because what GAO looked at as a planned system seldom got implemented. He bought that.

I was on another Committee that issued the two-volume report Managing the Cost of Government in 1985. The Comptroller General made a big drive on cost-based budgeting, integration of budget and financial accounting, cost controls, and other improvements. In those early days, I used to kind of tell the Comptroller General, "Hey, you have 15 years. Push this harder." Chuck Bowsher is an awfully nice guy, but I think here lately he is getting tougher. I see him on TV now and he's looking good.

There are two things that I really think I would like to see GAO do. One, while it is good to talk about cost-based budgeting, cost integration, and the like, you will never, never, never in this man's government get good

financial management if you don't have accounting and budgeting under the same person. I have repeatedly expressed this view to the Comptroller General and to another man who came from [Arthur] Andersen. He has now left, but he did a lot of the two-volume report.

Mr. Eschwege

Fred Wolf?

Mr. Abbadessa

No, no. I talked with Fred, too. No, he was a younger guy, but he was a driving force. I think he's left GAO. He came from Andersen, a real bright kid. [John Cherbini.] As a matter of fact, I complained to him so much about the issue that Chuck invited me up and said he agreed, but he didn't want to bite off too much at one time. Having lived in the executive department, I am absolutely convinced that if you don't have the accounting and the budget functions under the same person, budget is going to get all the attention. However, the budget is not going to have the accounting support it needs, and it is not going to include estimates as good as there would be with accounting support—also, it makes more difficult the measurement of actual performance against budget estimates. These two activities have to be under the same person. I don't care what you call him—the Controller, Chief Financial Officer, or what have you. My point is, if an agency has accounting in one area and budget in a different area, I don't think a lot of the good things the Comptroller General is trying to do will get done. If there is one thing I would push for, that's it.

The second one, I mentioned to you earlier, Henry, and you said you are doing it. It involves GAO's review of agency budgets. You know, I've been gone, what, 20 years?

I have always thought GAO, even under Staats, who came from the Bureau of the Budget, missed the boat on solving its report issuance timing problem by not reviewing agency budgets. When I was here, we started an audit with the review of the agency's enabling legislation. Enabling legislation is kind of a grandiose document, and it would be kind of hard to say an agency is not following it. You might occasionally get a specific example; however, I agree that it is the right place to start.

But a budget is also a contract between an agency and the Congress—it ends up as a law, the appropriation act, and it is short-term. To me, the ideal audit approach is what we did at AEC. We reviewed the budget while it was being formulated to learn AEC's program planning. If we saw something coming along that we thought was troublesome, we got together with Committee staff and arranged for a request for a GAO

review of that subject. Under such conditions, you can get out a report on a much better time frame.

Except for those two issues, I can only applaud the current Comptroller General. Even as much as I admired Mr. Campbell—I didn't know Staats's work that well—I think Mr. Bowsher is the Comptroller General that really understands financial management, is completely dedicated to it, and has been enormously successful. I would like to see him be even more successful. I watch the news and, nowadays, I see GAO getting involved more and more. I am very proud to have been a part of GAO.

Conclusion

Mr. Grosshans	I think that is a good place maybe to wind it up, unless Henry and Roger have anything else to add. I think that is a good summary.
Mr. Eschwege	I think it is a very good way to end this interview, and I thank Johnny for coming over here today. I am amazed at how much you remember and how much material you have brought with you today to help you remember things.
Mr. Grosshans	Roger would probably want to take a look at some of that documentation.
Mr. Abbadessa	With absolute assurance that I will get them back, you are welcome to them.
Mr. Eschwege	You can sort of point to different periods in GAO's history and, certainly, this period from 1947 to 1962 might be renamed the "Johnny Abbadessa Period."
Mr. Abbadessa	No, no way.
Mr. Eschwege	With a little overlap for Westfall and a few others.
Mr. Abbadessa	Westfall, Long, Mose Morse, Samuelson, Bill Newman, Schoenhaut—the list is a long one.
Mr. Eschwege	Certainly from the time I came here, John, in 1956 until 1962, you were the guy with the Flemming Award and the up-and-coming guy. I guess it

was a little bit of a shock to all of us that you left, but we weren't angry with you for it.

Mr. Abbadessa

Thank you for inviting me. I have enjoyed it.

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