

# The hatchetman and the hatchetmyth

Any man who is chosen for the task of separating people from key positions in two notorious bureaucracies—HEW and Interior—and who uses the FBI to investigate a television reporter might be called a High Executioner. Or, is he merely one of a spreading breed, a technocrat doing his job? Fred Malek certainly does his job, but he and it are not quite what one might expect.

By Robert Sherrill

*Fred isn't complicated enough to be a Svengali. Fred just isn't a complicated person.*

—HEW OFFICIAL

Whatever else Frederic Malek may or may not be, he is most certainly an all-American square, native son of Berwyn, Illinois. Berwyn is a suburb of a suburb—it is to Cicero what Cicero is to Chicago—and very blue collar, very ethnic. The neighborhood where Malek grew up, clannish to the extreme, was mostly Czech and until he got to high school 80 per cent of the people he knew were Czech. High school in Cicero was broadening, well, somewhat: he got to know some Poles and Italians.

Malek's father sells Pabst beer. He's been doing it since the 1930s, when he began driving a beer truck and felt lucky to have a job. Sometimes he didn't have one; during the lay-offs his wife clerked.

As with many of his other accomplishments, Malek won status as a schoolboy athlete as much by stubbornness as by exceptional skill. In high school he was tackle on the football team (he weighed 175, 15 pounds more than he weighs today) and was a mediocre shotputter and discus thrower. At West Point he wasn't good enough to make the football team; he did letter at soccer and wrestling. Only at wrestling did he show real promise, but a dislocated shoulder at the opening of his senior year ended that.

Malek lasted three years in the Army. He quit because he found garrison life boring. For a year or so before that unromantic awakening, however, he was an Airborne Ranger attached to the Green Berets in South Vietnam, and then, ah, life was sweet. This was back in 1960-61, the sporting era of the war, when there were only 600 Ameri-

cans in Vietnam and, Malek insists, the Green Berets were training the South Vietnamese guerrillas in simpler tactics than torture. "I enjoyed Vietnam," he says. "At that time it was, for me, a wonderful experience." When ennui caught up with him he put aside his uniform and went to Harvard Business School where, he says, he had his first truly intellectual experience. Out of it he emerged in the role of business wunderkind.

Most of the stories about Malek stress the fact that he made a million dollars before he was 30 years old (which is what he is still worth, though he once had it up to \$2.5 million, at least on paper), the implication being that he is a real bootstrap wheeler-dealer. He isn't. He is just extremely competent and, in this case, had plenty of luck.

Malek went to work for a business consulting firm in Los Angeles. He and two other Harvard Business School grads, Arthur Bellows and Warren Batts, who were then working for Olga, a women's lingerie manufacturing company, decided to buy a manufacturing plant of their own. After scouting around for a year, they came across the Utica Tool Co. of Orangeburg, S.C., which was owned by Kelsey-Hayes, a quarter-billion dollar corporation that in this instance was operating with the stupidity that can afflict a big corporation. Kelsey-Hayes ran Utica Tool as an absentee landlord: the management staff stayed in Detroit; the sales headquarters was in Detroit, too. For four years Utica lost heavily, and Kelsey-Hayes, like a dinosaur caught in a tar pit, couldn't understand why. It was only too happy to sell Utica to Malek, Bellows and Batts for \$9 million.

Raising the \$2 million down payment wasn't hard, says Malek. "We got a half-million dollars with one call."

Utica had lost one million the year before M, B & B took over. The next year it was one million in the black. They turned the company around by

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*Malek and his 6½-year-old son throw the ball around on the grounds of their \$100,000 house in McLean, the first house the Maleks have owned. On weekdays Malek gets off to work at about 7:30 a.m. in his modestly aged Mercedes 200. He stays on the job in the Executive Office Building until about 7 p.m.*



doing what corporate moguls seldom think of doing. "We were right there and working our asses off, I tell you," says Malek. "We weren't marvels. We just applied good management principles."

By the time Malek, Bellows and Batts were through putting their venture together, they had bought a total of six companies around the country that were manufacturing and annually selling about \$25 million worth of wrenches, telephone assembly kits, metal tool boxes and a variety of other mundane items. About 10 per cent of the profit comes from government contracts.

Among those who were fascinated by Malek's successes was Asa Call, now 76, who had been chairman or member of the board of such outfits as Pacific Mutual Life Insurance Company, North American Aviation, and Standard Oil Co. of California. He was the sort of California Republican pasha that junior members of the party go to for advice as well as contributions.

Robert Finch had frequently turned to him for both while running for office in California. When he headed back to Washington in '69 to join the Nixon team, he let it be known that he needed a management hot shot to help him take over the Department of Health, Education and Welfare. Call passed the word that Malek was just the man for the job.

The job was impossible. Or at least it would surely have been viewed that way by anyone employed at a high level in HEW since its beginnings in 1953.

HEW has more than 100,000 workers. Except for the Pentagon's, its budget is the biggest in government. It has 40 agencies which at the time were, as Finch described them, "acting like a set of feudal kingdoms," each going its own way, wrangling and competing, often frustrating—if not ignoring—the Secretary. Nobody really knew how many programs the Department was supposed to be administering; estimates ranged from 250 to 400.

Malek was hired to make HEW manageable. He had only one package assignment: bring some order to that chaos, get the programs in such shape that Finch would know what was going on, shrink the autonomy of the agencies, and bring the agency chieftains to heel.

It was in his performance on this assignment that Malek came very close to showing genius. Not only did he pull off a good percentage of the task, he even did it without being denounced as a Machiavellian monster. True, he was called a hatchetman, but considering the number of heads he struck off and the number of toes he crunched and sinecures he destroyed, hatchetman can be considered almost a complimentary title.

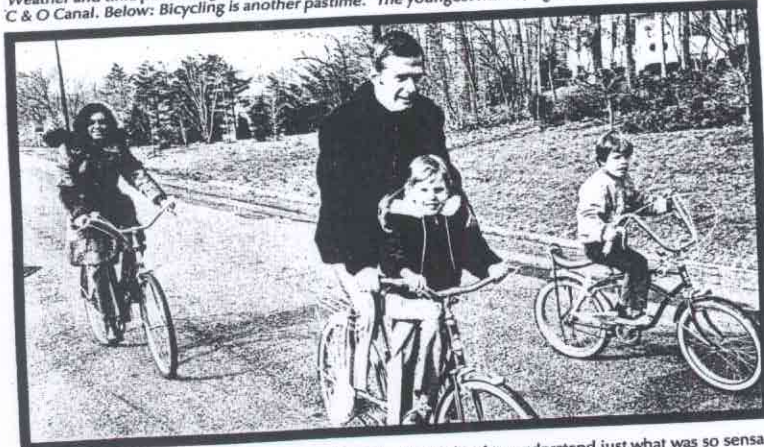
Anyway, he wasn't called that simply because of what he did but because of how he did it: his style, his mannerisms. He impressed one colleague—an admiring but wary colleague—as being "very buttoned up, very organized, very clipped—not curt but clipped—not easily distracted. He had the discipline of a military man and the outlook of a businessman, and by that I mean philosophies and dreams weren't for Fred. His eyes are always sharply focused, never dreamy, never looking out the window. Cool is the word for how he operated around HEW. Cool, not cold, because cold implies an inverse passion. Fred's not passionate."

Another colleague, close to the top, recalls: "I

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Above: Malek and his wife Marlene, who grew up in Alameda, Calif., and was a secretary when she met him, relax at home. Mrs. Malek takes art lessons and three times a week trains at a health salon. Weather and time permitting, they both go skiing on the Homestead resort slopes or ice skating on the C & O Canal. Below: Bicycling is another pastime. The youngest Malek, a girl, is 3½.



think Fred is an insensitive guy in the traditional term. He likes to reach his objective fairly quickly. If all the other bureaucrats stand in his way, he just runs over them. Fred's the kind of guy who is very useful to come in and shake like hell. But he can't stay forever. I think he left HEW at about the right time. Another year would have been right, but then he would have had to go because the personal resistance to him—the personal animosities to him—would have been too much. He was great for change, but now we need to consolidate."

Outsiders (if my own reactions are typical) will

find it hard to understand just what was so sensational about Malek's changes in the HEW management. Some of the solutions seem so obvious it's difficult to believe that somebody hadn't thought of them and implemented them years ago—like the wheel, or baseball.

Descriptions of what was going on, and what had gone on for years, make the pre-1969 HEW Secretary sound almost helpless. John Gardner, who spent three years trying to get hold of the place, once observed sourly, "When you figure out how to hold a middle-level bureaucrat ac-

Continued on page 26



**Malek, from page 13**  
countable, it'll be comparable to landing on the moon."

An assistant secretary says that for some time Secretary Finch was manipulated cruelly by his underlings. "It was a wild and woolly exercise. There was really very little process by which things got resolved. After a meeting, the execs around here would ambush Finch in the corridor, grab him as he was walking down the hall and say, 'Hey, here's a great plan I have,' and he'd say, 'Sure, that's great, go ahead with it,' and off went another \$20 million in a direction nobody knew anything about. And nobody was following it up to see if it was spent properly."

Malek changed all that. He set up a program by which agency heads were forced to agree with the Secretary on target achievements for the year and then once a month were required to come in and give an accounting. To give the Secretary a fighting chance with his crafty agency heads, Malek brought in a couple dozen "whiz kids," about half of whom were products of Malek's mecca, the Harvard Business School. Instead of relying entirely on the crony system for hiring top executives, as had been standard practice, Malek hired several professional talent recruiters—another first; and, as one colleague pointed out, "Fred also established a new level of candor in performance. Other people weren't willing to tell (Undersecretary John) Vene-man and Finch that actually their old buddies who had been in school with them in 1926—and who had no other qualifications for the jobs they held—weren't worth a damn. Of course, in a way this candor on Fred's part showed an enormous lack of sophistication, an enormous naivety about politics."

His innovations were not universally admired. Some high officials at HEW, while conceding the good influence of young brains, insist that Malek overdid it for awhile, that the whiz kids were so thick around the place that they were bumping into each other. And efforts to liken the Malek

whiz kids to the famous McNamara whiz kids draw a lusty hoot from one official who knew both groups intimately.

"The difference between those young men at the Pentagon and Malek is that Fred does not have a purely intellectual side," he says. "McNamara's crowd could deal in abstract theories. Not Malek and his Harvard Business School employees. They are pragmatists. Fred is more tenacious than brilliant. He's no dum dum. But he's a specialist. Don't ask him to be a catholic man. You take one of the McNamara whiz kids like Adam Yarmolinsky—very rich person intellectually. He looks at public policy in stereophonic sound. He's got many levels, many dimensions. The McNamara whiz kids could soar. Not Fred. Not his whiz kids. Fred is extremely useful in his way, but he is intellectually curtailed both horizontally and vertically."

When I told Malek of that appraisal, he burned. Soar? Why, he felt he could soar with the best of them, but (discipline, discipline) "there's a time and a place for intellectual soaring and there's a time and a place for the pragmatic application of good management principles. It depends on what you're assigned to do. We weren't assigned to think through new solutions to the social problems of our country. If we had been, we could have done a credible job at it. Secondly, it doesn't make much sense to compare my group with the Pentagon whiz kids because some of my people were out of that crowd—Steve Smith, John Valianta, Bruce Caputo, and Don Ogilvie."

The heaviest criticism of Malek during his year and a half at HEW followed his politicizing of the place. Needless to say, he did it with the encouragement of the White House. To make HEW's hierarchy more responsive to the Secretary's whims and more "philosophically compatible" (a phrase Malek likes to use instead of "hard line Republican"), many career employees who had the supposed protection of civil service were dumped and their jobs were transferred to the political list.

The last Democratic Sec-

retary of HEW had about 60 political jobs under his thumb. By the time Malek got through plowing up and replanting, the Secretary controlled nearly 200 political appointment jobs.

Many who went out by this route interpreted Malek's purpose as being anything but selfless service to the Secretary. One of the most celebrated victims was Dr. Joseph English, once boss of HEW's Health Services and Mental Health Administration.

English says he was forced out by two forces: The Southern Strategists and Malek. "As Finch's control of the department went down," he says, "the most critical thing was the ascendancy of Malek. He became known as the political commissar. It was known that nobody from the level of GS-14 up could be employed without Malek's imprint. He made it clear that there was no appeal above him to the Secretary. His ascendancy in the last six or seven months (prior to English's departure), and the Secretary's unwillingness to run counter to the line that came directly into Malek from the White House, made us all realize that the Secretary was gradually losing control in very vital areas."

Dr. English believes the White House ordered Malek to cut him down because "we were getting a little too strong inside and were saying things to the Secretary that the political level didn't like. We were telling him what the budget cuts were doing to the Indian health programs. We were proposing highly qualified black candidates for major programs. We cut out some programs held dear by Southern doctors," including "what we considered a chronic disease boondoggle."

As a result, says Dr. English, "I was visited by the chairman of the Georgia Republican Party who said if I didn't restore the old programs he was going directly to Harry Dent at the White House."

Assistant Secretary for Health, Roger Egeberg, liked English and saved him from the axe for a few months, but then Egeberg took a trip to Italy and in his absence Malek summoned Dr. English and told

him he was washed up. He couldn't fire English because he was a career worker, but Malek made it plain that Dr. English's most promising future lay elsewhere. Five days after English left, the post was made a political appointment.

English wasn't the only one who suspected Malek of being a puppet to Harry Dent, the White House's chief Southern strategist. It was a fairly common suspicion. Malek's rebuttal: "I don't believe I ever met with Dent personally during my entire time at HEW and I doubt if I spoke to him more than six times on the telephone." Malek claims he was so far from being a patsy for the White House in personnel matters that he was even under suspicion for protecting some Democrats from political abuse and that the White House felt more comfortable handling its political manipulations through his assistant, Alan May, "who had more of a reputation as a loyalist."

He gets support from an odd direction. If Malek were totally maleable to the political pressures of the South, certainly this defect would have shown up most dramatically in his dealings with the Office of Civil Rights. Yet Leon Panetta, who was kicked out as director of that office in one of the most celebrated policy wrangles of Nixon's first two years, and his public information director, Peter Gall, who quit shortly after Panetta's departure and now writes for *Business Week*, give a different picture.

Gall's general recollection: "People would say Malek's name with some fear, perhaps, but he was never cordially hated like Alan May. Malek was ruthless but ruthless in maybe the way you'd want a president to be ruthless when something had to be done: here's how you get from here to there, and you go ahead and do it. I never got the impression he was trying to deceive people. Maybe this is a rosy view from several notches distance.

"I did a story for the *Washington Monthly* about my departure and about the protest within the Office of Civil Rights, and  
*Continued on page 31*



**Malek, from page 27**

their writing a letter to Nixon and so on. One of the things I did in my research for the story was to call Malek who was still at HEW and ask him what was going to happen to these people for doing what they did.

"First of all, I found him quite accessible, which surprised me because I thought he would be angry at my mode of departure—sending a nasty letter, well I guess not too nasty, to Finch and so on. He said no, nobody's going to get hurt in this because everybody did it out of conviction. He said they weren't trying to embarrass the administration per se, they just had strong feelings and felt they had to express them. And he was telling the truth. Nothing happened to the people. Not that I know of. I haven't heard of anybody's career being ruined because they signed that letter to the President, which was made public."

Panetta adds: "The first time I really had a big problem was when they wanted to wipe out my regional

guys in Atlanta and Dallas. The primary political pressures were in those areas. I had my best man in Atlanta, Paul Killing. He had become a symbol himself. He was also the most knowledgeable. At the time there was this smiley little hatchetman at HEW, Alan May, who told me the decision by the Secretary was to clean out the civil rights guys along with the regional directors."

Panetta says he asked May to help him keep Killing and he said he couldn't. "So I sat down with Fred and told him the situation and he asked, 'Do you need some time.' I said, 'Yeah, I need lots of time because to dismiss them at this point—(Finch had already waffled on the Mississippi districts)—the combination would be disastrous. He said, 'Okay, take your time. If eventually we have to move him, maybe we can bring him to Washington.' This was one of the tactics they were using—a pretended promotion, an old personnel tactic. He stuck by our agreement. He left the Dallas and Atlanta guys there

so long as I was there."

Assistant Secretary Egeberg reports similar—though unsuccessful—cooperation from Malek after the firing of Dr. English. When Egeberg got back from Europe and found his agency head canned and the job transferred from civil service to politics, he says, "I told Finch that the scientific community had to feel that there was somebody in Washington fighting for them and that the shift of the job might be considered enough to jeopardize my integrity with the scientific community and that if I felt that this was truly the result of it I would have to resign." Egeberg says Malek did try to get the job restored to civil service but was told that it would require an act of Congress.

Of course, there's always the question of how hard Malek tried. I asked one of the more candid officials at HEW about that and he said, "The durability of honesty—the honesty that remains in a commitment after the promiser has hung up the phone—is very precious in this town, and rather rare. When

Malek makes a commitment, he'll try to fulfill it. When he hangs up the phone, he'll try to represent his side without screwing yours. Now, I'm sure a lot of little guys never discovered this side of Malek because it's like getting cooperation out of a donkey with a club—you've sometimes got to hit Malek pretty hard to get a promise. But if you get his attention and his commitment, he'll not let you down."

**S**ince moving over to the White House staff in September 1970, to direct its executive recruiting program, Malek claims he has "more than doubled the number of women in high level positions—GS-16 and up—and hired more blacks and Chicanos for subcabinet agency head positions than any previous administration, and brought in more than 100 top people who would not otherwise have come into government. Many are in their thirties. They are young and they are extraordinarily talented," he says, adding: "None were

recruited strictly on the basis of politics. It's the most sophisticated recruiting process that's been in the White House."

Whatever considerable truth there may be in that (and whatever fudging; on another occasion he conceded that all things being equal, he hires Republicans—which is hardly a surprise), Malek must spread himself so much thinner—over the entire executive branch rather than just HEW—and he operates in so much more obvious a political environment, that he is more vulnerable to criticism and, right or wrong, one hears it: that he steals too much talent from inside the government, patching up one department with the best talent from another; that his emphasis on managerial types results in the recruitment of too many narrow, nose-to-the-grindstone businessmen who lack the flexibility needed for handling government policy matters; that he hires too many political hacks. As one friendly critic put it: "Fred is hiring guys who seem to have no rec-



## Five of these Betty Grable pictures were taken before 1946. One was taken in 1971.



1940



1942



1943



1944



1945



1971

"A lot of people tell me I don't look 31 years older than the picture of me at the top left. I think they're just being nice. I don't know how much older I look, but I can tell you it's hard for me to believe I am 31 years older.

"It's hard for me to believe because, quite frankly, I take care of myself. How? Well, nothing really out of the ordinary. I exercise regularly, eat the right foods, and I get enough rest. And I do one more thing I consider important. To make sure I get enough iron and vitamins, I start every day with a Geritol tablet.

"That's right. A Geritol tablet. Geritol is one of the good things I do for myself."

ommendation except that they have diddled around in Republican politics, and not very successfully, either. If you are going to make good political appointments you've got to know something about politics and Fred is one of the most apolitical persons I've ever seen in my life. I told him once that he needed to get somebody on his staff like Chuck Colson. Okay, okay, so say what you want to about Colson, but he does know politics. Who does Fred wind up with? Some political advance man. When you've got to clean house like Fred did at Interior, or handle a moldy potato like Butz at Agriculture, man you need somebody around you who really knows how to think through the political angles."

At the same time, Malek continues to be — for a hatchman — unusually ready to see things from the other side, admit mistakes, and allow as how the old bureaucratic whale may not be so grotesquely out of shape after all.

His White House office was caught assigning FBI agents to do an in-depth probe of CBS correspondent Dan Schorr on the pretext of wanting to hire him for some unspecified post. It looked suspiciously like an effort by the Nixon crowd to embarrass an unpopular (with the White House) newsmen. Malek didn't go so far as to concede devious intent but he did at last admit to me that the investigation started with "sloppy staff transmittal. My guy may have been in error in the way he asked for an investigation. He may be covering up. I may have been sloppy in my transmittal of the order. It's hard to determine where the fault lies."

Ask him about Nixon's firing of former Interior Secretary Walter Hickle and Malek is more conciliatory than defensive: "I suppose to some people it seemed a little bit sudden, it probably was. And maybe even beneath the surface, maybe it was a little bit cruel, but I don't think it was."

Shortly after Hickle's departure, the White House sent Malek over to Interior to unseat half a dozen Hickle pals whose presence might be irritat-

ing to the next Secretary. The victims claimed he told them to have their desks cleaned out by 5 p.m. that day. Not true, says Malek. "I told them, 'We don't want you to incur any hardships. You can count on being on the payroll for at least a month — more if you need it. We won't throw you out in the street.' In effect, we carried some of these people up to three months (and two of them, by the way, were so inefficient that Hickle had asked us to fire them before he left)."

**W**hat's developing here? The portrait of a softy? But there's more. One of Malek's most dramatic reforms at HEW was the reduction of paperwork. He noticed that the reports coming in from regional offices were being passed around to a dozen or more hands at headquarters for no purpose at all, so he cut out all the way-station shuffling. Result: HEW now makes grants in a month or six weeks whereas it used to take six to eight months, and hundreds of man-years of useless labor has been ended.

Great. But why not follow up by cutting unneeded labor off the payroll? Malek did. But very, very little — roughly 2½ per cent of HEW's personnel was cut. He has said that every front office in business has between 10 to 20 per cent personnel "fat" that can be trimmed; yet here he was working on the blubbery bureaucracy and that was the best he could do, with the back offices to work on as well as the front. Hearing him rationalize it now, Malek sounds not at all like Barry Goldwater. "I realize now that government isn't really as fat as I thought it was. We had to scratch and dig and really stretch to cut even 2½ per cent. Maybe personnel is the wrong place to concentrate.

"If you take away Social Security, HEW's budget is about \$20 billion. Of that, less than \$2 billion goes for people and things that go with people — buildings, office space, and so forth. That's roughly 8 per cent of the budget. Now, if you want to make an improvement in the government, does it make sense to work

on that 8 per cent or does it make better sense to work on the 92 per cent and make it stretch farther and make it more effective.

"My thesis now is: to hell with cutting the people. In fact, if you need more people to handle the grants more efficiently, hire them. Let's focus on the big picture."

Focus on the big picture. That could have been the slogan of the New Deal or the Great Society or any of the liberal Democratic focusing that resulted in a bigger federal picture. Can it be a clue to a mushier side of this hatchman? Does it suggest he isn't a hatchman after all?

Harley Frankel, who until recently was executive assistant to the Commissioner of Education at HEW, says most of the whiz kids hired by Malek were liberal and that they influenced him. Frankel was in this Harvard Business School clique. He says, "I think when Malek came in he was a moderate or conservative. But he was very open and objective and willing to listen, because he really wasn't political. He had never been exposed to these kinds of issues in that kind of depth. Once he had been exposed to them, I think he really came out — though I'm sure he would not want to say so — pretty liberal on many issues."

Frankel offers as evidence Malek's changing the college aid program in such a way that "last year 40,000 to 50,000 poor kids got money who wouldn't have gotten it otherwise. It would be absolutely absurd if you were doing it strictly for politics to take the money away from middle class kids. But all I had to do was lay the analysis out and show Fred what the problem was, and show what was happening, prove that I was right, and he said, 'Okay, let's go with it.'"

There's no easy way to categorize Malek. If anything, one can only say that he seems to be typical of the bright young chamberlains who have had increasing influence around Washington in recent years. Outwardly they seem blandly predictable: they will read Barbara Tuchman and Theodore White and they will be able to compare Evans-and-



Novak's political biography of Nixon with their biography of Lyndon Johnson. (Malek belittles the former book, thinks the latter "is great.") They play touch football with their children. They are aware of social problems and can even picture themselves, vaguely, participating in some uplift movement, someday. (Malek: "I could see myself helping to set up neighborhood health centers in Watts or in the barrios — something like that.") They talk politics in moderate tones because their loyalty is only slightly to party and only instinctively, if at all, to an ideology, but very basically to a way of operating.

They are the Management Elite — the political hermaphrodites who can serve almost anyone and serve him with intense, one-track, unswerving devotion so long as he acknowledges the superiority of the graduate business school ethic.

At the same time this predictable adaptability makes them much more complex than the standard politicians around town.

Malek says he is not partisan Republican but strictly partisan Nixon. "I don't think Republican, I think Nixon." And would he be willing to think John Connally, if he were President? Happily, says Malek. And what if somebody like John Kennedy were in the White House, could he serve that President comfortably?

The question wasn't put

to him just that way. But I did ask how he felt about the late JFK and Robert Kennedy.

"Teddy Kennedy leaves a lot to be desired," he said, "but I admired his brothers. Of course, looking back on President Kennedy's time in office I can find things to criticize, to differ with. But I liked him. And Bobby — there was a real stud of a man. Tough but compassionate. If I had a son who grew up to be another Bobby Kennedy you can be sure I wouldn't complain."

Coming from Malek, it isn't an easy comment to interpret, and, in fact, it may not be worth interpreting except to note that RFK, too, could perform as one splendid hatchetman, when he had to.

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