

If Lil had not celebrated Xmas with her worst night I can remember, terrible headache that denied her sleep most of the night, impelling me to silence when I got up, not even typing at the other end of the house, I'd not have taken the time to read thos to me fascinating story on much more than the Peterson's. In fact, aside from learning that there was a second (with Henry third) human being high up in the administration, I had little interest in Peterson. (Schultz is an old-fashioned executive type, always looking for and never forgetting ways of doing thoughtful favors for his subordinates, like arranging vacations in the West Indies with accomodations in nice and very inexpensive governmentOwned houses.) My interest in this is in the picture of cotton-mouthed Cotton Mathers running the country like cottonmouthed moccasins, as color for my Authoritarianism file. I do not really need it if you'd like it. Ordinarily I would not send you such a thing because of its length and because we know the essence of what it says. However, because it gives color and quotes sources, if unnamed, because it does not rest on belief, and because it adds detail to what we could have ~~summed~~ summarised, I send it on the chance you may find it worth the time. If you do want it, it is too much trouble to copy. Just keep it. HW 12/26/72

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The Trouble With Peterson

By Sally Quinn

"The trouble with Pete Peterson is that he cared too much about substance," said one very high White House official.

"The trouble with Pete Peterson was that he was a very close friend and supporter of Chuck Percy's and everyone knows Percy is No. 1 on the White House's — list," said another.

"The trouble with Peter Peterson," said another White House official, "was that he had too many liberal and journalistic friends. And we don't consider his accepting an invitation at such people's houses evidence of loyalty."

"The trouble with Peterson is that he was getting too much favorable publicity. Time magazine even called him the greatest Secretary of Commerce since Herbert Hoover."

"The trouble with Peterson is that when (presidential adviser) Peter Flanigan criticized Percy for opposing the Harold Carswell appointment to the Supreme

Court the first time they met at the White House, Peterson replied, "Did it ever occur to you that he's right and you're wrong?" another detractor said.

"The trouble with Pete Peterson is his wife, Sally. She's too liberal. She may even have voted for McGovern. And she was overheard saying, "Right on!" to a reporter who had written something critical of the White House."

"The trouble with Peterson," said another, "is that he thought he was doing a job for the United States. He didn't realize he was doing a job for Richard Nixon."

There were other troubles with outgoing Secretary of Commerce Peter G. Peterson, too. Ever since President Nixon appointed him seven months ago he had been trouble. Any high administration official will tell you. Off the record, of course.

So Peterson had to be eased out.

See PETERSON, C3, Col. 1

PETERSON, From C1

"The irony of all this," says Peterson, "is that when it comes to performance the President has been extremely kind and generous about what I am doing."

He was offered a "special ambassadorship" covering economic and diplomatic issues, a post which would have been created for him, dealing with both economic and security problems of NATO. But the job would have required living in Brussels and the Petersons have a mentally retarded child in a special school in California so they had to turn the job down.

Finally, he has been given a three-month project as a special representative of the President — visiting Europe and Japan to deal with major economic problems.

Peterson first came here as the President's executive director of the new Council on Economic Policy, formulating a new international trade policy. Then a year later, as Secretary of Commerce, he was giving the Commerce Department a high profile, negotiating the wheat deal with Russia, negotiating a trade treaty with Poland and articulating the whole question of the energy crisis in the "Peterson Report." In other words, for the first time the Commerce Department was formulating a policy on foreign trade.

Pete Peterson, 46, son of a Greek immigrant restaurant owner, worked his way through Northwestern University, graduated summa cum laude, got his masters in a year, was asked to teach at age 20, entered business, was at 28 the youngest vice president and board member ever of the McCann-Erikson ad agency and at 34 was the youngest president and chairman of the board ever at Bell and Howell, succeeding his friend Charles Percy.

At Northwestern University he met Sally Hornbogen, the daughter of an eye surgeon from Marquette, Mich., who was engaged to his younger brother's best friend. It was "love at first sight." They were married

shortly after she graduated and began immediately raising a family.

When the Petersons were called to Washington from Chicago two years ago, they were ready for "a new challenge, a new adventure." They talked openly about the lifestyle they favor in an interview at their house recently, before leaving for Christmas in Jamaica with their five children.

The Petersons live in a big rambling house in the Forest Hills section of Northwest Washington, casually decorated with contemporary furniture and paintings, with a swimming pool and sauna. Sally Peterson, five years younger than her husband, answers the door herself, then leads the way to the kitchen to get two glasses of wine. She is small, with a trim figure, short pixie hair and a bright smile. She is disarmingly open, casual and youthful. She wears beige flared pants, a knit turtle-neck and clogs.

"I almost never wear anything but pants," she says as she plops onto one of the big sofas in the living room.

When they first came to Washington, The Petersons already knew the Adlai Stevensons, the Donald Rumsfelds and the Percys. Of their relationship with the Percys Mrs. Peterson said, "Aside from professionally we had gone through Valerie's murder with them and that's quite a bond." (In 1966, Valerie Percy, then 21, was found in the Percy's Kennilworth, Ill., home, fatally stabbed by a still-unknown assailant.)

In any case, the Petersons came to Washington they were off to a good social start.

Although Sally Peterson was asked to join several

women's groups, including the Cabinet wives, she declined. "I just don't dig women's organizations," she said, "and the cabinet wives are all nifty women but 20 years older. We were lucky to find very early some friends we liked enormously, people we felt comfortable with, something a human being needs. And while he works long and hard it was always a great relief for him to see these friends and go out."

The Petersons found they rarely socialized with the other Cabinet members. "I don't think they go out," said Sally Peterson. "We saw the Shultzes the second week we were here and Henry (Kissinger) invited us out to dinner. I was terribly

touching by it because no one else did. I've never been to another Cabinet officer's home. Except Nelly Connally did have a ladies' luncheon once."

Treasury Secretary George Shultz, who is also now head of the President's Council of Economic Advisers, is one of the Petersons' favorites, a former fellow trustee of the University of Chicago with Peterson, a good buddy, "and the only person I know in this town who is not on a power trip," says Sally. "You know, I don't want to do a number on their heads by saying something nasty about the people in government. But I don't want to live in a homogeneous world. Our friends in Wash-

ington are among the brightest most interesting and stimulating people I've ever met. They have good vibes. I hope I don't sound like Pollyanna. It never occurred to me that we could be criticized for them."

Sally Peterson is vehement about maintaining her own individuality. "I'm not a Cabinet wife," she says. "I'm married to a person who just happens to be a Cabinet member."

"Do I clean up my language when I go to the White House? Sure. On the other hand I say what I usually say. And I don't ever wear pants there either. When you have a situation we have in our family with a mentally retarded child you become aware of other



“‘You know,’ says Peterson, ‘businessmen always worry about whether or not something is costly. Well, this experience may have been costly but it was also priceless.’”



Sally Peterson and daughter: She may even have voted for McGovern.

Photos by Matthew Lewis—The Washington Post

people's feelings. I don't want to put somebody on or create tensions, I'd rather relate to somebody, find out what really motivates them. I'm really not interested in doing a number on anybody. I'm just interested in keeping my identity."

When they lived in Winetka, Ill., a Chicago suburb, Mrs. Peterson worked with a civil rights group in her area to help prepare the community for housing integration. She also worked with the Urban League and "I got very involved in head stuff. I was very involved with the Institute for Psychoanalysis and the Institute for Family Therapy. I went through personal analysis and it helped me immensely, especially with John (the retarded child). She has now just gone back to school at American University to get a graduate degree in psychopathology. (She got her undergraduate degree at Northwestern where she met Peterson.)

She won't discuss whether her husband was in analysis. "But he was very involved with mine." Sally Peterson finds that the women's movement has "reinforced my feelings that after a family a woman can make a real contribution to society at large."

As for her husband "he is enormously supportive. Anything I want to do is OK. We lead very independent lives and very flexible lives too."

The Petersons, with the exception of their good friend Henry Kissinger, were about the only members of the administration who did move in liberal and journalistic circles. Yet they were rarely accosted by their friends on the Vietnam issue.

"I think our friends understood that Peterson was working very hard on foreign economics," said his wife, "and the President understood that we were loyal to him in doing the job we were asked to do and good at it too. The kind of job Peter did you could do if you were a Republican, a Democrat or a Communist."

What did they think about rumors that came from the

White House of breaches between her husband and Shultz and Kissinger? "What should I say," she laughed. "Those dirty b - - - Peter and I have a very great bond with Henry and George. Why do they do that kind of thing? I can't figure out what's in their heads. It's a very heavy scene."

He is very aware that his personal and social relationships in Washington may have had a great deal to do with the President's not asking him to continue on at Commerce.

It was close to 8 when Secretary Peterson walked into the living room, just home from a trip to New York. He had a gift

wrapped package behind his back which he tossed at his wife and which she opened with surprised delight. "I just couldn't resist it," he said. Inside the tiny box was a gold ring with LOVE carved out.

She put the ring on and dashed upstairs to change for a dinner they were going to at columnist Rowland Evans' house.

Peterson had his 7-year-old daughter (the children range from 17 to 3) bring him an electric razor and he shaved quickly while he talked. "What do they think about the fact that we hang out with real people? You mean human people as opposed to non-human people?" he joked. "We have the same theory about our social life here as we did in Chicago. I saw the business people at Bell and Howell 40 or 50 hours a week. So in Chicago 89 per cent of our friends were university professors, artists, writers, editors. And everywhere we go our lifestyle will be like that. The kind of contacts and friends we've made here will be important to us forever."

"I can also argue, and I do, that on pragmatic grounds it's helpful to the President, (A) to get different perceptions of what we're doing and (B) if something is said about the administration that is distorted I have a personal re-

lationship with the person who said it and can correct it in a constructive non-hostile way. I don't see any reason to change, personally or privately. But no one has said to us directly that our friends and relationships are a problem."

Peterson said he felt it was true that the press sometimes distorted things

or had other than objective or balanced motives. "But I was in the Soviet Union recently and I have seen first hand that only what the government wants printed is printed. I find the concept of a free and critical press, while undoubtedly irritating at times, absolutely indispensable. If there are those who have criticized me because I have open relations with the press I would not conclude that I am wrong."

Peterson feels that "if the concept that loyalty is a question of style rather than substance then I'm not sure I comprehend. I have been a very strong supporter of the President's dramatic foreign policy. I am not aware of any occasion on which I did not carry out an assignment either in spirit or in deed."

It is admitted by one Cabinet member that it was the White House which leaked the rumors of the alleged tensions between Peterson and his colleagues. A bogus story was leaked to a wire service that Peterson was going to head a non-existent organization and that he and his friend Shultz were having a dispute over who should head it. "That was not only fictitious but ridiculous," said Peterson.

It has also been said that John Connally, who is very close to the President, saw Peterson as a threat and may have had something to do with his departure. In a telephone conversation with the Post's financial editor Hobart Rowen, after Rowen wrote a column along those lines, Connally denied that he had anything to do with the Peterson affair. He went on to say, however, that Washington was a town where people climb over

other peoples' backs to get ahead; and implied that he was referring to Peterson.

So what will Pete Peterson do now that he is on his way out? "Probably go live in New York," he said. "I've had about 20 offers so far." Would he ever run for office himself? "That's not his bag," says his wife.

"You know," says Peterson, "businessmen always worry about whether or not something is costly. Well, this experience may have been costly but it was also priceless."

Now one of the big questions around Washington is how can Henry Kissinger get away with his even more flamboyant social life if Pete Peterson can't?

"Don't think they're not upset about it," said one insider. "They hate the way Henry runs around. But up until now he has been indispensable."

There was a dinner party the other night in honor of the Petersons. It was given by Washington columnist Tom Braden and his wife, Joan. Over the past several years the Bradens have become Washington's leading, and perhaps only regular, liberal salon-keepers. The salons are dwindling in numbers and cachet simply because without at least one high administration official at a party in a political town you don't have a salon. The high administration officials

don't like to go out, much less to liberal salons.

At the Braden's dinner party, the guest list was not atypical. Among those invited were Ambassador and Mrs. K. E. Bruce, Sen. and Mrs. J. William Fulbright, Mr. and Mrs. Frank Mankiewicz and Henry Kissinger, who was accompanied by his longtime friend Nancy McGinnis. It was the night before Kissinger delivered his "peace is not at hand" speech in a White House press conference.

After dinner Peterson gave a humorous and fictitious toast. He referred to a summons received from the President to come to "Mount David," where, confronted by various top members of Nixon's White House staff, he was put through a rigorous loyalty test.

First, said Peterson, he was quizzed about his friendship with Frank Mankiewicz, McGovern's campaign manager, and he was also grilled on the question of whether or not his wife had voted for McGovern. Then he said, he was asked to describe his close friend and former business associate, Sen. "Chuck" Percy of Illinois. Demurring, Peterson responded that Percy could not be described in one word. Later, he said, he was informed that he had failed that test. The answer was "upchuck."

Finally, Peterson told the guests, he failed the physical test. His calves were too fat and he could not click his heels.