Interview with Julian D'Esposito

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Interviewer: Mike Czaplicki

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Czaplicki: Today is Monday, August 4, 2014. My name is Mike Czaplicki. I'm the project historian with the Abraham Lincoln Presidential Library in Springfield, Illinois. I'm here today in Chicago, at the offices of Mayer Brown, to interview Julian D'Esposito, who was Gov. Jim Thompson's chief counsel and chief of staff, and fulfilled various other functions in government over his long, distinguished career. This interview is part of the Gov. Jim Thompson Oral History Project. So how are you today, Julian?

D'Esposito: I'm fine, thank you. I appreciate the chance to speak with you.

Czaplicki: Thanks for sitting down with us, we really appreciate it as well. We always start these things pretty straightforwardly, and we begin at the beginning, to ask when and where were you born?

D'Esposito: I was born sixty-nine plus years ago, August 6, 1944, so my seventieth birthday is this Wednesday.

Czaplicki: Oh, just coming up.

D'Esposito: I was born in New York City when my father was in the navy during the Second World War.

Czaplicki: Happy early birthday.

D'Esposito: Thank you.

Czaplicki: Your father, where did he serve?

D'Esposito: He ended up serving in the Brooklyn Navy Yard, because when he and my mom got married, the ship he had been ordered to report to left port early. I'm not certain about this, but I believe he was a radar officer on the USS *Texas*,

which was deployed to the invasion of North Africa. But he was on leave to get married, and when he and my mom got to Newport, the ship had sailed. So he was then sent to Brooklyn, where he spent the rest of the war defending New York from attacks.

Czaplicki: (laughs) So he should have been on a battleship?

D'Esposito: He should have been on a battleship, but spent it in the Brooklyn Navy Yard; which was probably a good thing, because when he did go to sea from time to time, he got deathly ill, which is a trait that I've inherited from him. I'm not a good sailor. We lived in Brooklyn Heights until I was about a year and a half, and then we returned to Chicago.

Czaplicki: Was your mom from Chicago or from New York?

D'Esposito: Both my mom and dad were from Chicago. My father had lived in a couple of other places as his father moved through his career, but they were both from Chicago when they got married.

Czaplicki: How did your family come to settle here? I think our last meeting, you mentioned that your name would be D'Esposito, is that correct?

D'Esposito: It's D'Esposito (Des-**póse**-i-to) in Italian. My grandfather pronounced it D'Esposito (Des-po-**si**-to) because he thought that was easier for others. My grandfather was an immigrant from Sorrento, Italy, at the turn of the century, who went to work for the Pennsylvania Railroad. He had a civil engineering background, although not a formal degree in that sense, because he came over here quite young, in his late teens. He worked for the railroad and must have demonstrated a tremendous capacity. He came out to Chicago as the assistant to the chief engineer for the Union Station project, and when that gentleman died, he was named chief engineer for that project and designed one of the leading consolidated rail terminals in the country. Then he went from that job to a consulting engineer position, where he worked either for the city or for the Works Progress Administration on both the State Street and the Dearborn Street subways.

Czaplicki: The first subways in the city.

D'Esposito: And the Stickney Water Treatment Plant, and the Daily News Building. He actually developed the concept of air rights in Chicago, because the Daily News Building is built above the Union Station tracks. Also, there are some articles in *Western Engineer* that he wrote, about putting the caissons down to support the Union Station project.[1] So he was a very accomplished gentleman.

[1] Joshua D'Esposito, "Some of the Fundamental Principles of Air Rights," *Railway Age* 83 (October 22, 1927), 757-759; "Foundation Tests by Chicago Union Station Company," *Journal of the Western Society of Engineers* 24 (1924), 33-40; "Chicago Union Station," *Journal of the Western Society of Engineers* 30 (1925), 447-60.

I don't know the detail on this, but he ran as a reform candidate for the Metropolitan Sanitary District at some point.

Czaplicki: I think 1930 or '31.

D'Esposito: And was trounced handily.[2] I believe his wife never voted again, in disgust that her husband could have been rejected by the voters. But he always had a deep interest in civic activities, and I think in part, that was something that I learned from him.

Czaplicki: Did you have much of a relationship with him when you were growing up?

D'Esposito: He died when I was ten, but yes, I did. He and my grandmother lived about a mile from our house in Wilmette, so I spent a lot of time with him. One of my fond memories is going to the racetrack with him on regular occasions after he retired.

Czaplicki: Which track would you go to?

D'Esposito: We would go to Arlington, although I think we also went to some of the ones on the far South Side.

Czaplicki: Like Washington Park?

D'Esposito: Yeah, Washington Park was still open at that time. We would drive what seemed to be endless distances, and he would smoke a big, stinky cigar, with the windows closed all the time, and I would get sick at about the same street corner every trip. He was a very accomplished man and not a soft lap; he was pretty demanding, and he may have had to be, to be successful as an Italian immigrant at that time.

Czaplicki: I knew your name was ringing a bell in my head. I've done a lot of work on the New Deal, and I came across his name several times in engineering reports. I think it was the PWA and the Federal Works Administration. He was the Illinois administrator.

D'Esposito: Right.

Czaplicki: Any old family lore about some of the old mayors, like Dever or Thompson, or Cermak and Kelly?

[2] Despite securing the *Tribune*'s endorsement in the 1930 race for four open seats, D'Esposito finished sixth, 9,200 votes behind the fourth place finisher. "Latest Bulletins on City and State," *Chicago Tribune*, November 5, 1930.

D'Esposito: No. I think he was reasonably close to Martin Kennelly, who himself was kind of a reformer; I think my grandfather was closer to him as a result of that. I was not conscious during his life, so I really wasn't engaging in any—

Czaplicki: Yeah, I didn't know if any stories got—

D'Esposito: No, he wouldn't be telling me, as an eight-year-old, too many of those stories, I don't think.

Czaplicki: No Roosevelt meetings or…

D'Esposito: No, no, unfortunately. I do have a bunch of his papers that I look at from time to time, just to see what was going on.

Czaplicki: Like correspondence?

D'Esposito: There's correspondence and he kept a diary for a few years, kind of daily anecdotes. I've not read through it. That's one of my retirement interests, to sort through some of that and see if any of that has any value going forward.

Czaplicki: Yeah, that's amazing, that would be fascinating material. What's your earliest memory growing up?

D'Esposito: I don't remember any of New York. We spent the first months of our return to Chicago living with my grandparents on Linden, right across from the Bahá'í Temple, and then moved to Wolcott and Lawrence, just west of what was then the North Western tracks, near a Sears that's on Lawrence. We lived there until I was in kindergarten in 1950, and I remember several different things: going to kindergarten there; walking down to the Bowman Dairy barn that was a block north of our apartment, getting ice out of the trucks, and sucking on the ice on a hot summer day; there was a playground in the back, and I got my first bicycle there; there's some pictures of me wearing an outlandish cowboy outfit. Those are the kinds of things I remember.

My two sisters were born and a fourth child was on the way. I don't remember whether it was a two or three bedroom apartment, but it was too small in any event, so my dad bought a house on Linden Avenue in Wilmette and we moved there in 1950. I finished kindergarten at St. Francis Xavier, which was the local parochial grade school.

Czaplicki: What did your parents do for a living?

D'Esposito: My father was a brilliant man. He graduated from Loyola Academy and Loyola University, and was two years ahead of his grade. He skipped two grades, I believe, in grade school. He majored in physics at Loyola University and got one B in his entire college career. And the story is that he had an

opportunity to go to work with Enrico Fermi at the U of C, but his dad didn't think there was much opportunity in that life, so he went out and got a job. He ultimately because a packaging engineer and worked his entire career for Container Corporation of America, designing containers. He did a lot of work in the fruit and vegetable area, so I have recollections of him getting up early and going down to meet the produce shipments from the West Coast, to see how the tomatoes had survived in his latest creation.

Czaplicki: Would he take you on any of those visits?

D'Esposito: I never went on any of those. We used to go to his office. And we always had the best protected textbooks of any child in our grade school class, because my dad would wrap all of them in heavy brown paper, and they all survived the abuse that we would give them. (Czaplicki laughs) We also had lots of well-made cardboard containers that we could store stuff in, as a result of his talent. He was a very talented man. He was one of those people whose advice you sought out, in large part because it wasn't easily or quickly given, or causally given. He would say things when they were on his mind, but not all the time. From that lesson, I've learned that if you say a few things, people are more likely to listen to you than if you're always blabbing away.

Czaplicki: Good advice, one I don't often follow. (laughs) I think I saw he has a patent, doesn't he?

D'Esposito: He has a variety of patents, yes, largely for containers, in that business.

Czaplicki: Have they been a source of family pride?

D'Esposito: A source of family pride. He was very well-read and took, I think, great delight in the contributions that Container made to the cultural life of Chicago. I knew about Walter Paepcke and his wife, and their work in the arts, as a result of things that my dad would say and things he would bring home from the office.

Czaplicki: I'm not familiar with Paepcke.

D'Esposito: If you read the book about Chicago—is it Dyja? It just came out about nine months ago.[3] It's about the arts and the progressive movement in Chicago back in the twenties and the thirties and the forties. There's a whole chapter on the Paepckes in there. They founded the Aspen Institute, among other things, and she was very active in the arts. They were involved in much of the Bauhaus activity in Chicago, through Nagy, Mies, and others who were active at IIT back in the thirties and the forties. He introduced me to some of that, which has been kind an avocation since then.

[3] Thomas Dyja, *The Third Coast: When Chicago Built the American Dream* (New York: Penguin Books, 2013).

Czaplicki: And your father was somebody that would influence them?

D'Esposito: They were not social relationships in any way, but I think my dad was attracted to the company because of some of the things that the company did. It gave the company a cachet that I think he appreciated.

Czaplicki: More than a salary.

D'Esposito: Right.

Czaplicki: How about your mom, did she work outside the home?

D'Esposito: My mom was busy raising six children, which was a full-time occupation. She was very active. We grew up a block away from our grade school, which was two and a half blocks from two different public grade schools, and there were a thousand kids in the neighborhood, so there were lots of street activities. We lived on an alley, and the alley was the source of continuous activity during the summers. It was great fun. We used to play kick the can, basketball, all kinds of things, in the alley or down in the schoolyard. I think I counted nearly eighty children on the square block, so there was a fair amount of activity.

Czaplicki: No shortage of things to do.

D'Esposito: No, right. Boredom would set in some time around mid-August, but then football practice started always on August fifteenth, when you'd pray for the wind to shift out of the north and come down Lake Michigan to get the temperature down from ninety-five degrees.

Czaplicki: Was there much supervised play, or were you off just doing what you wanted in the block?

D'Esposito: It was mostly doing what you wanted. This was back in the era before kids had lots of scheduled activities. I played little league baseball, but that was about it during the summer.

Czaplicki: Baseball.

D'Esposito: Yeah.

Czaplicki: And did you play football when football practice began?

D'Esposito: Everybody in our family was very involved in grade school athletics, yeah. It was a big part of life for most of the kids in grade school. Obviously, there were some who weren't interested in it, but you didn't hang with or spend a lot of time with them, because you were with the kids who were interested in

sports. And it was pretty much continuous; it was football until basketball started, and then basketball would be over and baseball would start.

Czaplicki: What was your favorite?

D'Esposito: I think basketball more than anything else. I played basketball through high school. I played sixteen-inch softball until I was in my thirties, but I didn't play hardball; I couldn't hit the curve. (laughs)

Czaplicki: What position were you?

D'Esposito: I played infield typically, in baseball, and I played guard in basketball.

Czaplicki: What were your parents' names?

D'Esposito: Julian was my father and Dorothy was my mother. My dad died in 1982 and my mom just died in 2012.

Czaplicki: And you said you had six siblings?

D'Esposito: I have five sisters; there are six of us total. All my sisters are younger than I, starting two years after me, and the youngest is ten years younger than I.

Czaplicki: So you were the only boy.

D'Esposito: Only boy.

Czaplicki: Any favoritism?

D'Esposito: They will say yes. I will say only that I got lots of advice growing up, from my mother and my sisters all, and some of it continues to this day.

Czaplicki: Did you acquire that same sort of technical capacity that your grandpa and your father seemed to have?

D'Esposito: No.

Czaplicki: Did you tinker much?

D'Esposito: My wife endlessly kids me about my inability to do a simple task like pack a suitcase. (Czaplicki laughs) I may have some of my father's talents, but I'm neither as good a golfer as he was, nor do I have the spatial skills that he did.

Czaplicki: You said your grandfather didn't have a soft lap. How about your parents?

D'Esposito: You know, I have not thought about that. They both set very high standards for us in different ways. My mother's standards were always very articulated. My dad's standards were less so, but you saw them in the way he behaved, and you learned to try to emulate them. But yes, the expectations were high in our family. I think more often than not, if you came home with a good report card the question would be, "Well, what about the B or the C"—or the U in handwriting, for unsatisfactory—"what are we going to do about that?" We received praise when we did well, but it was less "everybody gets a gold star for trying" and more "we want to see real accomplishments."

Czaplicki: And no resting on the laurels?

D'Esposito: And no resting. "Don't get a big head, get out there and take out the garbage" kind of thing. Growing up in a big family was demanding. It's astounding that when I took a modest pay cut and joined the Thompson administration, I think I was making as much as my dad made at the height of his career. So raising six kids and sending them to college was hard. They were both products of the Depression, so that had a significant influence in each of their makeup, which then was communicated to us at different points, in different ways, over our growing up.

Czaplicki: Do you think you take after one or the other more or less, or a good blend?

D'Esposito: I look a little like my dad, a somewhat thinner version; he was a little shorter and stockier. I think I have certain characteristics of my mom too, so I think I'm a blend. I'm hoping I have my mother's longevity, since my father was dead at my current age, but other than that, others can say.

Czaplicki: Would you characterize the household as especially political? Were your parents involved in politics or talk about it much?

D'Esposito: No, not at all. They both expressed opinions about things, but they were not active in any party activity. My mother was very involved in community affairs, typically through the church, so she would end up having positions of responsibility in different parts of the grade school functions. She would be the head of the mothers' club, or she would be the class mom. I don't think she ever did the Cub Scouts or anything like that, as a den mother, but it would be that kind of activity where you would see her taking a leadership role. She did actually teach a group of my buddies and me how to play basketball, because she was a good athlete. So I remember in the second grade, going into the basement gym in the old grade school and learning how to shoot a lay-up from my mom; make sure you go off on your left foot if you're shooting right, things like that.

My father was politically conservative. I got into discussions with him during the Johnson-Goldwater campaign, when he was a supporter of Goldwater and

I thought Lyndon Johnson was more likely the right candidate. I think in large part, he voted Republican, and my mom probably did too. Back in that era, up in the suburbs, the races typically were not Democrat versus Republican, except at the presidential or statewide office level. Some of my friends were in families that were much more political, where their parents were engaged in party politics, typically on the Democratic side, but that wasn't the case in our family.

Czaplicki: How about you? You just mentioned that you were having discussions with your dad about LBJ and Goldwater. Was politics something that you were interested in?

D'Esposito: I've always been interested in history, U.S. history as well as European history, so I paid a lot of attention to things. I remember seeing Douglas MacArthur in some of his erstwhile potential campaigns. I remember seeing Dwight Eisenhower drive up Sheridan Road in the motorcade, through Evanston, when I was with my grandparents. They walked me down to see that. I remember some of the Kefauver hearings.[4]

Czaplicki: On television or reading about them?

D'Esposito: On television. We didn't have a television, but I remember seeing them someplace. I remember the McCarthy hearings. So I was conscious of that. I was a leader in grade school; I was captain of a sports team or officer in a class, in a lot of things. It was kind of the thing that you should do. There were some young men across the alley from me who were leaders in their classes, and they modeled the kind of behavior that I wanted to follow. That didn't translate into politics specifically, in either grade school or high school.

In high school, I went to the seminary. I went to Quigley Seminary, which was the institution that trained young men for the diocesan priesthood, and there was a large group from my grade school class who went there.

Czaplicki: Was the priesthood an option, or was it just the education?

D'Esposito: In my case it was because I thought I wanted to be a priest. It was a good academic experience. It would have been different than the academic experience I would have gotten at either New Trier or Loyola, where it is more likely I would have gone, and there would have been better parts, or worse parts, at either of those places as alternatives. But the academic education was good at Quigley. It was a wonderful experience because it got me out of my suburban sheltered existence, going to school with kids from all over the city. Now, the kids from all over the city were not a typical cross

[4] From May 1950 to April 1951, Estes Kefauver (D-TN) chaired a special Senate investigation of organized crime, holding televised hearings that proved extremely popular with the public. President Eisenhower spoke to the World Council of Churches at Deering Meadow in Evanston on the afternoon of August 19, 1954.

section of city kids, because each of them thought they wanted to be a priest or their parents had said you're going to be a priest, so there was a commonality of interest. But it was still a much more diverse group, socioeconomically and in lots of others ways, so that was a valuable experience. I rode the L, rode the CTA, to school every day for four years.

Czaplicki: So you would make that decision when you were thirteen or fourteen?

D'Esposito: Right, at a quite young age obviously. Social justice was a big focus of the school and the Church at that period.

Czaplicki: I was going ask if that was traditional there or if that came after Vatican II.

D'Esposito: Before. But Vatican II would have been in '62, I think, and the emphasis would have been important at that point. We engaged in a fair amount of social justice activity, less in the marching and protesting and cause-type activity, than in just tutoring, going to Cook County Hospital, those kinds of things. The idea was to expose you to as much of that kind of activity as possible; one, because it was valuable to do, and two, because it would help you understand whether this was a career you wanted to pursue, because it would be a big part of your life as a priest. It was a marvelous experience.

I formed a number of very good friendships, which stayed with me probably as much as any friendships that I've had, and some of which actually were of interest and amusement and help during my time in Springfield. There were two guys a year ahead of me at Quigley that I knew well, and we worked together on things when we got down to Springfield.

Czaplicki: So they were in Springfield too?

D'Esposito: They were. One was the assistant director of labor, Rich Walsh, and the other was a legislator, Jim Houlihan, who I worked on with the first executive order reorganizations that were done.

Czaplicki: Do you recall any particular outings you took while you were in school, any causes you got involved with, or did you attend any marches or anything like that? I know housing reform was a big one at the time, and there was a lot of church-based activity on the West Side.

D'Esposito: Yeah, I don't recall anything like that. There may well have been, but I just don't remember. I was the editor of the yearbook with two other guys, and the theme of the yearbook was participation in the community in which you lived. We went down and learned something about Prairie Shores, which was an integrated development that had been built recently in the near South Side, and we showed a photo of that and identified some social action or charitable works that people were doing in the neighborhood, like tutoring. There were

some other thematic elements like that in our yearbook, but I don't remember any controversy in that sense.

Czaplicki: Do you remember any of the debates, just citywide, about the Church's role and that sort of thing? I'm blanking on my names. Was it Egan?

D'Esposito: Yes, John Egan, Monsignor Egan, was a very visible and active individual, and we were certainly aware of him. I think the older seminarians would have been more involved in that kind of thing, and they would not have encouraged the high school people to get into that activity. But there were a number of legendary priests who were maybe a generation ahead of the men who taught us, but were role models for them. We had a spectacular faculty. As I look back, one of the really formative experiences of my life—there are several, one of which would have been working in the Thompson administration—was my exposure to the priests in the seminary system. They were remarkably talented men who were smart, well-read, had very renaissance interests, and were not afraid to challenge the accepted way of doing things and encouraged us to do that. So it was a very liberating experience. It's kind of what you're going through anyway when you're sixteen, seventeen, eighteen, and they encouraged it, rather than tried to suppress it.

It was going on externally as well, because John Kennedy had been elected president. There was the new kind of energy in the country. John XXIII had been named Pope, Vatican II was going on, and there was all this ferment; we were kind of growing up in that environment, so it was a very exciting time. Although I would be characterized by most as being pretty conservative, certainly in my behavior, I think it gave me at least an intellectual curiosity for which I'm grateful.

Czaplicki: How important was Kennedy's election, as a Catholic?

D'Esposito: Oh, I think it was important for all of us. It was kind of like, Hey, we've arrived; people have got to pay attention. You know, we're not just the "No Irish need apply" kind of immigrant, we'd made it. Now, being from Chicago, obviously there were lots of Catholics in positions of authority and responsibility within, if not running, the city political machinery, but to see it at the national level was important.

Czaplicki: Do you remember where you were when he was killed?

D'Esposito: I do. I graduated from Quigley in '62, and I went to what was the junior college at Niles. I was in the nurse's office, I don't know why, in November of 1963, when he was shot. I remember the Cuban Missile Crisis before that.

Czaplicki: What was that like?

D'Esposito: I think we all went to the chapel to pray because of the concerns about what was really going on.

Czaplicki: Chicago was a bit more militarized then too, because Fort Sheridan was pretty active, you had the air station, and there used to be Nike missiles along the coast, even in Hyde Park.

D'Esposito: Right. Yeah, there were Nike missiles up near where we lived; in the lagoon area, up by Tower Road, there were a couple of missiles poised.

Czaplicki: Was that something you thought about when you were growing up and seeing that every day?

D'Esposito: I was one of those kids who kind of knew it was out there but wasn't going to let it interfere with my blitheful behavior, I suspect, but yeah, you were aware of it. You would have fire drills and nuclear drills. (laughs) In our house, after we moved from Linden to Ashland, there was a basement bathroom which was highly unimproved, but it did have a toilet in it, and it also had a window in it. My mother, as a consequence of the late fifties, early sixties scares, decided she'd put some food down there, and I was enough of a smart-ass at the time to suggest that if there was a nuclear bomb that went off, having a window in this particular room was not a good thing. But that didn't stop her from trying to put some stuff away. Yeah, I don't think it had a significant impact on my outlook at all. You were just aware it was out there. In fact, I remember seeing the movie about the Kennedy response to the Cuban Missile Crisis.

Czaplicki: Is that *Thirteen Days*?

D'Esposito: Yeah, something like that, and thinking to myself, Oh my gosh, they were as young as I was when I was in Springfield, except I wasn't having to worry about that kind of thing; and how fortunate we really were.

Czaplicki: Very close. You had this very intellectually, spiritually even, enriching experience while you're at Quigley, and yet when did you decide that you weren't going to pursue the priesthood?

D'Esposito: I spent two years in junior college, and the system was that you then went to Mundelein, which was known as the major seminary. It was a beautiful campus. It was still trapped in the thirteenth century in terms of its educational format; your philosophy and theology classes were taught in Latin. It was an attempt to put the lid back on people who had been exposed to much freer thinking. Rebellion is too strong a word, but it didn't appeal to me, and I began to think for the first time about whether or not I was cut out for the life of a parish priest, which seemed to be the direction that most people went. And after some serious thinking about it and talking to several of my good

friends about it, I just decided I would leave. So I finished my first semester at Mundelein, and transferred to Loyola University in my second semester of junior year. I was able to finish with my class, so I didn't lose any time. I was fortunate in that.

Czaplicki: Why Loyola?

D'Esposito: Because I could go there and keep on keeping on, without interruption. And at that point, I knew that I needed to pursue further education, because I didn't have a clue what I wanted to do, and just going another eighteen months and finishing up wasn't going to do it. So I decided to finish at Loyola and then decide what I would do next. My dad was the one who suggested law school was something that I would be good at and might even enjoy, no doubt because I was challenging everything that he said around the dinner table and being a general pain in the ass, as sometimes eighteen-year-olds can be. Not in my behavior, I will point out; I was a dutiful son. But I think he thought I was becoming a communist or worse, (Czaplicki laughs) in terms of my views on things. So I took the LSAT test and was accepted at a couple schools, and I chose Northwestern because I got two scholarships, which made a big difference in being able to afford to go.

Czaplicki: I saw a note in the paper about you winning, was it a Kirkland scholarship?

D'Esposito: Yes, I was a Kirkland scholar. Weymouth Kirkland was the *Tribune's* lawyer and gave a bunch of money to the foundation, or the foundation decided to create a scholarship in his name. They would award scholarships to a half-dozen people going to typically Midwestern schools. I think I was an anomaly, because I don't know that they'd seen a lot of seminarians; they thought this was kind of interesting, and I was fortunate enough to get a scholarship from them. Then I also got a scholarship from the Russell Sage Foundation, which exposed me to some faculty members who were interested in the law and the social sciences, and some people in graduate schools who had similar interests. We would meet periodically during the year to talk about things that were of interest.

Czaplicki: Oh, so that was part of the—

D'Esposito: That was part of the scholarship opportunity, right. So that was fun, because I've always had an interest in the law's place outside of the law, and its influence, and this exposed me to some of that.

Czaplicki: And I believe one of the people on the committee that's awarding the Kirkland scholarship was in the current firm you're at, right? Was it Frank Mayer?

D'Esposito: Oh, I don't know.

Czaplicki: Yeah, he was one of the people picking you, and here we are, in his firm.

D'Esposito: Really? Oh, I didn't know that. Interesting.

Czaplicki: I didn't know if there was some connection there.

D'Esposito: No, I arrived here late in my career, and he was gone by then, I think.

Czaplicki: One question I wanted to ask you about Quigley. I was just talking to Bob Mandeville, the budget director. He had a lot to say about religious orders, the various ones that he experienced and the teachers that he had.[5] Was Quigley affiliated with a particular order?

D'Esposito: No, it was for the regular parish priests, who were part of the shock troops, essentially. They're referred to as diocesan priests, as opposed to order priests, so it's not Jesuit, Dominican, Benedictine—that kind of thing.

Czaplicki: Right.

D'Esposito: It's interesting, Mike, I think there were 450 people in my freshman class at Quigley. About forty-five were ordained priests twelve years later, and I think nearly eighty of us became lawyers.

Czaplicki: Good training.

D'Esposito: I don't think that's an accident, in the sense that many of us weren't sure, at thirteen or fourteen, why we went there; but there was something about the priesthood that satisfied some needs that we had, and the law satisfies some of those needs as well. It demands you use your brain, it exposes you to new ideas and new challenges, and it does require a commitment to others. You can see that in the law, and I think a lot of people from Quigley ended up in public service as well, in addition to the two guys that I mentioned: Phil Rock had gone to Quigley, Ed Burke was a couple years ahead of me at Quigley, Tom Hynes went to Quigley—I'm sure there's others, but they're not on my tongue right now.

Czaplicki: I want to talk a little bit about Northwestern Law, but before we get there, I always like to ask people in your generational cohort about certain major events that are happening and how you're responding to them. Chicago is an important location for what happens with civil rights activism and the movement, which moves from the South to the North. There's a lot going on

[5] Robert Mandeville, interview by Mike Czaplicki, December 12, 2013, 47-49. Unless otherwise indicated, all interviews cited in the notes were conducted as part of the Illinois Statecraft Oral History Project, Abraham Lincoln Presidential Library, Springfield, IL.

in the city, especially in the latter half of the sixties. Was that something that was much on your consciousness while you were in school?

D'Esposito: I was certainly conscious of it, but I was not a frontline foot soldier in any of it. We would be in the neighborhoods, providing services to African Americans—more typically African American than Hispanic at that point, but some Hispanic—largely through tutoring, but also in healthcare activities. But again, it was more related to serving an individual than it was advancing a cause. In that respect, I think none of us had been radicalized.

When I got to law school, obviously we were more conscious of it. It became part of the curriculum, and you will be exposed to those kinds of things in the academic setting, but I never went down to Selma or any of those things. One of the guys that I knew, who was maybe four years older than I, had been ordained and did go down to Selma and got shot. He was badly injured, and it had severe impacts on him in lots of ways. Fortunately, he's recovered, but I think it was a real eye-opener for many people about what really was going on. But I never got on the bus.

I've seen some recent PBS documentaries, and they're fascinating because they're in my DNA someplace, I'm conscious of them, but they also reveal the true horror of it all in ways that I don't think I appreciated at the time. I mean, we would see it in ways when we would go out into the neighborhoods. I had other experiences in my extra year at Northwestern that were more revealing to me about what was going on, which we can talk about when we get there, if you want.

Czaplicki: Or you can bring them up right now. This is '69 to '70? It was that year?

D'Esposito: Right. I spent an extra year at Northwestern in a program that Thompson and Fred Inbau had started, called the Prosecution and Defense Program. It was intended to train people to be prosecutors or defense lawyers. Bill Martin, who had been hired to run the program, asked me if I wanted to be in it. I thought it would be a good experience. I wasn't sure I wanted to be a trial lawyer, or certainly be in the criminal world, but I knew it would be real. And for me, it was. I mean, I've laughingly said I went to school when I was five and got out when I was twenty-five, and everything I'd learned, I'd learned in a book. But here was a marvelous experience of real life, because we handled cases for people that the public defender couldn't or wasn't interested in defending. We didn't handle a lot of cases, we handled a few cases, and could use our eager but inexperienced resources to manage them.

As part of that program, I went on maybe four or five ride-alongs with the police at night, which was really a remarkable experience.[6] I saw the

[6] On this program, see Tyrone Fahner, interview by Mike Czaplicki, March 19, 2015, and James Thompson, interview by Mark DePue, July 18, 2013.

interaction between police officers, largely white at that time, and blacks, and had a deeper appreciation of the challenges both parties faced. In connection with a death penalty case we tried, I went with Bill Martin to Mississippi and Florida to interview witnesses who were rural African Americans that had come to Chicago. I developed a much better sense of how complicated it was for people to come out of that setting and move into the middle of the West Side or the South Side and try to make a go of it, because I'd never been in any of the poor rural areas in the South. It was very meaningful and informative for me. So those were the kinds of experiences that I had at that point, which made me much more conscious of the challenges that African Americans were facing in the city. And correspondingly, the challenges that the police were facing, dealing in situations which were frequently very hostile.

Czaplicki: What neighborhoods would you be doing your ride-alongs in, West Side predominantly?

D'Esposito: West Side mostly, but also the South Side. K-Town was kind of the principal area—Kedzie Avenue at Roosevelt.

Czaplicki: North Lawndale?

D'Esposito: Right. It was great. We had a great group of people, men and women. We had just a lot of fun. That's where I first met Ty Fahner; he was in the program too.

Czaplicki: Was Fahner one of your classmates prior to that, or just that program?

D'Esposito: No. He had been at Wayne State, in the law school administration for a year, and then he came to this program.

Czaplicki: What was Fahner like? Could you tell that he was going to be a possible political star?

D'Esposito: Absolutely. Ty was one of the smoothest people. I was from Chicago. Ty knew his way around here, or pretended to know his way around, in ways that were just marvelous. He knew exactly what to do if you wanted to get a table at a restaurant or you wanted to find a parking place. He knew how to do it, and I was like from Bulgaria; I mean, it was just great, he was great. He was married to a lovely woman and we had just lots of fun with him and a group of other people in the program. One is now a federal judge in Buffalo, one is down in Arkansas, and Jim Burns, who works for Jesse White and ran for governor at one point, was a law student investigator for us. So it was fun, it was great.

Czaplicki: You might disagree with this, but I associate Inbau and Thompson with the rise of the law and order movement, or at least this rhetoric, at this time. Some say that we don't really start seeing law and order as a policy response until the seventies, but rhetorically, it's certainly out there in the late sixties, and I was curious to get your thoughts about that. Was that a rhetoric that you identified with, and why do you think it emerged at this time?

D'Esposito: Fred Inbau had been interested in police science his whole life. I think Thompson had a similar professional interest in it, and I don't think either of them initially was attracted to it because of its political potential. Certainly in the case of Fred; I don't think Fred particularly was a political animal. I may be wrong, because he was older and more distant.

The focus of their training was prosecutors and police, initially. I don't know whether they added the defense side of the training to get Ford Foundation money, or whether it was because they could actually provide defense experience for us, which would be harder to do because the prosecutors would keep them at a distance: "We've got our own system. We hire our own guys. Don't come bother me." So I think the defense part of it was later added to the program. Thompson had already gone off to the state's attorney's office, then to the attorney general's office, and then to the U.S. attorney's office, and they brought Bill Martin in to kind of run the program. My instincts were more on the defense side of things, which would have been more *au courant* among my classmates for sure, given the late sixties.

Czaplicki: I read your journal article and your coeditor's article, and it was striking. Especially your coeditor.[7]

D'Esposito: Yes, right. Clearly, the student emphasis was on additional rights for defendants. God knows, the defendants didn't have too many rights until those started coming down the pike at that period, and I suspect prosecutorial abuse was an everyday occurrence. So there was the need for some kind of a countervailing force, and the Supreme Court was taking lots of cases and deciding them in ways that were very favorable—

Czaplicki: Governor Thompson was involved in a very famous case.

D'Esposito: Right, right, the Escobedo case was one of his that led to *Miranda* ultimately.[8] So it was part of the back and the forth in law school, but I don't think any of us really moved to the streets on that part. Now, one of my classmates actually did become very active on the defense side of things, Mike Deutsch. He was

[7] Julian C. D'Esposito Jr., "Sentencing Disparity: Causes and Cures," and Stephen G. Seliger, "Toward a Realistic Reorganization of the Penitentiaries," both in *The Journal of Criminal Law, Criminology and Police Science* 60 (1969), Issues 2 and 1, respectively.
[8] *Escobedo v. Illinois*, 378 U.S. 478 (1964), and *Miranda v. Arizona*, 384 U.S. 436 (1966). See James Thompson, July 18, 2013.

not a postgrad program classmate, he was my regular law school classmate. Mike is with the People's Law Office here in town, and he represented the guys who were accused of being terrorists and making the Molotov cocktails during the NATO conference in Chicago, among other things. He really got his start defending some of the Attica inmates. So he would be an example of somebody who would have taken the academic debates and decided to do something about it on the defense side. A number of other people went into the prosecution side. I decided that, emotionally, criminal defense work was not something I would survive doing on a long-term basis.

Czaplicki: Too stressful?

D'Esposito: Yeah, too stressful. I didn't like the idea of being the last barrier between some guy's freedom and Stateville, and I just didn't think I wanted to do that long term. Leaping backwards, during my time in law school I developed an interest in government, and it was an interest in government as a problem solver and an interest in government focused largely on the state and local front, as opposed to the federal front. All the people in the Russell Sage program mostly wanted to talk about the federal government. I was much more interested in the laboratories at the state level, which seemed to be more manageable and more interesting and something that I could actually get involved in, whereas the federal government seemed like a long way away and immensely large. Part of the influence on my life was Dawn Netsch. She was my advisor and taught me a course in real estate, and then I took her state and local government law seminar.

Czaplicki: Did you seek her out as an advisor or were advisors assigned randomly?

D'Esposito: I think it was serendipitous, but I honestly don't remember.

Czaplicki: When I was asking about law and order, I probably framed it badly. I wasn't trying to suggest Inbau and Thompson coined that rhetoric.

D'Esposito: Right.

Czaplicki: It was more that I associated them with that wing. Why do you suppose it was so politically useful? Because it did prove politically useful, not to them per se, but just the rhetoric.

D'Esposito: You know, there are smarter and more informed people than me who can opinionate on that. My guess is that there was insecurity among the voting populous, and speaking to that resonated with them. If the sleepy fifties had been replaced by a more contentious, vocal sixties, that undoubtedly threatened people and they wanted to be secure. There was clearly a lot of racial change going on in the city of Chicago, which would cause people to be

concerned, so I think they were receptive to messages along those lines. I'm sure there are other reasons, but…

Czaplicki: Do you remember the 1968 Democratic convention in Chicago?

D'Esposito: Absolutely, yeah, I do. Again, I was not climbing the statue. In law school, I lived on Walton Street with three other guys, but I had gone home and was living at home that summer. I worked at what was then Bell, Boyd that summer, and I remember helicopters all around the Field Building, which is where they had their offices, and the sense of tension that was in the air as a result of what was going on at the convention.[9] I was an erstwhile McCarthy supporter at that time.

Czaplicki: Eugene McCarthy?

D'Esposito: Yeah. And I was kind of horrified by the behavior at the convention.

Czaplicki: Whose behavior?

D'Esposito: The regular Democrats and the inability of the police to control things effectively.

Czaplicki: Daniel Walker oversees the famous report assessing what happened at the '68 convention, and the phrase "police riot" appears in there. Did that strike you as a fair characterization?

D'Esposito: Oh, probably at the time, I don't know. It certainly would have been the characterization that was popular at the time, but again, my impression would not have been formed on the basis of any real observations, other than just seeing the snippets on TV.

Czaplicki: How about the following year, the Days of Rage, when the Weathermen and others activate to, as they said, "Bring the war home." Do you remember that?

D'Esposito: Right, I remember that. I'm trying to think of a specific part of that.

Czaplicki: I think they were in October.

D'Esposito: I remember when Sheriff Elrod was injured, which I think occurred during that period.

Czaplicki: That was the one where he went to tackle somebody and hit his head on the wall.

[9] The Field Building is at 135 South LaSalle Street.

D'Esposito: Right. I think the guy's name was Flanagan, yeah. I was not on the streets at that point.

Czaplicki: I was just thinking of that one because if you were living on Walton, I thought they started along North Ave., somewhere around there, and then worked their way towards Oak.

D'Esposito: I don't remember.

Czaplicki: It doesn't ring a bell?

D'Esposito: I don't remember. I think most of the people in our class were pretty buttoned down, trying to read through cases so they could be prepared for class the next day. And the people who were not doing that were not out on the street, they were engaged in other activities that they found more interesting. I don't recall a lot of people being activist at that point. There were clearly people who were vocal and expressing their views, but I don't recall. I may have been oblivious to it.

Czaplicki: The Panther raid. A lot of talk about that when it happened?

D'Esposito: I remember that.

Czaplicki: That would have been December of '69.

D'Esposito: Yeah. I wrote a letter that was highly critical of the state's attorney, Mr. Hanrahan, not on account of that but on account of other activity. He was the one who decided that the gentleman that Bill Martin and I defended should be tried for murder and the state should seek the death penalty. He was very aggressive, and I thought he was out of bounds on a lot of his activity.

Czaplicki: When you say you wrote a letter. To the editor or to Hanrahan?

D'Esposito: To the *Daily News*, as I remember.

Czaplicki: Was that a risky thing to do when you're a law student?

D'Esposito: You know, whether it was or not, I don't think it occurred to me. I just decided to do it, because something he had done irritated me; I climbed up out of the foxhole.

Czaplicki: Of course the other very large issue, and what's driving a lot of these protests, certainly the Days of Rage, is Vietnam. What were your thoughts as a young man of draft-eligible age?

D'Esposito: I was doing everything I possibly could to avoid serving, and it was both for reasons that I saw no point in what the activity was, from a governmental perspective, a strategic perspective, and I was just not interested in sacrificing my limb or life for that cause.

Czaplicki: What was your draft status?

D'Esposito: Highly eligible.[10]

Czaplicki: Were you receiving deferments?

D'Esposito: I managed to work a series of deferments all the way to the point that I turned twenty-six.

Czaplicki: So what would the deferments have been in the earlier part of the seventies?

D'Esposito: Well, I turned twenty-six in 1970.

Czaplicki: And that was the cutoff?

D'Esposito: Yeah.

Czaplicki: So in college you would have had them, and then graduate school.

D'Esposito: Law school, I would have had them, and the graduate program gave me a special finish-the-program deferment, which got me by my twenty-sixth.

Czaplicki: Was it a source of much disagreement in your circles?

D'Esposito: No, not at all. I don't think any of my peers were interested in going. And those who did go, more power to them, but they didn't do it visibly and vocally. Serving was not something that was looked at to be emulated, I guess, at least among my generation in law school. I'm not sure, it may have been different elsewhere. The war was not popular. It did not seem to be particularly successful. I, for one, never bought into the domino theory, and I don't think any of my classmates did. Whether that was entirely self-interested or not, I don't know.

Czaplicki: Would conscientious objector status have been something that was on your radar, as a former seminary student?

D'Esposito: It was, but I didn't think it would have been legitimate or honest on my part, ultimately. I remember when I was very young, there were some Amish

[10] Born in 1944, D'Esposito would have been covered by the lottery held December 1, 1969 for induction in 1970. His birthday was assigned 114, and 195 was the highest number called in 1970. Selective Service System, "The Vietnam Lotteries," https://www.sss.gov/About/History-And-Records/lotter1.

people who served at Evanston Hospital and were in the neighborhood where I grew up, and they used to cut grass to make extra money. So you'd see them wearing their straw hats and their bib overalls, and they were kind of a unique people. I remember talking to a few of them and finding it kind of curious that they were conscientious objectors. I knew some people who went to Canada, but I was a good lawyer and I was reading the *Selective Service Reporter*; there was actually a BNA reporter that published all of the draft board decisions and court rulings dealing with draft status back in that era.[11] That's how hot a topic it was, that they could sustain a separate legal publication.

Czaplicki: How about childhood friends growing up, did many of them end up going?

D'Esposito: No. It's interesting, I don't know of any of my high school classmates from the neighborhood who went. There were a couple of law school people who chose to go in, one of whom went into the Judge Advocate General's Corps, but I did not. One of the guys in our criminal defense program was a major in the army, and he was quite a character. We got along fine, and he didn't seem to mind the fact that none of us were in the military with him.

Czaplicki: Jumping ahead a little bit to another major event, how about Watergate?

D'Esposito: Oh, I have a great Watergate story. My wife and I are living down in the city, on Cedar Street, and we're walking back from an afternoon of shopping. It's a summer afternoon, and Peter Jennings is on the street with a TV crew.

Czaplicki: On Cedar Street?

D'Esposito: No, he's on Michigan Avenue. One of the crew guys has got his tinfoil thing catching the sunlight, and Peter has an eight and a half by eleven pad of paper, with a series of questions on it. He's got like two pages of questions, and he stops people and asks them a few questions. I thought to myself, I'm going to be on TV. So I stood in position, and he turned to me and we had what I think, facetiously, was a good fifteen-minute conversation, all busily filmed. He thanked me and I said, "When is this going to be shown?" He gave me a date, and unfortunately it was a time when I had a municipal meeting to attend—I was a lawyer by that time—so I couldn't see it.

My wife worked for the First National Bank, so she brought home a tape recorder. They didn't have video recorders in that day, or if they did, you had to have an eighteen-wheel truck to bring it. She set it up and I told her,

[11] The Bureau of National Affairs was a well-known company that produced a series of publications tracking business and legal developments. Bloomberg L.P. purchased the company in 2011, forming Bloomberg BNA. The *Selective Service Law Reporter* was actually published by the Public Law Education Institute from 1968 to 1972, when it became the *Military Law Reporter*. When it debuted, students and legal services programs could subscribe to the reporter for $35 per year ($239 in 2015). Libraries could subscribe for $70 per year ($477 in 2015). Renewal subscriptions were $20 for students and $40 for libraries. Jay Luther, "Review," *Columbia Law Review* 69 (November 1969), 1307.

"You've got to tape this whole program, because I am certain a good fifteen-minute segment is going to be devoted to my brilliance." (Czaplicki laughs) He had gone through a whole series of questions, and actually flipped the page and asked some questions from the second page.

I got home from after this meeting at about eleven o'clock at night. It was hot, and we only had the air conditioning on in one room to save money. So I'm back in this steamy room, listening to the tape, and I'm flipping through it and trying to find my fifteen-minute segment. I don't find anything at all. I climb into bed and she kind of stirs, and I say, "What happened?" She says, "Oh, I'll tell you tomorrow." So I got up the next day and said, "Well?" And she said, "Well, you were on. You were the only person who supported the President." (Czaplicki laughs) I said, "What?" She said, "Yeah, he asked you, 'Did Nixon know about the break in,' and you answered no, and that's when they cut it off." I thought to myself, Oh geez, so it's me and Bebe Rebozo; we're going to be the only two people in America.[12]

I had said, "No, because you protect the president from things like that. He didn't know, but he probably knew that some operation was going on that might well lead to this kind of activity." But "No" was the answer that Julian D'Esposito provided to eager Americans to hear, so it was a source of great amusement among my peers. It was a captivating time.

Actually, there was an interesting piece in the little internal magazine that we put together here at Mayer Brown, because several of our Washington-based partners worked for Archibald Cox and have vivid recollections of events as they transpired, the Saturday Night Massacre and things like that. It was a big deal.

Czaplicki: We're in the fortieth anniversary of it now.

D'Esposito: The resignation, that's right.

Czaplicki: Did that have an impact on your view of government, especially in the context of Jim Thompson going after a very corrupt Chicago machine, and later on you're going to have Kerner?

D'Esposito: There's several things that you need to understand. My first act of political participation was for Dawn Netsch, when she ran for the constitutional convention in 1970. Molly and I made contributions, we worked the precincts, and we had coffees and things like that for her. I was interested in both that event as a lawmaking exercise and her view, and the view of people like her, as to what the constitution should look like. I then went from her to working for Jim Houlihan, who had been a high school classmate of mine and ran for

[12] Charles "Bebe" Rebozo was a Florida real estate developer and close friend of Nixon's.

the statehouse in Dawn's district. And I guess I worked for Dawn when she ran, although I don't remember.

Czaplicki: Was she the 13th, 14th District?

D'Esposito: I don't remember.

Czaplicki: Okay, I'll look it up. So he was the state rep?

D'Esposito: He was the state rep and she ran for the Senate first, I guess. We worked for both of them.[13]

Czaplicki: On their staff?

D'Esposito: No, just as neighborhood organizers or precinct workers, that kind of thing. In fact, I remember one of those elections, standing next to Jesse White over in Cabrini–Green, doing poll watching, and engaging in a conversation with him as to how it was that the regular Democrats did such a good job of turning out their constituents in the black wards. I said I didn't see what was in it for the voters, which was a certain naiveté on my part.

Czaplicki: Did Jesse White have an answer?

D'Esposito: Jesse, in his usual way, had a good answer: "Because we provide services," as he does.[14] So that's how we started working. I guess I had a view that government needed reforming, and I was an unenthusiastic supporter of the reform movement; I thought some of the reforms were wacky and unrealistic, but some were needed. Clearly, the Democratic organization in the city needed some shaking up, so I was supporting that. Then I ended up working for Jim Thompson. When I first saw Dawn down in Springfield, she said, "I thought you were a Democrat." I laughed and said, "But I'm a Thompson supporter." The other thing that I realized at some point was that she had worked for Kerner as a lawyer, and that was of interest to me when I began down in Springfield, to try to learn more about that experience.

Czaplicki: What was Netsch like as a teacher, as a legal thinker?

D'Esposito: Dawn was a neat woman. Dawn and Walter were very cool. They lived in a very interesting duplex apartment on Cedar Street, right across the street from us. They had fantastic modern art. Dawn smoked a cigarette in a holder, and she and Walter, when they danced at the various social events that the law school had, were always engaged in deep conversation it seemed like. It was really quite marvelous. She was clearly smart. She had a great sense of humor.

[13] Netsch first won election to the Illinois Senate in 1972, representing the 13th District. On her race for constitutional convention delegate, see Dawn Clark Netsch, interview by Mark DePue, July 29, 2010, Volume I.
[14] White was elected secretary of state in 1998.

She had her views that she was not afraid to express, on many, many topics, and she was an enthusiast about government and what government could do. I think some of that rubbed off on me. I was a great admirer of hers, and despite the fact that we ended up on the opposite side of several issues, we remained fans, I think, and respectful of each other.

Czaplicki: You're already anticipating something I wanted to ask you. So you did work for her campaign for Con-Con.

D'Esposito: Yes, and for the Senate, and Jim Houlihan's as well.

Czaplicki: And it sounds like you also paid close attention to what was happening at the convention?

D'Esposito: Yes. I mean, I didn't read the debates or anything like that at the time, but I was reading all the newspaper stories about it, and I was interested in the back and the forth and the clash of ideas that was going on. I've always had a greater interest in the structure of government than I have had in the Bill of Rights—just was kind of my thing—so separation of powers, the nature of the legislative power, what the revenue article should or shouldn't say, how much power you give to the legislature, how much you take away from them. I'm less focused on government versus the individual, which in candor, was more the emphasis of legal training; it was less on the first three articles of the Federal Constitution and more on the Bill of Rights. I'm not saying it shouldn't be, but I'm just saying that my interest was in the other areas.

Czaplicki: So what did you think of the document that they produced?

D'Esposito: I thought it was marvelous. First of all, I thought it was marvelous that it was so short. (laughs) There was an interview with James Buckley, if he's still alive, or a story about him, in the *Wall Street Journal* this past weekend, where he commented on how, when he got out of law school, or maybe when he first started working, the federal code was one large volume and now is thirty-five feet of volumes. When I was born, in 1944, the Illinois Revised Statutes was one volume. When I got out of law school it was three volumes and an index. It's now ten volumes.[15] And I'm not sure that everything that's in there has been progress.

So to go back to your question, I thought that the constitution being simple and general was a masterpiece of work. And notwithstanding I thought it was a good idea to ask people every twenty years whether they want to redo it, I'm not inclined, as a theoretical matter, to just open it wide up to see what happens; I think passions, particularly these days, tend to rule the day. I think

[15] James Taranto, "The Weekend Interview: Nine Decades at the Barricades," *Wall Street Journal*, August 1, 2014. For a similar observation, see Jim Fletcher, interview by Mike Czaplicki, October 16, 2014.

we were blessed that we had good delegates. People took that job seriously, and it was a worthwhile document.

Czaplicki: I take it you voted, because wasn't there a separate registration?

D'Esposito: Yes, I did vote for that. I think if you were registered to vote, you could vote. I don't remember when the election was.

Czaplicki: I thought they had the primaries in September and the election in November.

D'Esposito: I don't know, it could have been.

Czaplicki: Turnout was very low, so there was a lot of hand-wringing.

D'Esposito: Will it pass, right. I probably was out passing pamphlets on that. I think I did some of that around the train stations, for people who were supporters.

Czaplicki: Was there anything you would have put in the document? Was there something you wished had been in there that wasn't?

D'Esposito: No. I didn't follow it with that level of particularity. Going back, I suppose there's some things where you'd say, I wish they'd said this that way, then I would have won a different case, it would have been a different outcome on some things.

Czaplicki: How about some of the powers and some of these structural things, like the amendatory veto. That's pretty unique, right?

D'Esposito: Right.

Czaplicki: The level of power that the Illinois governor has. What do you think of things like that, even in hindsight?

D'Esposito: What did I think about it at the time?

Czaplicki: No, just looking back.

D'Esposito: I have lots of views on that. In fact, one of the interesting things we had to do was try to flesh out what that really meant. There was very little litigation on that topic, and I think we started slowly and the governor got more aggressive as time went on. Part of my thinking was to try to see what conceivable fences you could build around it without thwarting it, and we would engage in dialogue back and forth on that at various points.

Czaplicki: How would you pursue that endeavor? Would you do test cases, or was it something that you were negotiating with the legislature and trying to do precedents?

D'Esposito: It happens in both ways. No, most of what I was engaged in was just dialogue with the governor about, "I don't think you should do that, because it is qualitatively different than what's been done before; therefore, let's be careful about this." Sometimes he would agree and sometimes he would disagree about it. But I think he got progressively more assertive as time went on, and Madigan became more concerned and began to set up roadblocks to try to nail back the governor.

The constitution creates a powerful chief executive, and I suspect Dawn was influential in this respect, probably because of her experience. Jim Thompson, and Jim Edgar perhaps less so, took advantage of that and tested those boundaries, but the administrations of Ryan and Blagojevich have severely weakened the governor's power. The legislature has also created a number of different mechanisms to check the power of the governor, both in the way they deal with the amendatory veto—the joint committee on administrative rules—and the way they've been passing the budget. A series of things like that have, in some people's views, corrected the balance, and in other people's views, weakened the governor. Some of it has been self-inflicted on the governor's part, and some of it has been intentional on the legislature trying to reassert itself.

Czaplicki: Can you think of any examples to illustrate when you would disagree?

D'Esposito: You know, Mike, I can't think of anything specific.

Czaplicki: When you say that he got more aggressive as time went on, was there something that struck you, that he might have done later in the administration?

D'Esposito: (pauses) No, I can't. I can't think of any specific example. I always took the view, which I don't think ended up getting followed, that you had to work with what you had in front of you. You couldn't add new sections and change them. That's a pretty constrained view, but that would be an example. What I was trying to think of were ways a court might try to regulate this arena if it decided it needed to, as opposed to just having it be unfettered and a battle between the two branches, where it just gets worked out based upon the personalities at the time, and that was one example. There's the germaneness issue, which is a constitutional issue, that when you amend the bill, the amendment has to have something to do with the bill as originally introduced.

Czaplicki: Substantively.

D'Esposito: Substantively. But it's loosely followed or the definition is quite broad, so that you have an act concerning government, and almost anything fits in there, or an act concerning transportation, and anything that's got wheels fits in there. At least Illinois has a germaneness requirement, which the federal government doesn't have, so you end up with this weird stuff being attached to bills, and it provides opportunities for more mischief in the legislative process. That was one example of where it was fun.

Czaplicki: Earlier, when I was asking you about Watergate, you mentioned coming back from a shopping trip with your wife. So somewhere along the way you got married. When did that happen?

D'Esposito: I got married in 1970.

Czaplicki: And her name is Molly?

D'Esposito: Her name is Molly.

Czaplicki: How did you meet?

D'Esposito: We met on Rush Street, on St. Patrick's Day in 1968.

Czaplicki: A particular establishment on Rush Street?

D'Esposito: Pat Haran's.[16] We were introduced by Father Jack Wall, who was not then a priest, who was the pastor of Old St. Pat's for a long period of time.

Czaplicki: And what was Molly doing at the time?

D'Esposito: Molly grew up in Rogers Park and was a student at Barat College. It was a school that was run by the Religious of the Sacred Heart, up on Westleigh Road in Lake Forest. It's closed since then. She was an economics major. After we were married, she went to work for the First National Bank, and they sent her to Kellogg for her MBA, at night, which she got. She worked there until we moved to Springfield.

Czaplicki: So no graduate school rivalries, you're both Northwestern.

D'Esposito: Right, we're both Northwestern, although there was rivalry between the business school and the law school.

Czaplicki: Oh, really? What was her maiden name?

D'Esposito: O'Donovan. A good Irish lady.

[16] Pat Haran's was at 1007 North Rush Street.

Czaplicki: You said you got interested in state and local government, in part through taking Netsch's class, but also your own interest in structural type things. What did you do after you go out of law school, where did you go next?

D'Esposito: I worked for a year at Northwestern in the clinical program, doing the defense work. I had already accepted a position at a firm that became known as Ross, Hardies. And I went there because they had a group of lawyers who did a lot of local government work, with a specialty in zoning. I had always had an interest in city planning, purely nonacademic. I mean, I never took any courses in it, but it kind of appealed to me, so I wanted to go to that firm. I didn't really interview at too many other places. Got an offer and joined them in September of 1970, after I finished my graduate program. I worked for a wonderful lawyer by the name of Dave McBride, who was a general practitioner—did a little corporate work, a little zoning, and a little real estate—so I had a very broad experience starting out, which is wonderful, and unfortunately harder to find today in a big firm.

Dave also lived in Oak Park and did some work for the village, representing them, handling the zoning board of appeals and the plan commission, and prosecuting housing enforcement cases. Oak Park was very active in trying to manage integration of the west side of that community, so there was a fair amount of activity that I was engaged in, and that was fun. There were two wonderful lawyers that I worked with who were volunteers: Dick Brennan, who was a litigator at Winston and Strawn, was the head of the zoning board of appeals, and Jim McClure was the head of the plan commission. Dick ran a very businesslike meeting, both because it was his personality and it was more appropriate in the context of a ZBA hearing; that's on the record, and you've got to demonstrate hardship in order to have somebody vary the application of the zoning ordinance when you're building a garage or an addition to your house. Jim McClure was dealing with the more policy-oriented plan commission, and Jim would let everybody talk until they were tired out. He was a wonderful man as well. So I learned a lot just listening and watching both of them deal with public settings. I was more sympathetic to Brennan because it got me home at a decent hour, but it was still…

I also worked with Marlin Smith and Fred Floberg, who did work in Northbrook and Bolingbrook. Fred Bosselman, who was really a protégé of Dick Babcock's, was a name partner. He had a zoning consulting practice, so they would travel around the country writing zoning statutes and regulations for some states and some cities. They were very active in Florida; they did Sanibel and a number of other places. Fred Bosselman kind of created a specialty in trying to understand and create regulations with respect to the impact of tourism on beautiful places, areas that had resources or things that you needed to try to preserve, yet you wanted people to come and be able to

see them. How do you deal with that in a legal context?[17]

One of the interesting things I did was work on some land use for the state of New Hampshire. We wrote some rules for them that they tried to pass in the House and couldn't. New Hampshire has got over four hundred people in the legislature, and I think it was 220 on one side to 210 on the other side. That was fun, because I got to travel and do some work there, but I was more on the general government side of things than I was on the zoning side.

Czaplicki: Yes, very small districts. Do you remember what town you were working in, in New Hampshire?

D'Esposito: Mostly Manchester, and it was at a point where candidates were wandering around in connection with some election. It could have been '76, '80 maybe. That was the kind of work I did at Ross, Hardies.

Czaplicki: I saw a story from '76, I guess, where seven suburbs—Bolingbrook, Elgin, Glen Ellyn, Lombard, Elmhurst, Northbrook—reached an agreement with RTA over bus service, and you were the attorney representing them.

D'Esposito: Right. At that time, I got involved in collective action by governments. I was interested, in both a theoretical and a practical way, with how the suburbs could solve problems without losing their sense of identity. They weren't about to lose their sense of identity, unfortunately, and they clearly needed to deal collectively if they were going to solve problems and if they wanted to become a larger force in dealing with the city and dealing in Springfield.

So I got active with both the municipal lawyers and some of the trade associations, the Municipal League. I don't know if the Northwest Municipal Conference was active at that point or not. But I represented a group of towns who negotiated a contract with Motorola for police radios, and we created kind of a little governmental entity that created a police communication district up in the northern suburbs. And then we put together a coalition of people to negotiate bus contracts with the RTA. I got involved in that with Jeff Ladd. Jeff was the former chairman of Metra. He was at Ross, Hardies at that time, and was also a member of the constitutional convention, I think. He lived in McHenry.

Czaplicki: Were these your first dealings with RTA?

D'Esposito: Yes.

Czaplicki: That's a fairly new entity at this time.

[17] Bosselman wrote several works in this field, beginning with *Alternatives to Urban Sprawl: Legal Guidelines for Governmental Action* (1968).

D'Esposito: It was created in '72, so it started up in '73. Maybe a couple of years later, they're trying to figure out what to do with bus companies. The bus companies are going bankrupt, the privately operated ones, and suburbs are trying to decide whether they want to deal with them or not. If I recall correctly, and you may know since you read the story, I think we negotiated a contract with the RTA, kind of a form purchase-of-service agreement that they would use with any bus company that wanted to sign on. And my fees were probably paid by half a dozen different entities.

Czaplicki: Yeah, I think you had been negotiating the contract, and then the suburbs were objecting to a couple provisions that RTA wanted to put on that.

D'Esposito: Right.

Czaplicki: One was, even if RTA pulled the subsidy, they were still going to make the suburbs provide bus service at their own expense for six months. So things like that, the suburbs were saying, "Hey, wait a minute."

D'Esposito: Right, right.

Czaplicki: Was Pace not around yet?

D'Esposito: Pace did not come into play until '83. That was one of the, I think, unfortunate reforms, but we don't want to go there yet. Not just Pace, but the balkanization of creating political entities to reflect types of services, as opposed to the fact that everybody wants to go everywhere.

Czaplicki: We'll get into that either later or next time, but for sure we will get there. What were you thinking about at this point in your career? Is Jim Thompson on your horizon yet in '76?

D'Esposito: No, no.

Czaplicki: The election is underway.

D'Esposito: The election campaign is underway. I'm interested in the fact that he's running. I thought Walker was a disaster. I voted for Ogilvie and admired the things that Ogilvie was doing to take advantage of the constitutional changes that occurred—the creation of the Bureau of the Budget, the sale of general obligation bonds, the income tax, general strengthening of the executive branch. But again, I was more in the trenches, dealing with small government problems.

I did represent a couple of school districts in a battle with the Walker administration over the property tax multiplier, the equalization factor. I think the allegation was it was being manipulated for political reasons, surprise,

surprise. The school districts were upset and were trying to get them to honestly impose an equalization factor that got suburban properties up to their fair value, so that the schools could levy what they thought they needed to run their districts. I represented Niles, New Trier, Evanston, and a series of other large suburban high school districts.

Czaplicki: To explain this a little bit, what's the multiplier supposed to do?

D'Esposito: Most counties valued their property at a hundred percent of fair market value, more or less. Cook County had debased value and valued them at a percentage of value, and the constitution came along and legitimized that.

Czaplicki: Do you think the constitution should have told Cook, "Be like everybody else?"

D'Esposito: No, no, I don't think that was possible. The solution was a pragmatic solution. I'm not going to get this right technically, but the equalization factor is a multiplier that is applied to property values statewide. There is an equalization factor imposed on each county, which is based on the state's review of local assessment practices. So if the state thinks local assessors have everybody at 50 percent of value, they will impose an equalization factor of two, to get them to a hundred percent of value.

Czaplicki: Right.

D'Esposito: In Cook County, it is intended to get them to their stated level of assessment, which is now a series of different levels for different classes of property.

Czaplicki: And that has important effects for the proportion that goes to the education fund.

D'Esposito: It has dramatic impacts on the base value against which you levy your property taxes, yes. So we were fighting about that, I think in '76, with the Walker administration.

Czaplicki: Are New Trier and those places arguing that other communities are getting artificially low property taxes, and they're paying a higher share?

D'Esposito: No, it was that property was undervalued basically, and therefore, they didn't have the maximum base against which they could levy their tax, and they couldn't produce the kind of revenues they needed.

Czaplicki: Within these areas.

D'Esposito: Within their own areas, right. And they weren't getting much money from state aid in any event, which was based in part on what your capacity was at

the local level. They thought they were getting hurt on both sides of the game. So I did that. I became a partner, it must have been on January 1, 1976, at Ross, Hardies.

Czaplicki: One other thing about Ogilvie, given your area of interest and these kinds of local issues you're doing. I've always heard that one of the reasons why people think he lost was the environmental movement and the creation of the EPA, and the infamous ban on leaf-burning. What do you think of that argument? Do you think that had an impact on his chance?

D'Esposito: I have no idea whether that's real or just apocryphal

Czaplicki: Did you get many cases with people objecting to these regulations?

D'Esposito: No. I think it was more of an issue downstate. The smoke from leaf burning had a big impact in a lot of suburban communities, so I think the reaction there was more mixed. I think it was more of just a pain in the ass downstate, but I have no idea what polling data there is to show any of that.

Czaplicki: You always hear of the two fists, income tax and leaf burning, that did him in.

D'Esposito: Right. And Walker ran a great campaign, you know? Nobody knew what he was going to be when he got in, and he turned out not to be an effective governor.

Czaplicki: So what did you think of Thompson as he's running?

D'Esposito: I don't have vivid recollections of the campaign. I was fully engaged in my practice. I was not engaged in his campaign at all, curiously. He ran a good campaign. He didn't have the reputation for being the most exciting teacher in the law school, and I think when he first started campaigning, it took some time for him to develop what became considerable skills. Dave Gilbert probably has talked about the progress that was made in learning how to connect with individuals on the trail, because he's a master at it.[18]

Czaplicki: It was surprising, some people have characterized him, at least initially, as almost shy.

D'Esposito: I have just a couple of different stories comparing three governors. I joined Dick Ogilvie's firm after I came back from Springfield, and so got to know him a little bit. I once went to a cocktail party where Dick and Dorothy were standing in the corner by themselves and people weren't going up to them. He ultimately struck me as being a personally shy and withdrawn person. I think Thompson is extraordinary in a group of people. I think he's less comfortable

[18] David Gilbert, March 14, 2014; Gregory Baise, August 6, 2013; and James Thompson, June 12, 2014. All interviews by Mark DePue.

in small settings if he doesn't know the people. I think Edgar is a little more personable in small settings, even if he doesn't know the people, but doesn't have the same natural gifts in big groups. We're all different, we all have our skills. I never saw Ogilvie campaign, so I don't know what he would have been like in that setting. I've seen him give speeches and he's a forceful, articulate decision maker. I've seen him in business settings, where he had an uncanny sense of what was important and a willingness to make decisions. So I don't know about him as a campaigner. Thompson was just lights out, but I think that was an acquired skill.

Czaplicki: How did you end up…

D'Esposito: How did I end up in Springfield?

Czaplicki: Yeah, because in '77, you're going to be there.

D'Esposito: This is a long story.

Czaplicki: That's fine, that's one we're very interested in.

D'Esposito: I become a partner at Ross, Hardies. One of the things you realize after you've crossed that hurdle, and you congratulate yourself and your parents congratulate you, is that you've just crossed another threshold and are starting over again, and you have to generate business. I realized that my reputation was largely based on the work I was doing for others who were partners at Ross, Hardies, and that my ability to develop a reputation and independence was going to be slow as a young partner in a firm. Therefore, maybe doing something else might be possible.

Jeff Ladd came into my office, and I don't remember whether it was before January first or after, and said, "I'm involved in helping the Thompson administration recruit people for positions. Would you have any interest in working for them?" I was enjoying the governmental work that I was doing. I knew I didn't have enough real-life experience with government, and that would benefit me professionally, as well as just from a knowledge base. So I said sure. He said, "Give me your resume and I'll hand it in." I gave him my resume and heard nothing. He told me he'd given it to some people but it was kind of chaotic.

One day, I got a call from Bob Ganchiff. He and Gene Croisant were personnel types, high up officers at the Continental Bank, and had volunteered their time to help Thompson do hiring of his top level people.

Czaplicki: Like woodshedding?

D'Esposito: Sorting through the resumes, doing preliminary screening. Woodshedding is a more refined art that's developed subsequently. I'm not sure how much of it was done. None of it was done in my case. (laughs) Maybe it should have been. He said, "Are you interested?" I said sure, and he said, "Come on down, we'd like to interview you."

I went down to see Ganchiff and Croisant. After kind of a back and forth that went on for a while, it turned out that they had in mind that I might be a candidate for the director of what was then known as the Department of Registration and Education, which licensed ten million different occupations. Whenever the *Tribune* wrote a story that says something terrible is happening, the legislature passed a law that says that group should be licensed, and they gave it to the Department of Registration and Education. I don't know, I was a lawyer, so they figured this job really ought to be held by a lawyer. The director of DRE in the Walker administration was a lawyer. There had been some scandals, as I remember.

They said, "We're going to go see Thompson," and I said, "Oh, okay." So we walked over to Winston's offices in the First National Bank, and I went in to see Thompson. I think Guv was there, the dog. He said, "What were they talking to you about?" I said, "I think they were talking to me about the Department of Registration and Education," and he said, "Oh, you don't want to do that. You know, you know something about local government, don't you?" I was thirty-three years old. And I said, "I've been doing a fair amount of that in my practice, yes." He said, "Well, I had a meeting today with Dick Carver," who was the mayor of Peoria, "and he was talking to me about some problem he had in Peoria, and I didn't know anything about what he was talking about. Why don't you come to Springfield and be my lawyer?" I said, "That sounds really interesting. Let me talk to my wife." She didn't even know I had been interviewed, because that just happened that day. I said, "I'll get back to you."

I went home and I talked to Molly, and she, God love her, was willing to take a flyer and move to Springfield. I think I probably called Croisant back and said, "Tell the governor that I'm flattered and I'd be very interested in the position we discussed." I think a month went by, maybe more, and I heard nothing. I got a call at like three o'clock in the afternoon from Dave Gilbert, and I don't know what day it was. You can find out by looking at the press announcement that announced that I was joining the administration.

Czaplicki: February tenth was when they announced it.

D'Esposito: Well, that's interesting. So some of this must have happened before Christmas, and some of it must have happened after, which is why there was so much time. I think I saw Thompson after the first of the year, which would make sense, because he probably started really getting into it at that point. I

think I got a call from Dave Gilbert, who said, "Can you be at Meigs Field tomorrow at eight o'clock? We're going to announce you and several other people. We want you to fly down for the press conference." I said, "Well, Dave, what job is it?" (Czaplicki laughs) I have had no conversations about how much I'm going to be paid. I haven't told anybody at the firm that I was even thinking about this, because I didn't know where people were really going. He said, "Fine, I'll see what I can find out. Why don't you tell people that we're doing this tomorrow, because once something is going to go in the press, it's going to go."

I talked to my wife, called her on the phone and said, "I think I'd like to do this." She said, "Great, let's do it," and I flew down. I think I flew down with Ty Fahner and Jim Zagel. I think the three of us and maybe somebody else were the four people who were announced to have jobs with the Thompson administration. I think Jim had already hired Gary Starkman to be the Chicago-based lawyer for him. Gary didn't want to move to Springfield. Gary was not as interested in dealing with general government issues. Gary worried about more discrete activities and I worried about everything else, was kind of how we originally decided what we did.

Czaplicki: What kinds of things would be in your portfolio as counsel? General advice? Are you getting specific cases to work?

D'Esposito: No. It was very much like being a general counsel for a corporate entity, in that you provide day-to-day advice to the principal officers of the entity, in this case the governor and his principal staff people, mostly on the run. You manage other lawyers that are either in the office or in the departments. You interact with the attorney general's lawyers, who represent the governor and his departments, but because the attorney general is an independent elected official, he has his own view of life and therefore is not going to do what you ask. He's going to do what he thinks is the right thing to do, so there's a constant need to communicate. The biggest part of the job was probably strapping on your hazmat suit or your firefighting equipment and dealing with the issue of the day, or the week or the month or whatever it was. It was a marvelous, marvelous job; I mean, I've never had anything that's quite been as exciting or as much fun, because it was all over the place. I kind of knew some days what was going to be happening. I knew more when I read the press clips. We would do what had to be done.

Czaplicki: Did you have a daily routine that you settled into after a period of adjustment?

D'Esposito: Oh, boy…

Czaplicki: Would you start with clips or something?

D'Esposito: I don't know, Mike. This was before email, so there was lots of phone, there were lots of meetings. I started as just a lawyer, and probably after the first legislative session, Bill Schilling, who had played some kind of a chief of staff role, went off to be the head of the Department of Financial Institutions, and Thompson asked me if I wanted to try to manage the staff. Jim Fletcher was the deputy governor and was focused on a handful of issues that he and the governor sensed were important to the reelection effort; Jim was connected into the campaign as well. Basically, they wanted somebody else who would try to wrestle with the rest of the staff, which was organized in a manner of speaking. It was neither corporate or bureaucratic. It was highly pragmatic and ad-hocery, and it was my job, and several other people, to try to keep all the trains running without crashing into each other too often.

Czaplicki: This was July 6, 1978, when you were elevated to this post called director of staff.

D'Esposito: Okay, right. It was about a year after I was down there.

Czaplicki: Thompson said that you would be like, "The traffic cop of the administration, to make sure everything flows to me in an orderly fashion."

D'Esposito: Right, that was my job. I continued to play the lawyer role, and it helped the lawyer role, because frequently people will ignore the lawyers, because they don't want to get advice they don't want to hear. I say that just generically. So this had me in the flow of things, which permitted me to say, "We've got a problem here. We need to think about this or that legal issue."

One of the really wonderful things about this experience, which distinguishes it from practicing law, is that in a law firm, your relationships are all external to your clients. I was lucky not to have this, but for most lawyers, particularly in big firms, your relationships tend to be episodic, they change over time. You may work with a handful of people inside the firm, but you don't work across the organization, so you don't develop a lot of close personal relationships inside your organization. I developed lots of close personal relationships inside the administration. It was a marvelous group of people, with an amazing lack of personal agendas. Everybody was interested in the success of the governor. It may be that because he was up for reelection so quickly, people were focused on that and didn't have time to get their personal agendas into how he was going to get reelected. People were free to express their opinions about whether you should go left, right, or turn around on any given topic, but you didn't have a lot of internal warring going on, with people leaking in order to try to influence policy, or any of those kinds of things. So it was, day in and day out, just a marvelous work environment.

First of all, he was great to work for. One of the smartest people I've worked for, and I've worked with some smart people, so that was both a treat and

intimidating because he was so skilled. But other members of the staff were equally talented. There were a lot of different kinds of skills at work, so it made it just a lot of fun.

Czaplicki: I wanted to ask you about some of the key staff.

D'Esposito: Sure.

Czaplicki: Your assessment of them and any interesting stories that involve them. The first one, obviously, is Jim Fletcher. He really shepherded that '76 campaign and, as you said, was chief of staff, then deputy governor.

D'Esposito: I knew Jim very casually. He had gone to Loyola University, but I wasn't there long enough to really make a lot of acquaintances there. He was a year ahead of me at Northwestern, but had a series of outside interests in the education sphere that he was pursuing. I don't remember when he worked in Springfield. I knew of him. We got along famously. His then-wife was also a friend. They had adopted two children and were very influential in Molly's and my thinking about adopting children, so they were a big help in going through that. We worked very closely together. We enjoyed kind of mutually trying to arm-wrestle with the governor, trying to get information to him and get him to decide things that we thought needed to be decided. He may have not wanted to decide or was troubled by deciding or would try to escape from deciding any number of those things, and so there was the usual conspiracy of the staff to try to manage your principal. Thompson loved to play that game too, to make our life more challenging from time to time. (Czaplicki laughs)

Jim was lots of fun to work with. He has a great sense of humor. He can be zany at times. I remember some experiences, which I can't tell about because some of the participants are living, where he would put together scenarios that were outlandish and hilarious and had some perverse sense about them.

Czaplicki: Just telling stories about other people, like a scenario?

D'Esposito: Yeah, or what he loved to do more than anything else was to see relationships between disconnected items and try to put them together in a way that made sense. He was very good at that. And in the legislative process, that's key, because what you have are a series of separate interests which have to all come together to be resolved so they go home at some point.

We were talking at one point years later, when he was a lobbyist. He had about eight or nine different clients, and he came up with some outlandish scheme as to how there could be a single bill which would deal with all of his disparate client interests, and that would be good for the people of Illinois. But that was the kind of talent he had. And he didn't take himself seriously, which was important, because a lot of people in that kind of a position can be

enamored of the position. You see him in that picture, sitting around in his golf shirt.[19] He was studiously casual about it, and that impacted the way we all behaved as well. It was a treat, and as I say, intimidating, to work for two guys who were both lawyers. I couldn't bullshit my way through anything.

Czaplicki: How about Art Quern? He's part of the administration as director of public aid, and then he eventually takes over Fletcher's deputy governor position.

D'Esposito: I was very close to Art. Did not know him as well until he came across to the governor's office. Art was a very different person than Jim. Art was more measured. Because of his height, he had more authority about him.

Czaplicki: He was a tall man?

D'Esposito: He was very big, yeah, he was probably six-four. He was probably as big as Thompson almost. He had a great background in New York and in Washington, which gave him an experience that everybody valued. He was loyal. He was a wonderful listener. He made a point of trying to get different people to express their viewpoint, and he wouldn't let anybody dominate. He was not afraid to make decisions, and he also knew when he had to get the governor to make the decision. We also had a close personal relationship with him and his family.

One of the wonderful things about moving to Springfield was that it was the first time my wife and I were away from home as a married couple, and away

[19] This undated photo of D'Esposito's, circa 1979, shows Governor Thompson with his two successors, Jim Edgar and George Ryan. L-R: House Minority Leader Ryan, legislative liaison Edgar, deputy governor Jim Fletcher (back turned), Senate Minority Leader David "Doc" Shapiro, D'Esposito, and Thompson.

from the expectations that come from living in the area that you've grown up in. So we were kind of on our own, and we were in a different environment. I wasn't in a law firm. I was working with people who did lots of different things, were from lots of different parts of the world. And there isn't as much external activity that's possible in Springfield, so you tend to spend time in your home with people; there was a group of us who spent a lot of time together with our families. Our daughter didn't arrive until 1979, but a lot of the others had young children. The Fahners were there, the Querns, the Fletchers, Jack and Sue Block, the Kramers, and a bunch of other people whose names I'm going to forget. We would do things together. The Ghesquieres, a name you might not know, G-h-e-s-q-u-i-e-r-e.

Czaplicki: Bill Ghesquiere?

D'Esposito: Bill Ghesquiere, right. Bill was the lawyer for the Department of Transportation and ultimately came to work in the Thompson administration late in that era. We became good friends with him. We would organize activities and we'd go on little trips. We'd get together for picnics, we'd go to the state fair together, and it built a real camaraderie that I think ultimately helped in the working relationships inside the office. The governor would have us over to the mansion for stuff frequently. It was just a marvelous time, it really was.

Czaplicki: Where would you go for informal conversations, that landscape of Springfield? If you're not in the office, but you're not at home and you're just hanging out, what kinds of places would you visit? Any in particular that were regular haunts?

D'Esposito: I don't think I went out to any of the watering holes on my own or with people. If I was going to do business, I would probably do it in the office at any time of the day or night. We would do the haunts in Springfield as part of a family activity. You know, you'd occasionally have lunch at Norb Andy's or Boones or wherever. But I would go home to my wife, typically, after work was over, whenever that was.

Czaplicki: That was going to be my next question. When would work be over? (laughs)

D'Esposito: There wasn't any schedule. I'd come in early, trying to get ahead of the game before the chaos began, and go home when I was worn out or there was a break in the action. Life wasn't too chaotic when the legislature was out of session. When they were in session it was a much different pace.

Czaplicki: In terms of some other names, upper level staffers that are around at this time, how about Dave Gilbert?

D'Esposito: The press office was marvelous to work with. Dave was a consummate professional and really did have Thompson's ear. Jim Skilbeck was a classic events guy. He was so creative, and Thompson really appreciated that, as did everybody else. You kind of let Thompson and Skilbeck go off and do whatever it was they were going to cook up, (chuckles) and mostly stand back and marvel at it all. Jim Williams was the third guy on the staff, and Jim was a veteran newshound. He wrote a lot of the press releases, and he had kind of a humorously curmudgeon personality but was very effective. He got a lot of the work done in terms of the day-to-day, keeping the press office going.

The one experience that I have to tell illustrates the training of a lawyer. Some time after a couple of years had passed, Gilbert came into my office and said, "John Castle has resigned."[20] I said, "No, Dave, he hasn't resigned. I've got his resignation letter in my hand, and I need to file it with the secretary of state before his resignation is official." And Dave waved his hand at me and said, "I've already put out the press release. He's resigned." I thought to myself, You schmuck, you're just a lawyer, what do you know? It's in the press so it's true. And there were a number of circumstances like that, where I was introduced to the reality of what life in Springfield was like. It's not what's said in the footnote on page thirty-nine in some court opinion.

Czaplicki: Did you ever attend any of the press parties? There's Thompson's mansion parties and that whole scene, but Dave Gilbert mentioned that he had a few events for the Springfield press.

D'Esposito: No, I don't recall attending those.

Czaplicki: They sound a bit crazier.[21]

D'Esposito: We would be with the press a lot. We understood that part of our job was making their jobs possible. I remember dealing with Charlie Wheeler, Bob Hillman, and the *Tribune* reporter, Engler.

Czaplicki: Dan Egler?

D'Esposito: Dan Engler.

Czaplicki: There might be two, there might be an Engler and an Egler.

D'Esposito: I think it was Dan Egler. Mike Lawrence was working for Lee Enterprises at the time. Ray Serati. Taylor Pensoneau worked for the *Post-Dispatch*. So you

[20] Castle started out as head of the Department of Local Government Affairs, then was director of the Department of Commerce and Community Affairs, the agency created in 1979 by consolidating LGA, the Department of Business and Economic Development, and the Governor's Office of Manpower and Human Development. He resigned February 15, 1982. *Illinois Issues* (March 1982), 36.
[21] David Gilbert, interview by Mark DePue, March 27, 2014.

knew all of them and they were all good guys. They all wanted to extract as much information as they could out of you, and you would occasionally let them know something. I was probably more discreet than many, just because that's the lawyer's training, but you tried to accommodate them if you could, at least explain if they had questions about what something meant, what was going on. Try to give them as much background as possible to make the story sensible.

Czaplicki: Does that mean the game is always on? Is there no off the record?

D'Esposito: No, you could go off the record with them. I did not do that, because I didn't feel like it was my job to be doing that. Others who had more policy positions would do that more than I would. I was more a manager or a lawyer than I was a policy person, so I chose not to do that.

Czaplicki: In terms of some of those folks, what were your dealings like with Bob Mandeville, and what did he mean to the administration?

D'Esposito: Oh, Mandeville was key. First of all, Bob brought discipline and organization to a pretty freeform operation, which was the governor's office. He had his guys, they were all organized, and there were numbers behind it all. Maybe we overestimated how certain it all was, but it gave some boundary lines or fences within which you could work. Bob was also absolutely selfless and a marvel to work with. He had no ego, was one of the more humble people I think I've ever worked with, and was a wealth of information. He had excellent staff and produced really helpful information for everybody, but especially for the governor to make decisions. He understood the eccentricities of the governor and his staff members, and could work with them in ways that increased his effectiveness and made them more effective. So he was an extremely valuable part of the operation.

Czaplicki: The budget role seemed to give him a tremendous amount of authority, the way he described the process.[22]

D'Esposito: Yes. Well, it did particularly because I think the state balance was less than a day's spending at some point during the first year that we were in office. The state was in very serious financial difficulty, so it was very important to keep a handle on spending, and to us at least, Bob seemed to know where every nickel was, which was critical. You know, the bureau could exasperate you because they would present information in a way that would box you into a decision that you didn't like, and Thompson was particularly good in torturing them back from time to time. But they were a really effective operation in ways that were helpful, as opposed to just being effective.

The other major force was Paula Wolff and her program staff. Paula is a force

[22] Robert Mandeville, interview by Mike Czaplicki, February 11, 2014, 147-165.

of nature, I mean she has just an amazing breadth of knowledge and interest and energy. In my staff director role, I had a fair amount of interaction with her staff, to try to make sure material was being generated on a given topic and to try to get input on legislation. The legislature would dump this endless amount of stuff that the governor had to look at, and we needed to have people look at it. We would allocate it among the lawyers, most of them, and her staff, and we would typically divide them up based on subject matter. And you'd try to decide which were of no consequence or modest consequence, which required a lot of thought, and which had political repercussions that needed to really be thought about how you would deal with. So she was influential and she was just a wealth of ideas.

Czaplicki: There's an article that appeared in *Illinois Issues* at one point, that dubbed her the conscience of the administration.[23] I had some interviews where somebody thought that might have even been her self-perception, and I'm wondering what you thought of that term as applied to her. Is that an accurate way to portray her, or what do you suppose that headline is trying to capture about her role?

D'Esposito: I think Paula was probably the most progressive or "liberal" member of the staff, in terms of her thinking or her view on government. She clearly saw, and had an interest in, the social service side of government. I think she and her staff had a more substantive interest in those outcomes than many of the other senior level people, who were either more focused on politics or law or press or financial impact. What's really happening to the people we're serving and how are we affecting them? That was her focus, and in that respect, I think she did serve that conscience role. It's amazing to me, and to this day, she's still all over the place. She's got an unbelievable energy level. She also had roots that went back into the Ogilvie administration, so she brought a helpful sense of continuity, which was of some use.

Czaplicki: What was her role under Ogilvie? She was in the Budget Bureau, right?

D'Esposito: I honestly don't know. I think she also worked at Con-Con in some staff capacity, but I think she was somewhere on Ogilvie's staff, probably when she was right out of college or something like that.

Czaplicki: How about yourself? Where would you locate yourself if there was an ideological spectrum in the admin, and Paula is the progressive end or the social services side?

D'Esposito: First of all, I tended to focus more on finance and infrastructure, in terms of subjects that I gravitated towards. I thought I had a facility for them and they interested me, so I would spend more time on them. I would get involved in the health and human service areas when there was litigation or financial/legal

[23] Kathleen Best, "Paula Wolff: Conscience of the Thompson Administration," *Illinois Issues* (June 1990).

issues that needed to be worried about, then I would include them in things that I paid attention to. I got involved in a lot of the highway and transportation initiatives, the tax initiatives, those kinds of things.

Czaplicki: Is that just by interest, or are they generating more legal questions on a regular basis?

D'Esposito: They probably generate more legal questions, but I also had an interest that I was trying to respond to, I think. In terms of political spectrum, I guess I'm a Thompson Republican, which believes the government can do good in the world. I also think that government has many good intentions and sometimes can't execute those intentions very effectively, so I've grown more skeptical about the government's ability to solve problems.

I think I shared the governor's pragmatic approach to life, which made working with him quite easy. I didn't approach any problem with a particular point of view. It was essentially, Here's a problem, what are the choices, what's going to work, and I think that's basically the way he approached things. He clearly was a government activist; he believed government had a role in the state, and I think he was an activist governor, kind of in the mold of Ogilvie in that respect. I shared that, and do to this day; I believe that state government is an important actor, and it's unfortunate that it's so challenged now.

Czaplicki: How about Bob Kjellander, did you have many dealings with him in the office?

D'Esposito: I did. Bob and I worked in the same physical location when I first started there, and his children are roughly the age of ours, so he and Judy and Molly and I would do things, and he was part of that group. Patronage was an important part of what went on, and you'd have interactions with Bob—and Greg Baise, when he came later—in dealing with those kinds of issues.

Czaplicki: I wonder if you can shed light on a mystery. In '78 or early '79, somewhere in that window, there was a story involving Fahner, I think. Fahner was running Law Enforcement then, correct?

D'Esposito: Right.

Czaplicki: Fahner's Department of Law Enforcement may have been conducting an investigation. They were asking for some records of various offices in the administration, and I'm wondering if you recalled anything like that. I don't remember all the precise details.[24]

[24] Robert Kjellander, interview by Mark DePue, February 19, 2014.

D'Esposito: Only vaguely. I remember there was—were they looking at the patronage operation?

Czaplicki: I'm not sure what the focus was, but they wanted files.

D'Esposito: I could well have been involved in trying to deal with bruised personalities during that event, but I don't specifically remember. I honestly don't remember the incident.

Czaplicki: Hopefully, we'll talk a little bit more about patronage down the line as well, but we'll bracket it for now. Two staffers related to the legislative shop, and of course that's something else Bob did: Zale Glauberman, who was the initial legislative liaison, and then later on, Jim Edgar came in and took on that role.

D'Esposito: Right.

Czaplicki: So if you could speak about both men and just that role in general.

D'Esposito: Another experience in the education of a naïve lawyer. I had no contact with the legislative process. I'd seen local governments pass laws, but I'd never watched the legislative process happen, and I regarded a bill as a sacred text. I think it was the first session. We were sitting around and one of Zale's assistants identified about a half-dozen bills that he wanted to have people introduce for the pure joy of getting a reaction out of various groups out there. And I was just astounded that this was part of the process. Little did I know.

Czaplicki: As trial balloons or to tweak them?

D'Esposito: They were trial balloons. They were intended to get people's attention, and they were intended to appeal to the base. I, of course, thought that they needed to be perfectly drafted before they would be introduced, and you actually would have to think about what it was that you said in them before you introduced them. "No, D'Esposito. We just put them in. We have no intention of passing them. The idea here is just to rattle cages or to get a headline," or to do some of these things. That was one of my first lessons as to how the legislative process works.

I'll tell this story, but I won't tell it in an off-colored way. A couple of us have thought that the legislative process would be far more efficient if you could just put a bulletin board up in the hallway on the third floor of the Capitol. People could put a message on the bulletin board, to be delivered to one house or the other, or to one member or the other, rather than actually having to pass a bill over to the other side to send that same message.

Zale was a master. He had come out of the legislative process, understood all of its highways and byways, and was great fun to deal with. In fact, he's now

living in the same building as Bill Ghesquiere, and we're going down to see Bill in Springfield, so I'm hoping we might see Zale because I haven't seen him in a long time. He was a much more calculating guy in the process than Edgar ever was. I think he was more attuned to the subtleties of the political process. He cared more for the inside-baseball side of it, would be my observation, and it may not be fair.

So it was a scramble to try to put in place a process which dealt with the mass of legislation, and actually tried to identify things that needed to be paid attention to, without overwhelming oneself. That took some time to get good at. Zale had a pretty good sense of it, but to get everybody else that had to work as part of that process… When do the lawyers look at anything? Do we look at ten of them as opposed to the three thousand that are floating around in there? How much involvement do you have the program staff engaged in? From my perspective as the staff director, trying to think about putting in place some process that made sense, I'm not sure we ever, in my time at least, mastered that effectively. It may not be able to be managed. I think Zale probably had a better sense of it because he'd worked on the legislative staff; they deal in volume, so they know you have to practice triage, I suspect, to make it work.

Czaplicki: Was he someone that would be involved in most policy discussions?

D'Esposito: Right. I think the principal policy people would have been, and probably in order, Fletcher, Mandeville, Glauberman, Gilbert, Wolff. The order depended really on what the issue was and where it was coming from.

Czaplicki: And how about Edgar, when he arrives?

D'Esposito: I had dealt with Jim a little bit in the legislature, because we did the first reorganization. I wrote the first executive order, so we were trying to figure out how to implement the constitution.

Czaplicki: You wrote the first one?

D'Esposito: Yeah. I'm pretty sure Paula was involved in some kind of a commission before the election.

Czaplicki: During the campaign Thompson and Howlett both had separate studies, and they agreed that they would join forces and have one overall study of state government.

D'Esposito: Right. How to streamline government. That came in with a head of steam—head may be over-describing it, but it had some momentum. Paula was clearly interested in it, so she was going to make sure we put out some executive orders. One of the first things I had to work was, Okay, now what's it look

like? Gary and I both worked on those and we did two different ones. One of them created DCCA and the other one, I don't remember what it was.

Czaplicki: Was it the energy one?

D'Esposito: Yes, right. It took the surveys and water resources and put them together.

Czaplicki: Institute for Environmental Quality perhaps?

D'Esposito: Yes. Joan Schilf Walters, who became Edgar's budget director, and Rich Carlson, were Paula's staffers, and we worked on that together.[25] And the legislative committee it went to was Houlihan and Edgar.

Czaplicki: Your old friend Houlihan. (laughs)

D'Esposito: Yeah, my old friend Houlihan, and my about-to-be friend, Jim Edgar. They were interested in this substantively as well, which maybe was lucky for us. We had several hearings, and that was my first time I testified before the legislature, so that was fun. Ultimately they both got done and the process got refined as time went on.

Czaplicki: Was there much resistance to them, either from the administrative side of things or within the GA?

D'Esposito: The interest groups? Not particularly. I think there was some institutional resistance, both from the institution being reorganized and from the legislature; "We're not sure about the governor doing this, so we've got to explore how this is done," which is why they formed the special committee to deal with it. I think the joint project by the two candidates had probably given it enough momentum that people felt like something had to happen, so that was helpful. I don't actually remember too much, other than trying to write it, and showing up and having Houlihan toy with me during the hearing. (laughs)

Czaplicki: How so?

D'Esposito: I don't remember. I just remember it was a lot of fun, the repartee back and forth. I knew how to deal with it. We used to play basketball against each other in high school.

Czaplicki: Did you have to testify much or was that a rare occurrence?

[25] On reorganization, see Richard Carlson, interview by Mike Czaplicki, April 14, 2015; Joan Walters, interview by Mark DePue, July 15, 2009, 20-24; Jim Edgar, interview by Mark DePue, June 9, 2009, Volume I: 249-251; and Robert Mandeville, interview by Mike Czaplicki, February 10, 2014, 92.

D'Esposito: That was rare. The only other event that I remember was being on the floor of the House during a Committee of the Whole hearing on the School Finance Authority bill several years later.

Czaplicki: Time-wise, would this be a good point to break?

D'Esposito: Yeah, probably.

Czaplicki: That's what I was thinking, because I definitely want to talk about ed reform, and this would lead into it, plus a couple loose ends about what's going on in the office and your role. So I'm going to turn this off here, and we'll pick up.

(End of interview 1)

Interview with Julian D'Esposito

IST-A-L-2014-040

Interview # 2: September 2, 2014

Interviewer: Mike Czaplicki

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Czaplicki: Today is Tuesday, September 2, 2014. This is Mike Czaplicki, with the Abraham Lincoln Presidential Library in Springfield, Illinois, and I'm here for my second session with Julian D'Esposito, Gov. Jim Thompson's chief counsel during his gubernatorial administration. This is part of the Jim Thompson Oral History Project. How are you today, Julian?

D'Esposito: I'm fine, thank you.

Czaplicki: Last session, we covered your very interesting background and how you came to join Thompson's administration, and you gave us some very good, brief sketches of key people you worked with. Today we'll talk about your work for Thompson, some of the major issues that you encountered and worked on in your time there, but first I'd like to finish off our character sketches. We were talking about the legislative shop, and you had given a very nice summary of Zale Glauberman, but we didn't quite get to Jim Edgar. So I was curious of your reflections and memory of Edgar when he came into the legislative shop. What was he like? You mentioned Ty Fahner had a certain polish about him, you could tell he was someone who was going places. Was Edgar a similar figure in that sense?

D'Esposito: Jim was not a city guy. Most of us who had come to the Thompson administration had grown up in Chicago, and Jim was clearly born and raised in Central Illinois and reflected much of that milieu.[26] There were a few people who were Springfield natives, but Jim had grown up in a smaller setting. Now he'd been in Springfield for a while, but he clearly had a different outlook than most of us on the staff, and it was a welcome addition. It gave us a broader perspective on the issues that the state faced and the people in the state faced than we would have otherwise had. Plus he had actual experience in the legislature, first on Russ Arrington's staff.

[26] Edgar grew up in Charleston, Illinois.

Czaplicki: Russ Arrington, and I think he may have worked with Bob Blair for a while.

D'Esposito: With Bob Blair as well, correct, and then as an elected member of the legislature. Zale was already in place before I arrived, and he had been on the legislative staff as well, but he didn't have either the length of experience or the elected official experience that Jim had, and that made a big difference in terms of the staff. Jim was also more process oriented than Zale was, and the two of us had some sympathetic feelings about the need to try to provide organization and discipline to the process, so that we were tackling a range of things and getting all of the work done, not just the important work.

Jim and I hit it off. We would spend time together on a variety of individual issues. I don't remember any quite off the top of my head, but he changed the personnel and the people who were involved in the operation, and I think he gave us a different level of connection, certainly with the Republicans, in the House and the Senate.

Czaplicki: Like a more balanced range of connections or just different?

D'Esposito: I think it was different. I think he was more transparent and seemed to me to have electoral ambitions on his own, so he was conscious of what was going on politically in a broader context, not just on the inside-baseball aspects of legislative politics.

Czaplicki: Was he someone that the administration worked with heavily prior to being brought into it?

D'Esposito: My relationship with the legislative operation was episodic on specific issues, not day-to-day, so I would not have been up to speed on all of the thousands of things that were flying around in the legislative operation. Jim was one of the two Republicans who were involved in the executive reorganization adventure, so I was exposed to him in that capacity and Thompson obviously was as well, but I'm certain there were other connections. I don't know how Thompson was led to think that Edgar would come aboard and give up his elected positions to take the position that he took.[27]

Czaplicki: How hard was that reorganization to bring about? Was that something that you put through fairly easily?

D'Esposito: The executive reorg?

Czaplicki: That one you were talking about, that first one.

[27] For Edgar carrying legislation for Thompson as a state representative, see Carlson, April 14, 2015. On joining the administration, see Jim Edgar, interview by Mark DePue, June 9, 2009, Volume I: 262-270; James Thompson, interview by Mark DePue, July 30, 2014.

D'Esposito: There was some momentum coming from the bipartisan taskforce that had recommended constitutional power be given to the governor to propose reorganizations, and Paula Wolff really took on the lead responsibility for that. She had two staffers—Rich Carlson and Joan Schilf, her name at that time—who were responsible for trying to decide where to do this. There were a series of smaller environmental sub-departments that were put together in one group, and then the Department of Commerce and the Department of Local Government were put together.[28] I don't think either of them had substantial constituencies that cared deeply enough about the form of the organization to mount serious opposition. Joan and Rich would have a better sense of that than I would.

My job was to try to figure out just how to do it mechanically. What does the executive order look like? I worked with them on that portion of it. I was more of the mechanic than I was the doer of the deed. The legislature was concerned about their prerogative and not letting the governor get too far ahead on this, so I think there was as much back and forth on that aspect of it as there was on the substance of what was being done from a governmental services delivery process.

Czaplicki: Did the legislature have much grounds to assert prerogative over that process, or is that something that would fall within the housekeeping function? Or does state government not have a housekeeping function in a way the federal executive does?

D'Esposito: In both cases each department was created by statute, and we were proposing that the statutes essentially be changed, which we could do by executive order. The question was what happens to the statute? The governor can go ahead and put an executive order in place, and the legislature can essentially veto or reject the executive order. But if they don't, the statute book looks weird because it doesn't reflect the subsequent executive order. So the legislature came up with the notion that it ought to pass implementing legislation. That may not have occurred with the original one, but may have been a subsequent kind of "improvement" that they came up with. I think that was a process that took a couple of sessions to work through. I don't remember the details, but it was not an anxiety-producing event for either side. There were other more important issues, typically budgetary, that were going on at that time, that people were concerned about. Neither department was central in terms of service delivery. It was a good place to start on what was quite a different process for the state.

Czaplicki: Right. If you were trying to do something with DCFS or Public Aid, that would be a much—

[28] After her marriage, Schilf took the name Walters. She later served as Jim Edgar's budget director.

D'Esposito: Right.

Czaplicki: I'm jumping ahead a little bit here, but just to stick with Edgar for a minute. In 1980, Governor Thompson had an opportunity to make two constitutional officer appointments. After attorney general Bill Scott's conviction, he appoints Ty Fahner to fill his shoes. When Alan Dixon wins his U.S. Senate race in November, Governor Thompson decides he's going to elevate Edgar to the secretary of state's office. Did he talk about his decisions at all, how he was thinking?

D'Esposito: Not with me. He must have talked about it with someone, but I honestly don't know.

Czaplicki: They're both fairly young men at the time, and there were a lot of other senior people who may have wanted those posts. So what do you suppose attracted him to Fahner and Edgar, and did his decision cause any blowback or cost him at all in his relationship with the party?

D'Esposito: I don't know the answer to either of those questions. He knew Ty reasonably well, having worked with him in the U.S. attorney's office. I think his relationship with Edgar was more recent. Ty had never run for office, Edgar had. The one conversation I had with Thompson about that, it was clear that he wanted to appoint somebody who would run for that position.

Czaplicki: Not just be a placeholder.

D'Esposito: He was not interested in naming a placeholder to either position, but I don't know the calculus that he went through with either selection. Clearly, I think he wanted to pick people who he thought would help the ticket and that he trusted and could work with subsequently. When people get elective office, they begin to respond to different forces, and you want to be able to have somebody that at least you can carry on a conversation with and have a meeting of the minds if it's possible. So I think he sought that in both candidates.

Czaplicki: Did you get involved with either of the campaigns? And would you be allowed to under regulations?

D'Esposito: There were not a lot of serious regulations at that point. Those campaigns were in '82, and I had left the government at that point.

Czaplicki: That's right. You left in February 1981?

D'Esposito: February, March, right.

Czaplicki: Neither individual gets enough time to consolidate the advantages of incumbency, because it's a very short turnaround until they run, but Edgar is successful and Fahner is not. Any thoughts as to why you had different outcomes for the two?

D'Esposito: No, I don't. Looking back, nothing occurs to me. Was that the year that Thompson barely won reelection?

Czaplicki: Right. That was an incredibly close election, where he wins by a little over five-thousand votes, and Fahner loses to Hartigan. So in many ways, it sets up what's going to be the 1990 campaign.

D'Esposito: Right. And Edgar beat?

Czaplicki: He beat Jerome Cosentino.

D'Esposito: I think the differences might be easily attributed just to the strength of the opposing candidates. The Chicago turnout had a substantial impact, and Edgar was able to counter it with downstate votes, I assume, but I don't know.

Czaplicki: Maybe we should skip ahead and talk about that Chicago turnout a little bit. Of course that was an incredibly close election. I think Chicago's turnout was 68 percent, but then rather infamously, after the whole long recount fight and everything else, there's an investigation of allegations of election fraud in the city. I was curious if you were involved at all in either the recount process or the investigation which happened later?

D'Esposito: No.

Czaplicki: Do you recall much about that election or event?

D'Esposito: I don't. I believe it was at that point that I had taken on an assignment in the state of New Jersey for my new law firm, so I was out of town a lot. I do remember having dinner with Governor Ogilvie and his wife, and my wife and two friends of theirs, on election night, thinking that there was no big problem; then leaving dinner and learning that it was essentially too close to call, and being startled. We went down to the Thompson headquarters, but I did not have a formal role in the campaign.

Czaplicki: I thought maybe you were one of the lawyers deputized, since so many people were fanning out.

D'Esposito: No.

Czaplicki: Back to your administrative service and your work as counsel. I have a few things I'd like to ask you about, but thought it might be good just to ask what

are the key issues that stand out in your mind as you look back on that period as counsel. What was the first big problem you really member working on?

D'Esposito: I don't remember them in sequence. The issues that I remember specifically include the Chicago school crisis, the personal property tax replacement, and several attempts to boost the transportation funding. Then there were a series of specific little events. There was the Commonwealth Edison Powerton coal issue. There was the Thompson Proposition, which was part of the '78 campaign.

Czaplicki: I have most of those on here, but I'm not familiar with the Commonwealth Edison issue.

D'Esposito: That's the one that led to the beer with the unions.[29] Federal law permitted the governor to question a decision by a utility to burn western coal, low sulfur coal. Illinois coal was high sulfur coal and caused environmental problems, so Edison decided to end its contracts to use Illinois coal, and to go out to the Powder River Basin and buy a lot of coal. I think Frank Beal, who was one of the staffers dealing with environmental matters, pointed out to the governor his ability to investigate this decision and determine, under a series of criteria and federal law, whether or not this decision should be reversed and they should be forced to continue to use Illinois coal.[30] Don't hold me to the statutes precisely. So we hired a hearing officer, who held a hearing at which Edison and the unions put on evidence that was relevant to the statutory criteria. The hearing officer filed a report with the governor.

Czaplicki: Just to clarify, this would be the coal miner's union, the mine workers?

D'Esposito: United Mine Workers, right. The report had been in our hands for a long period of time and no decision had been made, and presumably since they'd been at the hearing, the union suspected that the evidence had not gone in favorably. So they all decided to gather in Springfield and hold a rally calling for the governor to cause Edison to use Illinois coal.

They all gathered and were out on the front lawn of the Capitol. Frank Beal realized the situation that we were in and alerted us to the fact that the governor had an alternative decision, which was to refer the matter to the president for a decision. The governor seized on this opportunity and went out and announced to the miners that he had reviewed the evidence and was

[29] Thompson would use this tactic again with great success. On June 2, 1981, at least 10,000 people rallied at the Capitol to protest a "right-to-work" bill House Speaker George Ryan had allowed to come to a symbolic vote. Thompson addressed the crowd, then invited them back to the mansion for a beer. See David Gilbert, interview by Mark DePue, April 22, 2014, and Bernard Schoenburg, "Bruce Rauner Is No Jim Thompson on Labor Issue," *State Journal-Register*, April 18, 2015, http://www.sj-r.com/article/20150418/OPINION/150419539.

[30] Beal, who had served in Governor Ogilvie's administration as the deputy director of the Institute for Environmental Quality, was a special assistant to Thompson.

sending it off to the president, for him to decide whether it was appropriate for Illinois coal to be used in this circumstance. He then invited all the miners over to the mansion, whereupon they literally traipsed down the street and took over the mansion for the balance of the afternoon. My guess is the miners had had a few beers before the governor had gone out to see them.

It was a remarkable display of Thompson's political acumen and ability to connect. Although the decision obviously didn't go in the direction that the working union members were hoping, my guess is that the union reps appreciated the fact that their men had been listened to and were being accommodated, and everybody went home at least not angry. I remember sitting in my office, writing up the final decision, as the governor was out speaking to the miners, telling them what we were going to do. It was an interesting afternoon.

Czaplicki: So you would have been at the Capitol doing that?

D'Esposito: Yes.

Czaplicki: Any sense on how that decision was received by the Reagan administration, getting this dropped into their lap?

D'Esposito: No. I guess it would have been Reagan. I don't remember exactly when it was in the sequence.

Czaplicki: Well, if it was early enough, it could have been Carter still.

D'Esposito: Yeah, yeah, it could have been Carter. I just don't remember when it occurred.

Czaplicki: I'll double check.[31]

D'Esposito: I think it was the Powerton Plant which was using the coal.

Czaplicki: It's still an issue today, Powder River coal. Do you know if any follow-up was done once the issue was kicked to Washington?

D'Esposito: Not on that. I did not follow it after that point, but dealing with Illinois energy resources and trying to make them available for economic development purposes was a continuous issue for the administration. I was involved early on in some coal gasification projects, where the state put a little money in and

[31] Unclear when the mansion event happened, but it was most likely during the Carter years, given D'Esposito left the administration in February 1981. The late 1970s was also a time of intensifying politics around coal, including a nationwide miner's strike in the winter of 1977-1978 that prompted Thompson to appoint an Illinois Coal Strike Task Force in March 1978. For the issues facing Illinois miners in this period, see James Krohe Jr., "The UMW Battlefield Moves Beyond the Coal Field," *Illinois Issues*, April 1980.

there were federal guarantees involved in various projects trying to develop clean coal technologies. It still goes on today with the fracking issue.

Czaplicki: In general, what sense did you have in terms of where environmental priorities ranked on Thompson's agenda? This would seem to be an early case of how environmental issues get produced today. You can have a clean environment or you can have jobs, right? So he's being presented with this dilemma in a very political way.

D'Esposito: Right. It was on his list of things to pay attention to. He understood its importance among the electorate, and there were members of his staff who were interested in it. I don't think it was at the top of the list, but I think it was among a series of things that he recognized were important to the populace and that he needed to pay attention to. He would try to make pragmatic decisions as the issues presented themselves. I don't think he came to them with any particular formulation about how to approach a problem, other than just what are the facts, what are the possibilities, and what makes the most sense within the kinds of resources that we have at the governmental level to make a decision.

Czaplicki: In the Powerton case, were there certain criteria that had to be met before the governor could decide to overturn?

D'Esposito: Yes.

Czaplicki: Was economic impact one of them, or was it strictly on the merits of air quality?

D'Esposito: I don't remember. I'm pretty certain that economic impact was, but my guess is it would be economic impact both ways, meaning economic impact to the utility company as well as to the mining community. But there were a series of criteria that you had to balance, and the balance had to be in *x* direction for you to be able to make a decision that would essentially upset a private decision maker. And the hearing officer was pretty clear that the evidence didn't get to that point.

Czaplicki: Thanks. That's why we do these things. That wasn't even on my radar.

D'Esposito: I don't think it was one of the more significant things in the first four years of the administration, it was interesting in just the way it was handled. It was very important to the people who were involved in it, and the whole dynamic surrounding the miners coming to town just made it memorable from my perspective.

Czaplicki: Oh, certainly.

D'Esposito: And I suspect the governor's.

Czaplicki: That's a time when the economy was not doing so well either, so just in that context, and the state's making so many efforts. I understand your point about constituencies around these different reorg agencies, but it also doesn't seem coincidental that energy and environment are two of the big issues, and economic development, that get focused on.

We'll go into some of these other issues. I did want to ask you a couple questions about Class X, which I know you didn't develop, but just in terms of your perspective as an observer in the administration. Class X sentencing passed overwhelmingly in the General Assembly in November of 1977. I was curious if that measure was as popular within the administration as it was in the General Assembly, or if it was something that people debated.

D'Esposito: I was not involved in any internal debates on whether that was a sensible advance or not. I think the governor was pretty firm in the direction he was wanting to go, and my guess is that most people did not object on substantive grounds and saw its political importance at that particular time in the state's existence.[32] But no, I don't remember any internal debates on we should or should not be doing this, or the sentence for this offense should be three-to-five, not seven-to-ten.

Czaplicki: Just personally, and as someone who had written about sentencing reform back when you were in law school, what did you think about Class X as a policy measure?

D'Esposito: That was the governor and that was Gary [Starkman], and there were plenty of other things for me to be involved in, so I really did not engage on that topic.

Czaplicki: I have to keep you on the spot for a minute, just looking back.

D'Esposito: Sure.

Czaplicki: I mean, is that the right way to go in terms of sentencing reform, because on one hand you seem to be…

D'Esposito: I have not kept up with that topic since I left government, and even after I did the law review article, I had not developed a continuing interest in sentencing. I guess in theory, I do tend to believe that giving judges discretion is better than a series of statutorily imposed sentences, but that's clearly not what the trend has been. There's been this long, elaborate dance over the last thirty

[32] On the importance of Class X, both politically and as policy, see James Thompson, interview by Mark DePue, July 31, 2014; Jim Fletcher, interview by Mike Czaplicki, February 24, 2015; David Gilbert, interview by Mark DePue, March 26, 2014; Gregory Baise, interview by Mark DePue, August 6, 2013; and Jim Edgar, interview by Mark DePue, July 9, 2009, Volume I: 244-247.

years, between legislative bodies and the judicial system, having to deal with the challenge of what do you do about the individualized situation you find in front of yourself when the defendant shows up and is guilty of some crime. My guess is that people will be talking about that issue long after I'm moldering in the ground.

Czaplicki: It's always striking how much public support it seems to have, its ability to win these massive majorities. I'll skip a few questions here, since you weren't involved with that.

D'Esposito: I will tell you one interesting story about criminal law matters. When the state reinstated the death penalty, which occurred around the same time, the governor gave me the bill, I suspect because he wanted somebody who did not have a prosecutorial bent—as opposed to Gary—to look at it and give him advice on whether it was constitutional or not. So I did, and I wrote him a memo which concluded that the bill was constitutional under the relevant court precedents. But I said to him, and I put this in writing, that the important issue for him was that he was going to be in the ultimate position to decide whether an execution should proceed or not, because he had the pardon power, and undoubtedly, in virtually every case, there would be a request for clemency. And just as he was deciding what he was going to do with this bill, he ought to keep that in mind. No doubt, that was not something he hadn't thought of, but I wanted him to focus on it.

I'll never forget this. He thanked me for the memo and put it in his drawer in the desk, and he said, "I'll put it in here and think about what you've told me when the first case comes to me, but I'm going to sign the bill." What's interesting to me about that is that he did not have a death penalty clemency request during his remaining period in office, which was not short. I'm almost positive the first execution occurred under Edgar.

Czaplicki: It did.

D'Esposito: So relatively thirteen or fourteen years it took for the law to be carried out, which to me reveals one of the challenges of the death penalty. It's something that, perhaps for good reason, people are reluctant to impose, but it's certainly not swift and certain.

Czaplicki: Was that long lag primarily because of the appeals processes running their course?

D'Esposito: I think so. There first would have had to have been an offense committed after the effective date of the bill, for the penalty to be available, and then would be the proceeding and the appeals, and the post-conviction proceedings and all the other things. It took that long.

Czaplicki: Now is clemency only asked for at the very end of that process, as sort of the last step?

D'Esposito: For something like that, yes.

Czaplicki: Did you have further involvement with the pardon power as the governor's lawyer?

D'Esposito: Yes, that was one of my many jobs, to sit with the governor and to go through the requests for clemency. It was both painful and interesting. Painful in the sense that there were a multiplicity of requests, and so there was a fair amount of work on a lot of different people's parts, and interesting because of the importance of it to the people doing the requests and the need to give it attention and try to be fair. There was a Prisoner Review Board at the time, which would process these requests and send us a bunch of them at a time. We would only be able to get to them periodically, so some afternoon I'd wander in to see the governor with a package of them, having separated them into several categories: those which the Prisoner Review Board and I didn't think were worth his serious time-consuming consideration, and others that either they or I thought he ought to focus on. We would talk through them. We'd give each one consideration, and some of them obviously took a longer period of time to make a decision on.

Czaplicki: So regardless of whether the Prisoner Review Board approved or disapproved, they would all eventually have to come to the governor?

D'Esposito: Right. I don't know if that's still the case but I think that is correct. It's a unique power. It's not reviewable; there are no real criteria. It's really the power of mercy, and it's in the mind of that particular individual, the president or the governor, to exercise using his or her good judgment. For the governor, I think it was a serious responsibility, because he'd been in the criminal justice system for virtually his whole professional career. He knew the energy and effort that had been put into that particular case to get it to that point, meaning through prosecution, defense trial, verdict, appeal, et cetera. So he was not cavalier at all about any of these cases.

Czaplicki: You mentioned that at least in the case of the death penalty bill, you thought maybe he wanted to go to somebody who wasn't from a prosecutorial background. In general, in this pardon process, did you have many debates with Thompson, or disagreements, reflecting your different experiences with the law?

D'Esposito: I'm sure there were some. I don't remember any. I was very serious about recognizing that this was his responsibility, not mine, and that his view of justice and mercy was what counted. I was the peanut gallery in this perspective. What I tried to do was to identify the cases that I thought really

required him to think about the facts and the evidence. There would be a handful in each packet, and most of the time would be spent on those. Then ultimately, he would have to decide. I don't remember them, but I'm certain there were some where he either commuted a sentence… I don't remember if there were any pardons on the grounds of innocence. There may have been. But there were some commutations where events had occurred which caused him to realize this person would benefit from a pardon. And sometimes there were strongly held views by people who had been involved, either the victim or the community in which the event had occurred. It was an interesting process. It was so different than the other parts of the governmental process.

Czaplicki: What would an appeal look like? By the time it gets to you, are you getting some boiled down memos? Are you getting all the letters that people are writing in support?

D'Esposito: You typically get the record, which would be the hearing before the Prisoner Review Board, and the petition for commutation or pardon or whatever it was; plus, typically the state's attorney would write with their view on the case, and you might get letters from people in the community.

Czaplicki: Family members?

D'Esposito: Right, the defendant's members, and the victim's, saying, "Absolutely not, the wounds are still there," those kinds of things.

Czaplicki: So how does that bear on your psyche when you go home at the end of the day? Is that something you were doing a lot of, or would you set up certain periods when you would do this?

D'Esposito: No. We would do it maybe two or three times a year, maybe four at the outside. It was not something you looked forward to doing, because it was difficult in that sense. This is my perspective. I can't speak for the governor. But you recognized the seriousness of the responsibility, and there was a volume of them that you had to get through to do the job. It wasn't something that—it didn't… Never mind.

Czaplicki: Okay. We can always come back to it. What were your personal feelings about the death penalty at that time? Did you support the decision to reinstate it? I mean separate from your role in the administration.

D'Esposito: I think I was probably skeptical of its efficacy, and largely because of the reluctance of the process to impose what they said they wanted. That makes it sound like I want it imposed every five minutes. I guess I'm basically saying that the system seemed to have a very great deal of difficulty making up its mind, and I thought if that's the case, then let's not do it. I think that was probably my reaction. I had been involved in a case when I was at

Northwestern that involved the death penalty for someone who was innocent, and the state's attorney had made a big deal out of wanting to seek it. We ended up getting a not guilty verdict. I think that probably had some impact on my own reaction to it.

Czaplicki: That it could have easily gone the other way?

D'Esposito: Right.

Czaplicki: Was this the case you had alluded to earlier, when you mentioned writing a letter to the *Daily News*?

D'Esposito: Yes.

Czaplicki: I meant to find that letter, but I haven't yet.

D'Esposito: I don't know if the letter was about that case, but I think it may have been about something else the state's attorney had been expressing his views on.

Czaplicki: It was an awfully fast turnaround, because the Supreme Court said the death penalty, as practiced, was unconstitutional in 1972, but then five years later it's back.

D'Esposito: Right. I think they gave some guidance as to how you could do it, by putting a series of procedures in place, and that's what the state tried to do.

Czaplicki: Moving back to your duties, I wanted to ask you a little bit more about the traffic cop role that you were to play. I found the article where they made the announcement of your appointment. That was July 6, 1978, when you're appointed director of staff, and there were a couple of quotes from the governor. He said, "I'm not, by nature, a tight organization man," and then he also described the change as, "More of an effort to impose discipline on me in how I dealt with my staff." Reading those remarks, and I could just be reading too much into them, I got the impression that this was not his idea. (D'Esposito laughs) So I was curious how this decision came about, and was there any precipitating event?

D'Esposito: I don't know. I'm reasonably certain that more than one of us on the staff said we need to get better organized and we need to be more helpful to the governor, who's got certain talents but organization is not one of them. So what can we do to make his life more effective? My guess is we had that conversation on more than one occasion. How and when he came to that realization and that I might be part of the solution, I don't know. Whether I was part of the solution is an entirely different question that others will have to answer.

Czaplicki: How did you go about trying to establish "discipline." What steps did you take?

D'Esposito: One of the key things was to try to get people wanting to see the governor to approach him in an organized fashion, so to create a schedule in which certain things would be on the agenda for certain times, and people who had an interest in that topic would be part of the discussion to the extent they possibly could. As opposed to a process which was a little more ad-hocery, where someone with a particular perspective would be with him and a decision would be made that would not have been vetted in the multiple parts of the operation, which from our perspective at least, the staff's perspective, ought to be done.

The decision could have a political context, it could have a financial context, it could have a context just in terms of the substantive operations of some function of government, and it was important that the governor be aware of all of those. As opposed to getting somebody's particular point of view, not being aware of the others, and saying, "Oh yeah, that makes sense"; then that person will run off and do something, and the Bureau of the Budget or someone in the press department will say, "Wait a minute, what's this all about?" I think that was the central objective of all of this, to try to have the various functional arms of the governor's office providing input into the decision process in as routinized—which we never achieved—a way as possible. For example, if there's a decision that's being made in a particular part of the state, has anybody talked to the legislator in that particular part of the state about whether he or she has some views on that topic? Who's going to call that person to tell them this is what we're deciding, so they're not reading about it in the newspaper. It was trying to make sure that there was that level of organization in what was going on, and there really had not been a lot of that. It was more happenstance than an intent, before I started to try to work on that.

And there were people on the staff who had other portions of that, who were interested in trying to get to that point. For example, lots of bills would pass. Who's going to look at those bills? So with Paula's people, we created a process where a lawyer looked at every bill, somebody from the program staff looked at every bill, and obviously the members of the legislative staff looked at a bill. The press people knew which of the bills were of interest to the press, and so all of them would get something to say about whether this bill should be signed, vetoed, amendatory vetoed, whatever. And you made sure all of that was packaged and given to the governor, where a smaller group of people would sit down and go through them with him so he could make decisions. You tried to do that on as many different kinds of topics as you could.

Czaplicki: Were you successful at setting up a bill review process?

D'Esposito: I think it was improved. I think life improved as a result of the efforts of a lot of people, including the governor. That's one of the things that certainly I was not experienced in at the state government level. My experience was much more narrow in local government, where the external forces that care about something are much more limited. I think we all became much more conscious of multiple interests that have views on any single topic, and beyond just that, how one topic is always related, sometimes in inexplicable ways, to a series of other topics that are relevant. You try to understand the context for every decision and make sure that the governor has enough information so he sees his decision-making in the broadest possible context. That was the job that the staff people would do, and I and others were trying to make sure that happened as much as possible.

Czaplicki: Earlier, when you were talking about Jim Fletcher, you talked about his special knack for seeing the relationship between different issues or interest groups. Did his presence early in the administration lend some of this structure that you're trying to impose in this time period? I mean, was part of the issue that things were being decided through ad-hocery, but you could get away with it a little bit more because you had someone like Fletcher who could still see those relationships?

D'Esposito: Remember, the governor is running for reelection the day he arrives, and because of that, and just because this is his skill and his interest, Jim Fletcher would focus on what he thought were a dozen topics that had potential electoral impact. So the administration, through his efforts, was reasonably efficient in dealing with those. It was basically everything else that has to be done to keep the place running that I think we weren't very good at, and my job was to try to put systems in place. The simple task of answering mail.

Czaplicki: How was that handled?

D'Esposito: Well, it wasn't for a while. The mail would just come in and nobody knew what to do with it. There wasn't the system in place, so we created mail control, which would try to deal with the volume of stuff that came in to the governor, everything from soup to nuts. I don't remember where I heard this story, but when Ogilvie put in place the income tax, basically they didn't have a system in place to process the returns. They just ripped the checks off the returns and threw all the returns in the corner and cashed all the checks, until they then got a system in place so that they could begin to manage the returns. Lots of great ideas come out of a legislature, but then there have to be systems created to implement them, and they cost money and you make mistakes putting them in place. So what we tried to do was to get some of that going.

One of the difficulties is that when one party leaves office and the other party comes in, much of that bureaucracy that surrounds the elected position disappears, and the knowledge of how things are done may or may not get

passed down. To the best of my knowledge, we had almost no contact with the Walker administration in terms of just the functioning of the governor's office. We talked, and the people who had been in the Ogilvie administration were quite helpful, but four years had passed. There were some people on the staff, Bob Mandeville being one, Paula another, who had been younger members of the Ogilvie administration, and they had their recollections of what had occurred. But you basically have to start up afresh, creating systems, and it takes a while to get them in place, to get the right people running them.[33]

Czaplicki: Were there ever any proposals to try to beef up the transition process to make it something that would guarantee more institutional continuity?

D'Esposito: Well, there was a transition team. I was not part of it, and I don't know to the extent it would get into that kind of thing.

Czaplicki: I guess that's what I meant. It seems like the way it gets handled is the candidates set up a transition team and they try to work with the other, but it doesn't seem like there's anything statutory or certain requirements of what's supposed to be passed on.

D'Esposito: It may be more effective now, I don't know. My guess is that when the Democrats took over virtually all of the offices in the state when Blagojevich came in, that they had that problem in spades.

Czaplicki: Is some of that a function of patronage, and what an important part of Illinois political culture that is, that there is such a tremendous turnover and a lot of this bureaucracy does go away and get replaced by a new one?

D'Esposito: But you're always going to have the patronage in the governor's office, patronage in the best sense of that term. The governor is going to hire people who are loyal to him. He's not going to deal, in large part, with people who have been working with the prior governor. Maybe the answer to your question is yes in that sense, but I wouldn't expect it to be otherwise. I don't think he'd want it otherwise.

Czaplicki: Your example of mail was surprising. Were there other things that come to mind in terms of systems that you didn't think about, but just nuts and bolts that you had to invent?

D'Esposito: Just dealing with the governor's schedule. That took a good deal of time to get a system in place that respected the governor's time, tolerated his reluctance to have himself programmed twenty-four hours a day, every day of the week,

[33] For two examples of system-building in the years before Thompson, see Bob Mandeville, interview by Mike Czaplicki, December 12, 2013, 75-76, on the development of a uniform accounting system; and Jeffrey Miller, interview by Mike Czaplicki, May 28, 2015, on the Medicaid Management Information System (MMIS)

and respected Jayne Thompson's views on things. So you had to find the people who knew how and when to come to him with the array of invitations that had been presented. Those people had to let various parts of the staff know, or be alert themselves, that a request from this person was important and needed to be given more than just a moment's attention, whereas this person's request was either not timely or not as critical, given all the other things that were happening on that day. It's a tremendous balancing act. He's got more than one thing he can do at any minute of every day, and trying to create a process in which those decisions get made as efficiently and intelligently as possible took work.

Czaplicki: Who was the scheduler while you were there? Was that Baise?

D'Esposito: Greg did a lot of that. I think he came into that job at some point later on. Greg had good relationships with different segments of the staff; he had his own views on things, which helped sort through stuff; and he also had a good handle on what the governor would and would not be willing to do.[34] The governor used to revolt against us from time to time; he would just have had it with all of the requests that were coming in for his time, and he'd say, "I'm out of here this afternoon. Call them up and tell them I'm not coming to this or that event." So that would be part of your job, to offer excuses and explanations. But I understand it.

Czaplicki: Was he easy to keep tabs on?

D'Esposito: No. If you absolutely needed to find him you could, but you also learned to respect his freedom, because I think we all appreciated the demands of the job.

Czaplicki: If you had to assess the efficacy of your efforts, on balance, did you get to 50 percent efficiency, 75? (D'Esposito laughs)

D'Esposito: I did the best I could, and it was better than it was when I started. I think it was ultimately effective. I don't remember any egregious explosions that resulted because things happened.

I'll tell you one funny story. I was responsible for one of several attempts to beef up transportation funding, and I was visited by a lobbyist from Standard Oil at one point during our fact-finding. I told him that we were still in the midst of all of this process, but one thing that I was certain of was that we would not impose an ad valorem gas tax. We were considering a number of revenue enhancements, but any change we did in the gas tax would be to increase the cent per gallon tax. We would not turn it to a percentage of the

[34] On scheduling, see Gregory Baise, interview by Mark DePue, August 7, 2013; Kim Blackwell Fox, interview by Mike Czaplicki, July 14, 2014. For a viewpoint from Edgar's administration, see Sherry Struck, interview by Mark DePue, November 3, 2010.

price of gasoline, which of course would be a much more remunerative tax. So the guy leaves my office, he gets in his car and he drives back to Chicago with this little piece of information. About an hour and a half after he's gone, he stops. He calls me from the side of the road and starts swearing a blue streak at me, because in one of the "Ask the Governor" call-in shows, the governor, in response to a question, said he was thinking about an ad valorem gas tax. (laughter) So that was one of the joys of being a staffer and trying to deal with a governor who could make decisions in a public forum or float a trial balloon unannounced. On more than one occasion we'd learn about something that was about to happen, because "Ask the Governor" would have that news bulletin on there. It's part of the process that you go through, and you learn to love it.

Czaplicki: So his pragmatism also extended to structure and things like that?

D'Esposito: Yes. The governor was the governor, and I think all of us respected that and realized that, in the immortal words of Mel Brooks, "It's good to be king."[35] You can make decisions, and you certainly don't have to be explaining everything to your staff; it's their job to grow up and figure out what to do next. That was part of the process we all had to go through.

Czaplicki: How was his management style, just more broadly? He wasn't one for cabinet meetings, right?

D'Esposito: No. I don't know if it's a product of legal training, personality, all of the above, or other things, but he liked to deal with problems when they occurred. They would be problems that he would read about in the press; —or in his conversations with people from other states and business leaders, he would get a sense that something needed to be done about that. He would dive into it, and he'd want information from us and would drive toward a decision. I don't think he was somebody who was sitting at the top of a heap and was looking for information to come in on forty-nine discrete topics every day, that could be summarized. There wasn't any such thing as a briefing book being produced for him with the burning issues of the day in the eyes of all of the departments and functions of state government, and the governor then would be reading through the briefing book and making executive decisions about all of them. It was much more spontaneous, from my perspective, and I think in many ways equally effective. He did not busy himself with the multiplicity of problems, he dealt with those that he thought required his attention. And he was the governor, so he got to choose, and he would suffer the consequences if he chose badly, because he wouldn't get reelected. I think we all respected that perspective. I don't think any of us thought we were smarter than the governor. He was one of the most brilliant people I ever had the privilege of working with, and you were pleased to be able to be with him and to offer your little advice on a given topic or two.

[35] Line from the 1981 comedy *History of the World, Part I.*

He also was not a second-guesser, or he was not somebody who micromanaged. If he was interested in a topic, he could get his hands all over it, but he was not reaching out with great regularity to tell people, "Do this, do that," or "I just read about this, I want you to do something else," or "What's somebody doing here, this is how we want to do it." He hired good people and let them do their job, expected them to do their jobs, and believed that they would. I think that was a talent in his style, because I don't think he had the interest in managing in an affirmative way. You've got the *Illinois Issues* chart of Illinois government, and I don't think Thompson ever saw himself at the top of that chart with his hands out, controlling all the little boxes that in some fashion or other—lined, dotted, or straight—ended up under him. He expected government to do its job and he would intervene here or intervene there, but not in any sort of organized fashion, except to the extent that he saw there were issues that needed something done.

Czaplicki: Would it be fair to describe his style as improvisational, or does that imply too much of a lack of priorities?

D'Esposito: Yeah, I don't think that's… I think of Second City, somebody shouting out a phrase from the audience and very talented people getting up and coming up with something clever.[36] I think he had a view in advance as to what was important. Much of that, he would get because he sensed it from external conversations with friends, business leaders, and other elected officials. The governor didn't spend a lot of time in the office. He was out and about, because one, I think it energized him, and two, I think he felt like he learned a lot when he was out. So the improvisation, to the extent there was some, would result because he was out, had been presumably stewing about a topic, and something would be said that would cause him to say, "Okay, we're going to do something about that." Then he would come back and say let's do this, let's do that. I think pragmatic is the word I would use much more, in terms of looking for results, trying to figure out what it was government could do effectively, and saying let's do something about it. There was not a doctrine from which he was operating, I don't think. This was not the Contract with America kind of politician.[37]

Czaplicki: It sounds like he may have had not so much lack of structure, but alternative structure. Traditionally, we think of line organization of state government, the charts and things. It sounds like for a while, the way Thompson was running things, it was just an alterative order, a way of doing things. Is it possible he may have shaped that structure, as much as that structure was trying to push back and shape him?

[36] Long-established improvisational comedy troupe based in Chicago.
[37] Reference to the Republican Party platform developed by Newt Gingrich and Dick Armey for the 1994 congressional elections.

D'Esposito: That could be. I don't recall ever having a theoretical conversation with him about hub-and-spoke or pyramid, or any of the other kinds of organizational structures that you see in the theory on the topic. I used to read about that, trying to figure out what it was we were and how we were working and how we could work more effectively. But I, to this day, couldn't really draw it in a traditional org-chart sense.

Czaplicki: You don't get as close of a view as you had in these early years of his administration, but do you have any sense if his style changed as his time went on?

D'Esposito: I really don't. The organization to some degree reflects the talents of the people and the weaknesses of the people involved in it at any time, in its management, and so I wouldn't be surprised if the administration was quite different as time went on. I've found this even at the law firm, and I've had the privilege of working with several different administrations of this law firm. Undoubtedly, the governor became more comfortable in what he did and didn't do, and relied on certain individuals increasingly, would be my guess, but I really don't know. I didn't study it.

Czaplicki: Given that you had an opportunity to see both men up close, how would you compare Edgar's management style to Thompson's?

D'Esposito: I never was that close to Edgar during his administration. I would see him, but I never saw the operation of the staff, so I really can't comment in any effective way. My sense would be that Edgar exercised a broader span of control and had his view across a wider range of things than Thompson did, and he may have tried to impact across a broader range of things, because certainly from the legislative sense, he approached it in a more organized fashion. But again, I don't know.

Czaplicki: How about your own style as director of staff? Did you take more of a hands-on role in management, or did you have a similar philosophy as Thompson of just letting people do their jobs as long as results came in?

D'Esposito: The extent of my authority was never quite clear, so my ability to actually control the functions of the staff was always, in my mind, questionable. So I thought the only way it was going to be effective was to try to create these structures in which everybody saw there was value in participating, rather than me dictating that they would occur that way. I didn't think I had the power to say, "You're out of here if you don't pay attention to the way I'd like it to run." It was an attempt to create a voluntary structure in which it's in everybody's interest to participate, because if you participate, you really get your two cents in on this particular decision, and if you were freelancing, then you weren't going to get in on the next decision; so let's everybody try to play by these rules. I think people, by and large, tried to do that.

Czaplicki: That was my next question, if you felt the staff bought into that?

D'Esposito: Yeah, in varying degrees.

Czaplicki: Any particular holdouts?

D'Esposito: Not that I'm going to disclose. (laughs)

Czaplicki: Fair enough. In terms of thinking about Thompson's relationship outside of his staff, were there key people outside of government that he leaned on heavily for advice or counsel?

D'Esposito: His compadres from the U.S. attorney's office were present and influential in ways that I can't put my finger on, but he clearly respected their judgment. I don't recall an instance in which he said, "Just a minute, I've got to call so and so," but I know that he would see and presumably would talk about what was going on in life with a number of the people that he had been with in that office. Joel Flaum, who remains a good friend of his, would have been one person, and Sam Skinner another; both of them experienced lawyers, good people, sensible people. I think they had the ability to say to the governor, "You don't want to do that," and he respected when people would do that. He was prepared to hear that from them. There were probably other people in that category, maybe Tony Valukas. You'd probably know the names, I just don't know how broad they all were and how much they were consulted.

Czaplicki: When I was talking to Kim Fox, one thing she suggested is that as time went on, the CEOs and the businessmen that Thompson reached out to became an increasingly important voice.[38]

D'Esposito: I think that's probably right. Obviously, when he started, his closest associates were the people from the U.S. attorney's office. By virtue of his position, he was able to meet a number of business officials, and he did become closer to them over time and would spend time with them. I could respond to names. Bob Malott is one person that I know was active. Jim Bere, who was at Borg-Warner. I'm sure there are others.

Czaplicki: And then two individuals I wanted to ask about, because I'm not sure how they quite fit in all of this: Doug Bailey, a nationally significant political consultant, and Bob Teeter, also a very important pollster. I believe they came out of the Ford organization within the party; I think that's who they were advising. What was their place in the early years of the administration? Did you see them much?

[38] Fox, July 14, 2014.

D'Esposito: Yes, they were both very important. Again, I was more governmental and less political, so I was not engaged with them on a regular basis; Fletcher would have been, and others as time went on.[39] But yes, Bailey would be a regular presence in Springfield, and Teeter as well, in terms of giving advice and polling information. I think Thompson would talk to them with some regularity, just about what's going on and what are they thinking, what are they hearing, what was their general polling telling them about the mood of the populace.

Czaplicki: And the obvious conclusion a lot of people are drawing is that they're not as important for the state, but his potential national ambitions. Is that how you saw it?

D'Esposito: Certainly, I think nobody was spending any time dampening any national interest, but by the same token, it was clearly secondary in people's minds. The first goal was to get reelected in 1978, and if you didn't get reelected, you weren't going anyplace. My guess is that at least at that period, most of the focus was domestic, on Illinois.

Czaplicki: Was a possible presidential bid something that you would kick around, just in conversations with fellow staffers?

D'Esposito: I would not have been involved in that. There was a little flurry of activity, I think in connection with the 1980 convention, that I don't think anybody thought was anything but the longest of long-shots. Am I right in saying there was some speculation about vice president?

Czaplicki: That is what I was going to ask you a little bit down the road, but we may as well talk about that now, because you went to the convention.

D'Esposito: Right.

Czaplicki: Had that photo of Kim's, of you all in the camper.[40]

[39] For an extended discussion of Bailey's approach to politics and his role in Thompson's organization, see Jim Fletcher, interviews by Mike Czaplicki, February 2 and February 16, 2015.

[40] Kim Blackwell Fox provided this photo from the road trip ten of Thompson's staff took to the 1980 Republican National Convention in Detroit. L-R: Greg Baise, Gary Starkman, D'Esposito, and unknown. Jim Skilbeck, Jim Williams, and speechwriter Paul Simmons were also part of the group.

D'Esposito: Right, in my lovely green pants.

Czaplicki: In those great green pants, yes, going out to Detroit in July of 1980. I had a few questions about that. One was that there were several candidates for the nomination even before we got to the convention.

D'Esposito: Right.

Czaplicki: John Connally, John Anderson, Howard Baker.

D'Esposito: I do remember that. One of the things that Thompson did that was fascinating to me, just personally, was he had each of the candidates come to the mansion for a dinner in which they got to speak. To this day, it is a marvel to me that John Connally was not more effective as a candidate, because he was just marvelous, at least at that particular kind of a venue. Smooth, good-looking, et cetera. I had not been involved in any presidential campaign activity, and it was great fun to see all of them making the pilgrimage to Springfield and being given the treat of a dinner and the opportunity to meet the press, talk to legislators, and generally get some publicity in the state, courtesy of the governor. The governor was using it for whatever it was worth for the state and him, as an elected official, I'm certain.

Czaplicki: Would these be like a state dinner, so families would also come, or was it just the staff and the candidate coming in?

D'Esposito: I'm pretty certain that my wife was able to attend all of those as well. So senior staff would be attending, and then people from around the state would be invited to come. They were big events. They would fill the ballroom.

Czaplicki: I know Thompson wasn't early to Reagan's bandwagon. Did you have a sense of who he was supporting?

D'Esposito: If I sat down with people and we kind of pieced it together, some things might come back to me, but off the top of my head, I don't remember.

Czaplicki: What do you remember about the 1980 convention, especially as someone who hadn't really been a political junkie?

D'Esposito: I remember that there was this late stir that maybe Ford would take the vice presidential nomination. Thompson's name had been mentioned a little bit in that context as well, because I think they were looking for a more moderate Republican to balance the ticket. That's about all I remember of it. I had no formal role.

Czaplicki: Oh, you didn't?

D'Esposito: No, I was not working the floor to do this, that, and the other thing.

Czaplicki: So it was just a pleasure trip? You didn't have marching orders?

D'Esposito: No, I was not delivering the Utah delegation or anything. There was none of that.

Czaplicki: Were you hearing chatter about Thompson's prospects?

D'Esposito: Yes.

Czaplicki: Because you're right about Ford, that was the big push that was going on, and Governor Thompson himself was part of the group that Reagan was consulting with about who his running mate could be.[41]

D'Esposito: Right. Anything I heard would have been ninth-hand gossip, because I was not near the mix.

Czaplicki: Did you think at all about the possibility that Thompson could be in the White House some day, hearing those little snippets and rumors that summer in 1980?

D'Esposito: I think we all kind of thought about it, but I don't think anybody really obsessed about it in that sense. Art Quern and a couple of other people had come to the state from the Ford administration, so they had experience at the federal level. They had arrived after Carter beat Ford, and I think they

[41] James Thompson, interview by Mark DePue, October 20, 2014; Jim Edgar, interview by Mark DePue, June 10, 2009, Volume II: 320-321.

probably tempered our adolescent views of what was possible. It certainly was not a focal point of discussion. I cannot remember any single circumstance when somebody said, "We have to do this because it would help a run for president." That was never a subject of conversation.

Czaplicki: How about yourself? Did you ever, at any point, have any desire to be in Washington?

D'Esposito: Go to Washington? No. The state was plenty big from my perspective. It seemed like you actually could have an impact at the state level, whereas Washington just seemed hopeless. I remember going to Washington after Reagan had been reelected, landing and picking up the *Washington Post*, and the news stories were essentially just filled with rumor and innuendo about possible appointments. It was as though Mike Sneed was writing the front page of the *Washington Post*. (Czaplicki laughs) I was startled about how parochial Washington was. A very big place, but parochial nonetheless. Everybody was obsessing about who was going to do what to who and get to be what, and I thought, Ugh, this is… At least when you were in Springfield, we all obsessed but knew there was a world out there around us that was not caring a hoot about most of what we were up to. It helped to keep you a little more stable in your perspective on life. Washington struck me as just being impossibly large and complicated.

Czaplicki: Not the main thrust of your point, but could we also take away that we should take Sneed's "Chicago Inc." column with a grain of salt, the things we read in there from this time period?

D'Esposito: (laughs) I always used to say that you read two columns for different reasons: Kup would always put in what somebody wanted to say about himself. Sneed would always run what somebody else wanted to say about a third party. Those were the differences. Kup's was largely self-congratulatory stuff and Mike's column was more purposeful.[42]

Czaplicki: Did they generally get it right?

D'Esposito: To the extent that somebody wanted to say something about somebody else, they got that right, yeah. Whether that was in fact accurate or not was perhaps not the point of the story. Yeah, the rumor mill is a big part of the process, and people spend an unnatural amount of time paying attention to it. I can't imagine what it's like now, with social media. I remember we would obsess about getting stuff out for the various deadlines, or missing deadlines as the case may be, but that was once or twice a day. It wasn't every thirty-six seconds.

[42] Michael Sneed was a co-author of the *Chicago Tribune*'s "Inc." column before moving to the *Chicago Sun-Times* in 1986. Irv Kupcinet wrote "Kup's Column" for the *Chicago Sun-Times* from 1943 to 2003,

Czaplicki: Now as soon as you have the thought.

D'Esposito: Yeah, and it's got to be a very difficult thing, to maintain your equilibrium, I would think.

Czaplicki: It's just interesting to think about the different audiences for a newspaper, and the potential of that. Perhaps people like yourself and state officials may read a story in a very different way than your typical member of the public.

D'Esposito: Oh, absolutely.

Czaplicki: How important were newspapers to you at that time?

D'Esposito: Oh, I think they were very important. In retrospect, you wonder whether they were too important and whether you were more influenced by them. Many of them are transitory, the information is transitory, but you can spend lots of time trying to cope with what some reporter discovered was important to him or her at that particular time. Your entire day in portions of the government would be spent chasing down this or that thing, to be able to respond to that particular story.

Czaplicki: Now, what did you say, put on the hazmat suit?

D'Esposito: Yeah, I mean that was my job. But part of my job really was to be a fireman and deal with the legal aspects of things that popped in this or that part of the state.

Czaplicki: I'm not sure if this would have qualified as one of those things, but you had mentioned the Thompson Proposition earlier. That was the '78 campaign. Some time in midsummer, after California passes Proposition 13, which really curbs the rate of growth of their property taxes, Governor Thompson announces that he would like to put this advisory referendum on the ballot. Do you know how this idea came about, or is that on the political side again?

D'Esposito: I know some amusing details about that. Do you know when it was announced?

Czaplicki: No. I thought it was in July some time.

D'Esposito: It could have been.

Czaplicki: It was right around the time you were appointed director of staff.

D'Esposito: I'm in my office, and it's about nine or ten o'clock in the morning. Thompson walks into my office and puts a sheet of the press summary that he's flipped over, and on which he has written a question, on my desk. He says, Get

Skilbeck, tell him to meet me with a band—I'm paraphrasing—at noon in Pioneer Plaza in Chicago. I'm going to put this on the statewide ballot as a proposition. I said, "Oh?" So the first thing I did was call Ron Michaelson, who was the head of the State Board of Elections, and I said, "How many signatures do we need to get something on the ballot?" Thompson may have known, but I didn't have a clue. He gave us the number, which was a large number, given the shortness of time. It may have been a half million but I'm not certain.

Czaplicki: I think that's what it was.

D'Esposito: It was a percentage of the votes at some prior statewide election. It was not easy. So I called Skilbeck and told him to get the band. Jim was a master at this kind of stuff. I took the proposition that he had written and I rewrote it partially, to be more lawyer-like and provide some parallel construction, et cetera. I gave him a copy of it and kept it, and when I left government, I gave him a framed copy of it. I won't tell you what I told him when I gave it to him.

Czaplicki: (laughs) That sounds like the best part!

D'Esposito: Then off they went, and that was the last I really knew about it until all the shit hit the fan and there was all of this difficulty. We hired Andy Raucci to handle the state board hearing, because there was a hearing challenging the petition gathering process.

Czaplicki: Did Bakalis file that?

D'Esposito: I don't remember who filed it. It may have been Bakalis. Somebody presumably on that side of the election.

Czaplicki: And how do you spell Andy's last name?

D'Esposito: R-a-u-c-c-i. Andy was Stanley Kusper's law partner and was a wonderful lawyer, unassuming, funny. You would not have taken him for being a crackerjack litigator, in manner or in appearance, but he was very effective, great on facts and detail. He basically defended the effort to get the petition on the ballot successfully. But it caused lots of heartache over the period of time that it occurred, because there were challenges to the accuracy of the petitions. I think some people were indicted in Kane County.

Czaplicki: Yes. I don't remember the full number, maybe twelve.

D'Esposito: Yes, something like that. There was a roundtabling process that had occurred, or was alleged to have occurred, up in Kane County or Kendall County, one of

those counties.[43] Who knows what the ultimate political benefit of the proposition was. It passed by a substantial majority, because it was a question you couldn't answer any way but yes. So off we went.

The other thing I remember about that particular election, the Democrats controlled both houses and they had used the legislative process really to try and advance Bakalis as a candidate, and to back Thompson into some corners. We came out of the session feeling as though the press had all been about the wonderful Democratic accomplishments. We took a look at the number of bills that we had to act on, and we acted on them in a fashion which got Thompson headlines in the press for a consecutive number of days, within a short period of time after the legislature had gone home. It really demonstrated to me the power of a single individual like a governor to command public attention, as opposed to the more amorphous influence that a legislative body has, just because of its multiplicity. So it was a concentrated attempt, and I think it was successful, to seize the momentum back in the campaign process through the summer. And the proposition was another attempt to build on that.

Czaplicki: When you say you handled the bills in a way, was it about which bills you chose to act on first, or whether or not to amendatory veto them?

D'Esposito: It was both which ones would get attention when you acted on them, what action you would take, and the sequence in which you would do them was not random. It was done consciously, trying to look at the overall picture. My guess would be that Zale was undoubtedly involved in that. And Thompson and Fletcher would have had a feel for the product of the session, the kinds of things that we think tie into what we'll stand for in the election. Let's pull them out and think about how we're going to act on them, and what we say about them when we act, in a way that delivers a political message.

Czaplicki: Is that always a resource the governor has with that process, or is that a resource that's only really manifest in something like an election cycle, when you have that compressed—

D'Esposito: No, I think it's a power that the governor has generally. Any governor, any chief executive who is a single individual, one of their most effective powers is the ability to command the airwaves. And to be effective, they need to know to use that. Thompson was very, very good at that.

Czaplicki: I was thinking even more specifically, just in terms of considering the bills. That's the kind of thing I think a lot of people don't think about as a resource.

D'Esposito: Right.

[43] See James Thompson, interview by Mark DePue, August 28, 2014; Tyrone Fahner, interview by Mike Czaplicki, April 29, 2015.

Czaplicki: Is that always a resource, or was it just because of the pressure of the campaign and having this stack of bills?

D'Esposito: No, I think it's always a resource. The governor is at a disadvantage during the process because there's all this noise and action, and people are yelling at the governor to try to get him to take a position on things that most governors would prefer to stand back from. There's really very little benefit to wading into the middle of a fight, because everybody will then turn on you, kind of like a policeman at a domestic disturbance. So you wait until it's over, and then you can say what you have to say in a way in which there's not as many competing voices. Clearly, it's best done in an electoral context, but also able to be done at any time.

Czaplicki: You mentioned that there was a lot of grief over the Thompson Proposition, the petition fight and then the allegations about how the petitions were gathered. Did this cause any divisions among the staff? Were there those who just wondered why this was done at all?

D'Esposito: No. It was happening and there was nothing we could do about it. I don't know if anybody knew about it before he came in and said, "We're doing this." He may have talked to others about needing to come up with something, but he just decided this is what we were doing. And it certainly gave everybody a momentum building exercise running right up to the election, but a lot of staff energy was spent trying to deal with the outfall of the proposition challenge.

Czaplicki: So would this be an example of what you were saying earlier, a decision getting made before you are able to have a discussion about the various ways it might affect different things?

D'Esposito: Maybe. I don't think the process in which that decision was made had anything to do with the way it was executed. The failures in implementation are just an endemic part of the process of petition gathering. The petitions that were gathered for the term-limit proposition on this particular ballot ran into issues as well. Just the process of trying to get lots of people throughout a very big state to sign something in a way that follows a reasonably rigorous law is always a challenge, particularly if you don't have a preset organization in place that does this for a living. And we clearly didn't. I mean, we didn't have anything in place before we started up.

Czaplicki: Earlier we had mentioned some investigation Fahner was running, and I'm wondering if maybe this was what he was looking into rather than patronage, but I don't know for sure. I think the timeframe is about right.

D'Esposito: I think the state police did get involved, but I don't specifically remember.

Czaplicki: You mentioned Andrew Raucci. Is something like this not the counsel's job? It's so much of a job that you outsource it?

D'Esposito: It's so much of a job that you would hire somebody outside to do that. Also, election law is a very specialized discipline in Illinois, and there are probably a dozen lawyers who do it well. Andy was one of those. So you wanted to get somebody who really knew the evidentiary rules—which are unusual, different, maybe not typical—and knew the process, knew players. He was great, just great, and Thompson used him for a number of other issues as the balance of his administration went forward.

Czaplicki: Did you recommend the hiring of him?

D'Esposito: No, I didn't.

Czaplicki: Your job is interesting because the governor is a lawyer.

D'Esposito: Yes, right. My guess is it may have been Jim Fletcher, who is also a lawyer. Jim had been involved in some other election matters previously, and I think he knew Andy.

Czaplicki: Perhaps a bigger heartache comes along shortly after the election, and that's when the General Assembly passes a pay raise for state officials. Governor Thompson had promised back in May that he would veto it, and he did veto it, but he vetoed it in a way that gave the General Assembly time to override his veto and put this pay raise into effect. A long story short, out of this we're going to get the Cutback Amendment. Pat Quinn comes on the scene and leads this very outraged citizenry into reducing the size of the state legislature, taking advantage of that anger. Leading up to that vote, was there a lot of discussion in the administration about this pay raise, or how to proceed when this pay raise was going to come down the pipe?

D'Esposito: I only have the vaguest recollection of those discussions. My guess is that they were closely held among—I'm assuming Fletcher was still there, and Zale and Thompson. I don't remember being specifically involved in any long conversations about that. I'm sure there were some, but I wasn't involved in any.[44]

Czaplicki: What did you think of the public response after the measure passed? Was that surprising? Because of course, Pat Quinn got people to send teabags in, and

[44] On the pay raise and ensuing controversy, see James Thompson, interview by Mark DePue, August 29, 2014; David Gilbert, interview by Mark DePue, March 27, 2014; Jim Fletcher, interview by Mike Czaplicki, March 9, 2015; Jim Edgar, June 9, 2009, Volume I: 257-262;. Mike Lawrence, interview by Mark DePue, March 4, 2009, 53-54.

apparently bags of corn and other things. There was a lot of press attention given to it.

D'Esposito: No, I don't think I really—I may have been surprised about the ability of Quinn to stir up the controversy. I think we may all have been surprised about it, but it doesn't leap back in my mind as something that…

Czaplicki: Thompson made the very unusual step in his inaugural address, he actually apologizes to the public. He said, "I made a mistake."

D'Esposito: Right. Well, you can surmise what the reactions were. I candidly don't remember any mea culpa sessions among all of this. It may have been so obvious that we didn't have to sit around and talk about it.

Czaplicki: In 1980, the Cutback Amendment was placed on the ballot and it passed. It dramatically reduced the size of the Illinois legislature, with many repercussions since then. What did you think about that measure as an instrument of reform?

D'Esposito: I may have thought initially it would lead to a somewhat more orderly House process. I think the loss of the three-member district, with the minority represented, did have an impact, though, on the functioning of that body, even in the short time I was still there after the election was over. They lost some people who were effective participants in dealing across the aisle on things.

Czaplicki: So compromise became…

D'Esposito: Yeah, right. I don't know that it dramatically impacted the output of the legislature or the product of the legislature, but I think there was a sense among people that it was going to be a different place, although I think it may have taken time for that to occur. It was still a reasonably bipartisan operation during my four years. It took people on both sides to get things done.

Czaplicki: Do you think there's some validity to those who have suggested that this is really when you see the power of the four leaders get consolidated?

D'Esposito: That's a good question, Mike. I don't know whether that had a significant impact on that or not. The leaders were pretty powerful even in 1980. I mean, it was an effective way of trying to accomplish something. It was very hard to deal with the multiplicity of legislators, and to an extent you could rely on the leaders to tell you what it was that their members needed, and you could consider whether it could be provided or not. That was a way of moving business forward, or killing things, as the case might be.

Czaplicki: Leaping ahead to the end of '79, we see the rise of a major financial crisis for Chicago Public Schools. I read a line that suggested that you and Art Quern,

in December, were holding meetings with some of the officials involved. How did the administration respond to this early news that the schools might be in crisis, and what was your role?

D'Esposito: I was very involved, with Art. Very early on, Art and I met in Chicago with representatives of the city. I don't remember who was representing the mayor, who at that time was Jane Byrne; it may have been either Bill Griffin or Mike Brady. But Don Reuben accompanied whoever that representative was to a meeting that Art and I had in the State of Illinois Building, up in the governor's office. I ended up being a partner of Don's when Isham Lincoln & Beal, which I went to after I left the Thompson administration, merged with his firm, Reuben & Proctor. Don was a very aggressive, smart lawyer, whose theory was that the best way to solve a problem was to give the other side a punch in the nose by way of introduction. So he came in and announced that unless we did what they wanted, which was to give them more money, they were going to file a lawsuit against the state.

Czaplicki: Who was he representing?

D'Esposito: He was representing the mayor, basically. They were going to file a lawsuit against the state, accusing them of failing them to follow the constitutional obligation to provide support for education; to which our response was, "Well Don, that's fine, and after that lawsuit is resolved five years from now, what are you going to be doing in the meantime? How is that really an effective way to approach a solution that gets the schools into the financial markets to borrow the money?" What basically had happened was that they discovered their financial statements had not been accurate, and they were out of the market for short-term borrowing. They were basically borrowing to fund their deficits and rolling the notes over, and they were just getting larger and larger. They were borrowing more and more and more, and the financial statements were not disclosing the essential nature of that weakness, so they couldn't get anybody to lend.

So the question was, what is the solution? We ended up hiring Felix Rohatyn, who was fresh from his work on behalf of the New York Municipal Assistance Authority, or a name something like that, which had been created as a vehicle to provide funding for New York City to help it through its financial crisis.[45]

Czaplicki: Now is that the early seventies near-bankruptcy?

D'Esposito: I believe so, yes. So Mr. Rohatyn and a couple of his staffers from the investment banking firm came to Chicago. We had a series of internal meetings and kind of came up with a structure that was similar. I can't tell you when this is all going on.

[45] Municipal Assistance Corporation for the City of New York, which the state created in 1975.

Czaplicki: I was wondering if that was in December, or if that was in January, post-summit.

D'Esposito: Well, we had an idea as to the approach we were going to take.

Czaplicki: Prior to the summit?

D'Esposito: What is your recollection of the summit?

Czaplicki: I have a series of events happening in December, as more and more bad news is coming out and people start realizing how bad the problem is. CPS misses a payroll—

D'Esposito: Right.

Czaplicki: —I think December nineteenth, or somewhere in that range, for the first time since the Great Depression. The teachers union is threatening strikes if things aren't resolved after January fourth, and on Friday, January fourth, the board misses a payroll again. It was January third, on Thursday, that Thompson holds the emergency summit at the mansion, so just after the new year.

D'Esposito: I don't remember it occurring in the winter, but it may well have. But yes, there was a session in Springfield where Thompson invited the participants to come and stay at the mansion. It was another classic Thompson skillful understanding of people and the way they behave. He had the union, the board, the banks which are going to be the lenders, several of us, and himself, and he supplied food and drinks to all the participants and basically said, You've got to solve this problem. At some point, he called a special session, either concurrently with or before the legislature really got going, and they all came into town.

The summit was kind of winding down, and our role was to wander from group to group and pound on them to get to a solution. The outline of the solution was not unlike the New York one, which was to create a separate governmental authority to provide financial oversight for the school board, and provide access to money by taking away some of the taxing authority that the Chicago board had and giving it to this body. There were a number of legal issues that were associated with that remedy. Our investment bankers would pound on all the other bankers, would pound on the union, would pound on the school board… Ultimately, there was the outline of a transaction.

Thompson announced that we had a deal, and I said, "Great. I'm off to Chicago to prepare the bill with the lawyers for all the parties." He said, "No you're not. They're coming down here. We'll put them up in a room in the

Capitol, and every time somebody starts arguing, you just have several legislators wander by and say, 'When are you going to be finished? We're waiting for you guys to draft the bill for us.'" He understood that the lawyers would take forever drafting this if they were away from the pressure of the political and legislative process. So we flew up, got the lawyers, brought them all back down to Springfield, locked them in a room in the Capitol, and we produced the Chicago School Finance Authority legislation.

One of the more memorable experiences of my life was being on the floor of the House, and actually in the Speaker's platform, during a Committee of the Whole meeting, where I had to go through the bill, describing what it did, and answer questions from any one of 176 members of the House who wanted to ask something about what the bill did or didn't do.

Czaplicki: That sounds like Parliament.

D'Esposito: Yeah, it was a fun experience, looking back on it; it was a little nerve-wracking as it was occurring. But the bill was passed, and then we had to sell that—we had to name the people. Thompson identified Jerry Van Gorkom, who was an executive at Trans Union Corporation. I don't know where his name came up, but he was a no-nonsense guy. He was put on the board, along with a group of other carefully balanced people who knew what their job was, and over time, that process worked its way through and got the district back to solvency.

But it was a very intense process. Thompson was great. He was an excellent listener. Bob Healey was the CTU leader at the time and did a marvelous job himself, both in articulating the concerns of his members and trying to convince them about the limitations of what the result was going to be.[46] It would cause some pain among the unionized employees, both on the teachers' side and all the other disciplines that were in the school system. Cay Rohter was the president of the board.

Czaplicki: Here first name was Cay?

D'Esposito: C-a-y, Catherine.

Czaplicki: She gets covered up in the press because they always call her Mrs. William Rohter.

D'Esposito: She was a charming woman who did a really marvelous job. I don't think there was anything that could have prepared her to kind of wander into this circus. She was at the summit. There were a bunch of other characters who were involved. Gene Keilin, who was one of the Lazard bankers, and Steve

[46] Chicago Teachers Union. Healey later served in George Ryan's administration as director of the Department of Labor.

Berger.[47] Steve took particular delight in torturing the bankers about their cautious approach to things, trying to get them to understand that this was a complex problem and that they needed to hold hands with everybody else and jump into the pool; they were not going to be able to do their usual banker dilatory diligence and anxiety-inducing behavior.

Czaplicki: Was it important to have them there?

D'Esposito: Oh yes, absolutely, right. The key insight that Thompson had was that this *was* a crisis, but if people are able to avoid the crisis, they can pretend it doesn't exist. So everybody who had a necessary role needed to be in the room, needed to be fed, and needed to be forced to talk to people on the other side. They needed to understand they had to come up with a solution, and that was really the role that he played. He would go out—and you're right, it may have been in the winter—and he would walk the fence. The reporters would be outside the fence of the mansion, and he would talk to them about what was going on. It was always a highly motivated conversation, because if there was some party who was being particularly difficult, Thompson would go out and talk to the press about, "Well, we're having a problem." The word would get out and around, and pretty soon, those people would begin to hear that it was time to try to get a deal. So there was kind of this multi-pronged approached to getting all the parties who had the real stake. There was very little the state itself was going to do by way of solution, other than to broker the end result.

Czaplicki: There was a short-term loan of $150 million, and that seemed to be the one where everybody had to have a little skin in that game, including the state. But then the other solutions were the special taxing authority that you mentioned and city tax anticipation warrant certificates.

D'Esposito: Right. And there were a bunch of interesting legal issues, so there had to be a test case, *Polich v. Chicago School Finance Authority*.

Czaplicki: Pollock, like the fish?

D'Esposito: P-o-l-i-c-h. We set that case up to test the validity of the statute, and that case was brought in the Illinois Supreme Court, an original action, so it could be heard quickly, which doesn't happen very often at all.

Czaplicki: So is that something that is squarely on your desk?

[47] Eugene Keilin and Stephen Berger also played critical roles during New York City's fiscal crisis in the mid-1970s: Keilin was executive director of the Municipal Assistance Corporation headed by Rohatyn, and Berger—who had served in various roles for governors Nelson Rockefeller and Hugh Carey—was executive director of the Emergency Financial Control Board overseeing the city's finances.

D'Esposito: I worked with outside lawyers to set that up, yes.[48] Different people had different roles in that case to make sure all the issues were laid out, because what you want to do is create a record so that somebody ten years later can't come along and say, "Oh, what about this issue." You litigate everything that's possible, and that was done in that case. That was one of the more significant events of my tenure down there, going through that.

Czaplicki: Do you remember what your feelings were prior to the summit, like when you were initially having those first meetings up in Chicago and talking to people? The scale of the problem, did it seem solvable?

D'Esposito: It seemed *very* large and very difficult. One of the things I'm pretty sure I remember was Mandeville's concerns about really understanding what the financial situation of the school district was. The numbers were inherently unreliable, at least from his perspective, and before we were about to solve any problem, we needed to understand what the problem really was. So getting access to the board's information, there's always been this very close-to-the-chest relationship between the state and the city, and the city is not going to do anything if they can avoid it. It took time to overcome that.

Czaplicki: But you did get access?

D'Esposito: We got enough to do what we did. I honestly don't remember how it came out and how long it took to get where we got. But of course Bob had squadrons of people who were prepared to go up there and look at anything they could get their hands on, to try to get their arms around things from a cosmic perspective. The idea was to build a bridge that would get you to an other side, and you have to see what the other side could look like, and then you have to figure out the pieces to get you across the chasm. That took a period of time. It almost occupied everybody's continuous attention from the moment it blossomed, until they finally passed the bill and the lawyers had to turn to the test case, and the people who were going to do the financing had to get that teed up.

Czaplicki: Do you remember particular sticking points in the negotiations or at the summit? You mentioned Thompson wanting the banks there so they couldn't ignore the crisis. Was the City of Chicago happy to be on the hook?

D'Esposito: No. The city was not happy at all about any of this, and I think to some degree, there was an advantage in that the mayor was new in office. I think Mike Brady may have been in the legislature before this, so he had some perspective on what life in Springfield was like and how to get something in the legislature. I think one of the difficulties that Chicago frequently has is they don't understand that the governor is not the mayor. The governor has to

[48] One of Thompson's former assistant U.S. attorneys, Anton Valukas, was part of the legal team representing the Chicago School Finance Authority.

deal with a legitimate branch of government that's got its own viewpoint, sometimes which is just to be something other than the governor. So getting the city to understand that they needed to negotiate, to try to get a solution, took some time. I think the mayor perceived that, and ultimately, we got to yes. I suppose if I went back and looked at the legislation or some of the term sheet stuff, things would come back to me, but off the top of my head, I can't remember specific topics.

Czaplicki: Just a few questions about the School Finance Authority, this mechanism. Where did the authority idea come from? Were you explicitly modeling it on New York City?

D'Esposito: Yes.

Czaplicki: Was it Felix's idea?

D'Esposito: Well, it was an idea which had gotten some currency in the literature. It created a separate government, and the idea of both budget discipline with outside oversight, and financing, existed in that particular model. It may well have been used elsewhere. It was necessary to achieve access to the markets.[49] The budgetary discipline was necessary politically in order to get the bill passed. There had to be a force that was not the same old crowd who had gotten everybody in trouble in the first place, who was going to say yes, there really is a change in the way the schools are functioning. That would be the perspective of the legislature, if we're going to have to vote for this, so that was a necessary component of it all.

Czaplicki: Either at the earlier meetings or at the summit, was anybody arguing for just a straight up tax increase to get the revenue? Because one of the interesting things about the solution is it doesn't change the overall tax rate. It reduces authority and then it transfers that to this new governmental unit, really.

D'Esposito: Right. And gives the school board a number of years in which to achieve the reduction costs that are necessary. I don't think there was, even then, any capacity for a tax increase. I don't know whether the city was taking that position, or whether it was the governor or the legislative leaders who said we're not passing any tax increases for it. There certainly was not going to be any state bailout. That was what Reuben and the mayor had originally come down asking for.

Czaplicki: I think Jerome Cosentino gets into the act too, as state treasurer.

D'Esposito: Right. He was going to lend them some money or something. We basically told him to go back to his office, I think. No, that was a nonstarter.

[49] A point echoed by Bob Mandeville. Robert Mandeville, interview by Mike Czaplicki, February 20, 2014, 213-222.

Czaplicki: Were legislative leaders present at the summit or did you talk to them afterwards?

D'Esposito: I don't remember. I think they were clearly involved and consulted as it was going on, but basically, the assumption was that it was Thompson's responsibility to deliver the Republican minority and it was the mayor's responsibility to negotiate, knowing that the city would have to provide most of the votes on the Democratic side. I'm certain that there were continuing briefings as to what's going on. And I don't know this, but I'm certain Thompson would have talked to people before he called the special session, to let people know what was happening.

Czaplicki: How important was the Bureau of the Budget to working out the solution?

D'Esposito: They were key. They understood the numbers and they played the honest broker on the numbers. No one was going to take the school board's views or the city's views about what the numbers really were. The bureau had to sign off on them, so they provided an outside credibility check on the numbers. That's why they were so interested in getting access to the numbers, because they saw that as their job.

Czaplicki: Bob Mandeville said that Larry Toenjes had played a particularly critical role. Do you remember that?

D'Esposito: I didn't remember it, but yeah that's right. He was the one who did a lot of the digging around.

Czaplicki: There were a couple critics of this deal, so I wanted to mention them a little bit.

D'Esposito: Sure.

Czaplicki: There's a larger issue with authorities and we could probably talk in more detail about this down the road when we think about some of the other groups that you're involved with. But several critics—Ald. Clifford Kelley, Sen. Richard Newhouse, and Milton Rakove, a political scientist at UIC.

D'Esposito: Milt taught me at Loyola.

Czaplicki: Really?

D'Esposito: Yeah.

Czaplicki: They look at the deal that comes out, and they argue that it's a giveaway of the schools because of the creation of this authority that is, as you said, getting this taxing authority, bringing in these outside people to make these decisions; and that there isn't a revenue increase, that it's going to really come through cuts. That is primarily the solution.

D'Esposito: Right.

Czaplicki: You'll impose this discipline and make layoffs. Rakove in particular argues that people served by CPS made up a weak constituency due to segregation and lack of property ownership. So it raises the question of why wasn't there more community participation in something like the summit?

D'Esposito: You know, I don't know. I don't think the community was as visible and focused in the educational arena until subsequent reforms, and it got them more legitimate roles in the school governance situation.

Czaplicki: Like the mid-nineties local school councils.

D'Esposito: Right. I think that's one reason. I think the more practical reason is that they missed payrolls. There was not a lot of time here to have a long, let's everybody kind of come together and have public hearings and consultations, and figure out what needs to be done. We need to get the kids in school, we need to pay the teachers, and to do that, we have to borrow money. And to borrow money, the school board needs to be removed from a position of responsibility, or have oversight, so they can re-achieve credibility, because they've lost it. We're just going to do this; otherwise, no one's getting paid, because there isn't any money.

Czaplicki: Yeah, the credit markets were closed, and they had missed two payrolls.

D'Esposito: Right.

Czaplicki: Was there anything you might have done differently out of the plan that emerged?

D'Esposito: Gosh, I don't know. I suppose the answer to that question probably is always yes, but I don't know what it would be.

Czaplicki: I guess a different way of asking would be, were there alternative options that you were choosing from, that never made it out?

D'Esposito: I'm sure there were glosses at various points, either imposing more discipline or less, or specific disciplines that you wanted to impose but couldn't sell. I don't remember any right now. But I think the overall structure was inevitable, meaning there would be a separate authority, there would be

oversight. The fact that the revenue raised would not increase was not the only possible outcome, but it was what was required by the forces outside of the city and the union in order to get it done. I think people were simply not prepared to provide more resources at that point.

Czaplicki: So neither Chicago, nor legislators, nor capital markets.

D'Esposito: Well, the capital markets weren't going to argue for a tax increase. I don't honestly know what Chicago's political calculation was. They may simply have decided that they didn't have the ability to get it passed at that time. Again, a new mayor, and probably not certain about what her own level of influence in that process would be.

Czaplicki: What did that outcome mean for the morale of the staff? I imagine that was seen as a pretty big win. And what did it mean for Thompson's political capital?

D'Esposito: That's an interesting question. I don't honestly remember wandering around with high-fives on that, but there would be times when that would happen. I think this was just a very serious problem that was bigger than almost anything we'd dealt with in terms of its impact on other people, and we were just glad to have a solution that got done. So in the one sense, it was a good feeling that it had gotten done, but also a significant amount of relief. I certainly didn't feel that the bank of political capital suddenly was overflowing. It had been hard to get done.

Czaplicki: So taking questions at the legislature, how did the legislators receive it when you were up there on the Speaker's box?

D'Esposito: There were a range of questions. I don't remember how long I was there, and as you've noticed probably, I have a way of going on and on, but they were all over the place, ranging from technical to rhetorical. You just try to answer them and try not to create any controversy in your answer, to become a distraction.

Czaplicki: Was there any attempt to check the bill or delay it or amend it?

D'Esposito: I don't remember.

Czaplicki: There's a lot more we could probably talk about with that particular reform, but we have other things to get to too, (laughs) so I'll skip ahead here.

D'Esposito: I would be interested in hearing Bob's recollection of that, as well as others. Unfortunately, Art's not around.

Czaplicki: Bob should be editing his transcript by now, so hopefully we'll have that up soon. I will let you know once we do. Several months after the school reform, although you're serving all these duties—director of staff, legal counsel—you're also tapped to head a taskforce to study transportation problems.

D'Esposito: Right.

Czaplicki: This taskforce also included John Kramer, the IDOT head. What was the purpose of this taskforce, why did the governor create it? And what was your role on it?

D'Esposito: I have the vaguest of recollections of this. About every five years, Illinois runs out of transportation money, and sometimes they deal with it right away, sometimes they take a couple of years to deal with it. When Thompson came in, the state was largely broke, and there was no time to deal with the fact that highways and mass transit were in difficulty. So it was finally in 1980, that we moved to—do you want some more ice?

Czaplicki: No, I'm fine, thank you.

D'Esposito: Kramer probably had been dealing with the governor a fair amount about, "We need to get this done," and no doubt the road builders were arguing that they needed some state resources so that they could get their troops to work. So Thompson asked me and others to put together a program, to come forward with something that recommended a way we could raise additional resources. That was the occasion on which the Ask the Governor incident that I told you about earlier occurred. We'd had these meetings and we'd come up with the conclusion there wasn't going to be this ad valorem tax increase. We apparently had not told the governor that, and so he went off and announced that it would be part of the process. We had a series of meetings and considered lots of different things. I remember having a whiteboard, or the 1980 equivalent of a whiteboard, writing down different possibilities and trying to get people to be more imaginative. As I remember, we made a proposal and it went nowhere, right?

Czaplicki: You finally issued a report in November. I shouldn't say finally, that's a pretty quick turnaround actually, but yeah, you outlined several preferences and policy solutions. One thing I had on here was preferring a state subsidy to increasing the RTA sales tax.

D'Esposito: Right.

Czaplicki: RTA was funded by a small increment on the taxes; Cook County had one cent, and then a quarter cent in the Collar Counties. Your report argued that the subsidy should be funded with higher cigarette and liquor taxes, thanks to the precarious condition of the general fund. Neither tax had been raised in ten

years, so it just seemed like a ripe revenue source. You also argued riders should pay a fair share of cost.

D'Esposito: We said a cigarette and a liquor tax? God, that was—so they've not stopped since we made that recommendation. (laughs)

Czaplicki: What was the logic of targeting those two in particular?

D'Esposito: I don't remember specifically, Mike. My guess would be that there is a reluctance to provide general fund money for transportation. It works both ways. The people who spend general fund money don't want it going off in that direction, and the people who spend highway money prefer to have something that's theirs and theirs alone so they don't have competition for the resources. But undoubtedly, if the cigarette and the liquor tax had not been raised, the idea of sin taxes was popular even back in 1980, and that's undoubtedly why that was suggested. Ultimately, I guess, that idea did get more traction, and finally the state did begin to put more money into transit.

Czaplicki: You also argued that the state needed a formula that would better relate fares and the potential subsidies that could go in, saying that riders need to pay their fair share of costs. You cited an increase in operating cost of 133 percent between 1977 and 1980. Do you recall why costs went up so dramatically?

D'Esposito: I don't.

Czaplicki: I mean, inflation was incredibly high, but it's still well beyond that.

D'Esposito: I don't remember. That was a time at which a lot of the bus companies and the railroads were struggling; the private sector operators were struggling, and the RTA was beginning to take them over, which may have had something to do with the cost impact.

Czaplicki: Your third point was that a successful funding package required reform of some of the RTA's institutional structure—that seems up your alley—but it was silent on what these reforms should be. I was wondering if you remembered some of the ideas you were kicking around.

D'Esposito: No, I don't. Actually, I've forgotten the recommendations, but it is interesting that at least two of them—neither of those is novel—showed up when finally a bill got passed in'83.

Czaplicki: People liked the report. CTA chairman Eugene Barnes called it an excellent report, and RTA board member Daniel Baldino agreed with you, so you had some support for these recs. Another idea, and this goes back to what you were saying about this conversation with a lobbyist, was the gasoline tax,

which was 7.5 cents per gallon, should change to a percentage of the price of gasoline. This would allow the road fund to then match inflation.

D'Esposito: Right.

Czaplicki: So was that something that you then altered based on Thompson's public remarks?

D'Esposito: I guess. We suddenly saw the error of our ways. (laughs) Thompson was one of those people who knew tax increases were difficult, but I think he decided that if he was going to ask for them, they were going to be adequate. He was not going to just kind of do a halfhearted venture and then have to repeat it. Also, if you look at what he was interested in and did, he was a governor who was concerned about infrastructure. He understood its importance to the economy of the state and saw that the state had a larger role in it than in many other areas of economic life, and he wanted the state to fix its roads, bridges, and transit. So was prepared to say, Let's do this. I don't remember what happened to it, in candor. I don't know why nothing happened at that point, whether external forces were in the way.

Czaplicki: There was a quote from you in a newspaper article saying, "We think it's necessary that RTA be restructured." There was a "strong need to eliminate city suburban bickering."[50]

D'Esposito: Right. That recommendation has not yet been followed. (laughter)

Czaplicki: What's the basic divide? Is there a key issue, are there many issues?

D'Esposito: There are a lot of issues. It's tribal, it's also real. The city is much more dependent on it. The suburbs have an interest but it's not as critical. The suburbs provide more of the money and get less of the service, but the real problem was a couple years later, when the RTA was dominated by the city and they jacked the suburban fares up tremendously. That caused outrage, and the reform, when it ultimately came, was to create the separate service boards, which was a mistake. But it was politically seen as the only way to legitimize the suburban subsidy of the CTA.

Czaplicki: Would that have been at risk had that not been done?

D'Esposito: That would be my guess, right.

Czaplicki: What was it like to work with John Kramer?

D'Esposito: John was great. He was an enthusiast. Thompson went to great pains to get Kramer appointed as secretary of transportation after Langhorne Bond left to

[50] David Young, "Report on RTA Called Excellent," *Chicago Tribune*, January 27, 1981.

go to Washington. John was both young and a known Democrat, and therefore, anathema to some of the downstate Republicans. I think his boyish enthusiasm also rubbed some people the wrong way, but he was very creative and imaginative, loved the job. The DOT, at that point, had some very, very talented people who worked at it. They may have been there before, but Langhorne clearly attracted talented people, John being one of them, Bill Ghesquiere being another, Jim Pitz another, Harry Hanley another, Warren Dunham—at least three of those people went off to be secretaries of transportation in other states.

Czaplicki: Yeah, Kirk Brown had mentioned that when I talked to him.[51]

D'Esposito: And Kirk too, right. So it was one of the more vital departments in the Thompson administration. John was an effective leader for it, and he had good people who could help him on that job.

Czaplicki: Yeah, I've heard that he seemed to have a special talent for attracting federal money, which can't be underestimated, especially at a moment of austerity.

D'Esposito: Right. One of the great accomplishments was the de-designation of the Crosstown Expressway, where we were able to free up all that federal money, which had been set aside for a road that was never going to happen and a subway that was never going to happen, and use it to build more immediate resources. Now, the unfortunate aspect of that was these large projects never occurred, and maybe some of the large projects would have been helpful. But in the meantime, some things that were more immediate did happen.[52]

Czaplicki: When you were working on this RTA study, just on a personal level, were you conscious of the parallels with your grandfather's work?

D'Esposito: Oh yeah, sure. I've always had an interest in transportation, I think in part because of the introduction he provided to it.

Czaplicki: Did you lobby to get put on this taskforce, or did Thompson just pick you, unbeknownst to you?

D'Esposito: I had been involved in revenue and infrastructure issues generally throughout my time there. I don't remember whether I specifically asked or whether he asked me.

[51] Kirk Brown, interview by Mike Czaplicki, December 22, 2009, 25. Dunham was director of Iowa DOT from 1982 to 1988, and Pitz was director of transportation in Michigan from 1982 to 1991.
[52] On the Crosstown Expressway, see Jim Fletcher, interview by Mike Czaplicki, February 24, 2015; James Thompson, interview by Mark DePue, July 31, 2014; and David Gilbert, interview by Mark DePue, March 14, 2014.

Czaplicki: Just a couple more issues and then I think we'll break today. One other thing from 1980. Governor Thompson called a cabinet meeting in November to explain the financial limits the state of Illinois was facing. Do you remember that meeting? This is something I read about in the press and it struck me, since he's not a cabinet style of manager.

D'Esposito: I don't remember that meeting. I do remember him calling a meeting occasionally, and it being kind of a, Oh, we're doing this.

Czaplicki: On February 20, 1981, you're only thirty-six years old, and you resigned, effective March 2, to become a partner at Isham Lincoln & Beale. What was behind your decision to leave state government at that point?

D'Esposito: It never occurred to me he was going to be governor for fourteen years. (Czaplicki laughs) We had adopted a daughter. I knew there were responsibilities that came with being a father, and that there were opportunities to make more money as a private lawyer. And I just assumed that the Thompson administration's time in Springfield was going to end at some point in the near term, and I would leave before it ended. We had rented out our house when we moved down to Springfield, on the assumption I was coming back. Before we started, we had thought about four years.

Czaplicki: Where were you living at this point?

D'Esposito: We had a house in Winnetka.

Czaplicki: Winnetka, okay. I don't know if you were still over on Cedar.

D'Esposito: No. We bought a house in 1973 and moved into it, then had it rented. And during what I refer to as the Jane Byrne Memorial Snowstorm, the roof beam collapsed because of the weight of the snow on top of the house, and we had to replace the roof eventually.[53] Renting it was okay for four years, but it's not being taken care of in the same way it would be if you lived there. So I just decided it was time to move on.

I might have stayed a couple more years if I'd known then what I know now, because it would have given me an opportunity to get more experience and have more impact. I enjoyed working with Art. Because I was a lawyer and he wasn't, he tended to rely on me a fair amount, and I enjoyed that working relationship. And again, we really did enjoy our time in Springfield, but I think we just decided it was kind of time to move on.

Czaplicki: How did Governor Thompson receive the news?

[53] Reference to the Chicago Blizzard of 1979, when the city's poor response helped fuel Byrne's primary victory over mayor Michael Bilandic a month later.

D'Esposito: He gave me a flyer that had been dumped on Japanese soldiers by U.S. forces flying over an island—maybe over Japan—telling them that the war was over and it was time for them to give up. He said, "I know these are the flyers that law firms have been dumping on you over the last several months, telling you it's time to leave government and come back to private practice, so just put this up on your wall." So I did, and I have it up on a wall in the office.

Czaplicki: Fitting, given today is September 2, right?

D'Esposito: Right, right. He gave Molly a lovely drawing of a woman that reminded him of her, which we also have hanging in our current home. We went down to see the Ghesquieres over the last weekend, and Bill pulled out a photo collage. Some of the photos were of a going away party that they had for me, which were fun to see.

Czaplicki: Why did you settle on the firm that you chose?

D'Esposito: I wanted to have a practice which bore some resemblance to what I had done in Springfield, because it was the most fun I'd ever had and it was the most stimulating. I wanted to work around government. Dick Ogilvie was the chairman of Isham. They had a number of lawyers who had an interest in government, they did some public finance, and I talked to them about trying to build a practice that would essentially be corporate lawyers for government bodies, largely at the state and local level. So that was our mission.

About two months after I joined the firm, Ogilvie called me in and said, "I want you to go out to New Jersey. I got a call from Governor Kean, and they need somebody to help them negotiate labor agreements with seventeen unions, in connection with the takeover of passenger service from Conrail." I said, "Dick, I've never done any labor negotiations," and he said, "Don't worry. It's a government problem, and you can solve government problems." That's what I did for the next year and a half of my life.

Czaplicki: Would that be what's now New Jersey Transit?

D'Esposito: New Jersey Transit, right.

Czaplicki: Seventeen months that was your life?

D'Esposito: No, it was seventeen unions and it was about eighteen months, about a year and a half. There's some great stories about that, but the people of the state of Illinois don't have any interest, so I won't tell you those. (laughs)

Czaplicki: Maybe at the end, if we have some time. Is Tom Kean the same gentleman that's the chair?[54]

D'Esposito: Right. He had just gotten elected.

Czaplicki: Interesting. Was he friends with Thompson prior to that, do you know?

D'Esposito: I don't know. Ogilvie was the trustee of the Milwaukee Road, which was in bankruptcy, and Kean knew Ogilvie knew something about railroads and rail unions, because Dick had been successful in restructuring the Milwaukee.[55]

Czaplicki: All right, so one last story for today. As you said earlier, as you were on your way out the door that January, you happened to be around for another significant moment of Illinois political history. I'll just turn it over to you, and tell us what happened.

D'Esposito: I was back in my office, where all good things start. It was early in the morning and "Doc," Senator Shapiro, who was a wonderful man, showed up on my doorstep and said, "How many votes does it take to elect a president of the Senate?" I said, "I don't know, let me look." So we looked at it and came back and said, "You know, it's not clear how many votes." As I remember, Robert's Rules said it was the majority of a quorum, as opposed to a majority of the fifty-nine elected senators. I then got on a plane and went to Chicago, and I don't remember why that was. I think I was still there for another month or so, but better men than I then got involved.

Thompson went up and presided, and he did a masterful job creating a record from the presiding officer's chair as they conducted the election to try to see if they could come up with a Senate president. I think our legislative guys got involved in that up to their eyeballs at that point. But the record in the case, *Rock v. Thompson*, is interesting just to see Thompson in the chair, because he knew what he was doing in terms of managing the quorum in order to accomplish the results. I don't know if reading the case has enough of the lore, but it may have. And didn't Seymour Simon come up with a Solomonic concurring opinion that produced the result that Rock ended up with the position, but…

Czaplicki: I've never read the opinion, so I don't know.

D'Esposito: It's worth reading the opinion if you're into that kind of thing, legislative high jinks and activity to try to produce results. But yeah, that was another kind of, Oh gosh, we're about to go on another adventure.

[54] Thomas Kean was chairman of the National Commission on Terrorist Attacks Upon the United States, which investigated the attacks of September 11, 2001. Governor Thompson also served on the commission.
[55] Chicago, Milwaukee, St. Paul and Pacific Railroad.

Czaplicki: Were you aware of what they were…

D'Esposito: Oh yeah, I knew exactly what they were up to, that there was some question as to who was going to be present and who was going to vote for who. As I remember, wasn't that the time that Senator Gitz switched parties too?

Czaplicki: I don't know.

D'Esposito: Yeah, there was a party switch that went on. Whether it was that occasion or another one, I don't know.

Czaplicki: Did you have any words of wisdom before you got on your plane back to Chicago?

D'Esposito: No, I just told them that I thought there was an argument that a majority of the quorum worked, absent a specific rule that was in place; that the constitution itself was not clear on it.

Czaplicki: Earlier, in our first session, you had talked about Thompson being a strong, aggressive governor, especially under the powers of the constitution making a strong executive. Would this be an example of Thompson's aggressiveness in trying to maximize gubernatorial power?

D'Esposito: No, I don't think it was him maximizing gubernatorial power as much as it was him taking advantage of an opportunity for his legislative party to succeed. Of course if he ran the Senate, that would be an advantage to him as governor, so it was not entirely an unreasonable act in that respect. I don't think he saw this as a power grab for him as much as it was for the Republicans, and I think he genuinely liked Senator Shapiro. I think most everybody did, he was a decent man.

Czaplicki: I don't know if this is the right word for it or not. To me, it looked like a gamble.

D'Esposito: Oh, clearly, yeah. It was not clear, but there was a possibility of a favorable outcome and so why not, I think was the ultimate calculus.

Czaplicki: Is Jim Thompson somebody who was willing to gamble, or is he somebody who likes to gamble? Is he less risk averse than other leaders might be?

D'Esposito: I think he was less risk averse than many lawyers that I've come in contact with. I think lawyers, by temperament, many of them are quite risk averse. I think on a scale of one-to-ten among lawyers, Thompson would be on the less risk averse side of that equation, and I think you have to be if you're in politics.

I'll give you an example of risk averseness. One of the first years, we were trying to figure out how to get intelligent commentary on all of the bills that had passed the legislature. I got it into my head that it would make sense to get lawyers in private firms to review the bill and just offer us their comments on the bill, mostly from a technical perspective. You know, if it's a bill having something to do with estate or corporate law, we'll send it to them to tell us does this work, given what the law is on the subject. So I called a dozen firms and got people to volunteer, and we shipped off all the legislation and said you've got two weeks to give us your perspective.

I'll never forget, I got a lawyer who wrote back and said that we had to veto this particular piece of legislation because it was ambiguous, and it was not clear whether it meant X or Y. That's an example of a very risk averse person who has no real feel for the fact that some legislator—actually one in the Senate and one in the House, they both passed the same bill—had passed that bill, was anxiously awaiting its signature so they could send out their press release to the people who had wanted that piece of legislation passed, and was undoubtedly going to use it in their campaign literature, et cetera. This lawyer did not really appreciate that we were not going to be able to say to that legislator, "We're awfully sorry, we vetoed that bill because it's ambiguous." (laughter)

It's just a different perspective, and Thompson was way far from that kind of risk profile. He was prepared to do things because they offered benefits, either substantively or politically. If there were risks associated with them, he'd consider them and decide, but by and large, if the benefit was great enough he would go for it, and I think that was probably the calculus in the Senate situation. What I don't know, Mike, is whether or not it had any impact on relationships going forward. He got along extremely well with Senator Rock, who was a magnificent man and was held in immense regard by all of us on the staff and by the governor. And I think he may have expected that this was just one of those battles you get in, and life will go on irrespective of the outcome. But I don't know.

Czaplicki: A little bit more to say about him next time, but I think that's a good place to break today. So we'll talk about tax reform and some of these special commissions that you get involved with, and that should wrap it up.

D'Esposito: Okay, great.

Czaplicki: So thanks again.

D'Esposito: My pleasure.

(End of interview 2)

Interview with Julian D'Esposito

IST-A-L-2014-040.03

Interview # 3: September 29, 2014

Interviewer: Mike Czaplicki

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Czaplicki: Today is Monday, September 29, 2014. I'm Mike Czaplicki, project historian on the Gov. Jim Thompson Oral History Project at the Abraham Lincoln Presidential Library. I'm here in Chicago again, at Mayer Brown, with Julian D'Esposito for our third and final session. How are you today, Julian?

D'Esposito: I'm fine, thank you.

Czaplicki: We had gotten you through your time with the Thompson administration in our last session, and so this session, I thought we'd talk about various commissions that you served in various capacities over time. In the 1982 State of the State address, Governor Thompson issued a call for tax reform, and soon after, he created a twenty-six member tax reform commission, which he appointed you to. Do you recall that commission and the work?

D'Esposito: Yes. I still have a bunch of papers from it up in my office.

Czaplicki: Why was tax reform necessary?

D'Esposito: I think tax reform is always necessary. There's never a lack of possible changes. Illinois's tax system is an accumulation of historical artifacts and appendages, and you could always take a good look at it and see whether changes are necessary. I honestly don't recall the context in which that occurred. It may well have been that there was a need for additional revenue, and there's always been a push in Illinois to rethink the relative role of state and local revenues. People are forever talking about swapping income taxes for property taxes, particularly to fund schools. Jim Edgar, at one point, had introduced a bill to do that.[56]

Czaplicki: I think he may have done that in '77?

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[56] Edgar made his proposal 1977. Jim Edgar, interview by Mark DePue, June 9, 2009, Volume I: 231-235.

D'Esposito: Yeah, which I thought made no sense, but it was an attempt to try to begin making those kinds of changes. Illinois's sales tax system has always been very narrowly based, and there are periodic attempts to broaden that base and reduce the rate. I think there were also some issues surrounding the funding for transportation. I may have conflated several different occurrences.

Czaplicki: Just out of curiosity, what was it about Edgar's proposal that struck you as misguided?

D'Esposito: He had the tax being imposed by local governments, which would have been a nightmarish setting for administrative purposes.

Czaplicki: So generally, that's something that's better if the state handles it?

D'Esposito: Right. You see all the problems at the federal level now, with inversions and people being able to move income in different places.[57] It would be a problem in spades if you had income tax jurisdictions at local levels.

Czaplicki: As far as the major changes that the commission recommended, the tax swap was probably the major one. So a 50 percent cut in the portion of property taxes that was used to fund public schools, and that would be offset by increasing the income tax from 2.5 percent to 3.5 percent, as well as bumping the corporate rate from 4 percent to 5.6 percent.

D'Esposito: Right.

Czaplicki: And as part of that, you also revised the school aid formula to ensure a fair distribution. You talked a little bit about that in the last session that we had. The proposal would also double the $1,000 personal exemption on the income tax and exempt food and drugs from sales tax, but then it would expand the sales tax to included services, including medical and legal.

D'Esposito: I thought that the food and drug exemption was already in place. Maybe not.

Czaplicki: I believe it was, but it was being phased in over a certain number of years. I'd have to double check, but I think perhaps maybe the last point and a half or two points—

D'Esposito: Was yet to come, okay.

Czaplicki: And then finally, it was going to shift the fuel tax to a percentage of the gas sold, rather than the flat tax, which at the time was seven and a half cents.

[57] Inversion is the controversial practice of changing a corporation's home location to a foreign country, despite maintaining the bulk of its operations in the U.S., to shield its income from federal taxes. Inversions have grown increasingly popular with companies since 2012.

D'Esposito: Right.

Czaplicki: How did the commission go about its work, and what was your role on the commission in generating these proposals?

D'Esposito: My recollection is that we had some appropriated funds, and a variety of consultants were hired to do papers, posing alternatives for us, and then they were debated by the commission and recommendations made. It was not a highly politicized commission in the sense we did not try to develop proposals that were tested in the legislative process. I think we determined to stay separate from that and just come up with a proposal. Obviously, many of us on the commission had had political experience, and so that experience impacted our judgment about what we would or would not recommend. But we were not a stalking horse for a specific proposal to put in front of the legislature.

Czaplicki: What were your views heading into your work on the commission, independently of what finally results? Did you have strong feelings about how taxes should be reformed?

D'Esposito: I had spent a fair amount of time, both before I came to Springfield and then at Springfield, with the revenue and finance system, so I had some views. I'm a believer in many of the theoretical perspectives on tax, meaning broad based, low rate, and fund the programs with taxes that people have to pay, so they make some judgment that they want the program. I think the tendency now to try to fund programs with taxes that are invisible is unfortunate, so I would always be for raising basic taxes, rather than the sin taxes, for example. Easy for me to say, since I never have to run; I never ran for anything. I also was a firm believer that a transaction tax on sales was a good tax. It was collected in a series of transactions engaged in by people, and therefore, you should broaden the base in Illinois. Unfortunately, we've just not done that at all. If we have done anything, we've narrowed it further, so we now have a very high rate and a very narrow base, which is unfortunate because it doesn't take into account that the Illinois economy has changed dramatically since even I was there. Service is a significant part of the economy, and it's not paying.

Czaplicki: What would be a good example of a service that's going untaxed, that might be better to tax?

D'Esposito: I got my hair cut today, I didn't pay a tax on that. I got my shoes shined, I didn't pay a tax on that. So there are consumer services. A little more problematic are professional services, whether they be in the medical profession or the legal profession or the accounting profession, or other business services.

Czaplicki: So if you prepared a will for someone.

D'Esposito: Right, and you know, it gets talked about. I think at one point, Bruce Rauner mentioned it again in this campaign, but he may have run away from it quickly. I don't recall.

Czaplicki: Do you have any feelings about the flat tax versus a progressive tax?

D'Esposito: The Illinois income tax?

Czaplicki: Yes, on the personal income tax.

D'Esposito: I really don't. I was not involved in the constitutional convention. I'm sure it was a very difficult fight to even get the income tax in place, and the flat tax was a necessary part of that compromise. I don't have a view on whether it should be changed.

Czaplicki: But that wasn't part of the commission's discussions?

D'Esposito: No. It wasn't that old at the time. The constitution was only twelve years old, I think, when we were involved. So we were not about to upset that, just because it was kind of a lightning rod.

Czaplicki: Were you satisfied with all the recommendations?

D'Esposito: Yeah, I thought it was a good report.

Czaplicki: Do you feel anything got left on the table that should have been in there?

D'Esposito: I may have, but I don't recall filing any dissenting viewpoints or anything that I felt strongly about. It was a good document and there was lots of useful information in it. I don't think it had much impact, unfortunately, like many such efforts.

Czaplicki: What ended up happening to the measure, and why didn't it have much of an impact?

D'Esposito: I don't know, Mike, I can't recall specifically. There were a number of changes. The income tax did get increased on a temporary basis, perhaps a couple years after that. There were also increases in transportation funding a couple years later, but those were typically rate increases. There were no substantial structural reforms that I remember.

Czaplicki: The temporary increase actually happens right around the same time, so in '82, and it's an election year.

D'Esposito: And then in '83 was when they had the—

Czaplicki: Right. Governor Thompson was very careful in the campaign to say he didn't "see the need" for a new tax, and then afterwards, based on the revenue estimates, said oh, we sure have a problem on our hands here. Then in January, Sen. Phil Rock actually helps Thompson a bit, because he comes out and makes a public statement that the governor should "tell it like it is" and call for a tax increase.[58] Ultimately, what works out is the temporary increase from 2.5 percent to 3 percent for personal income, which the governor signed. That was the first increase in the personal income tax since the original tax in 1969.

D'Esposito: Didn't Jim Nowlan do a book on that particular legislative session?

Czaplicki: I'm not sure.

D'Esposito: I thought there was a book.

Czaplicki: I'll have to check that out. He's someone else that we plan on talking to. I was curious when you said that the commission wasn't a stalking horse for anything. I had wondered if you thought that maybe part of the commission's purpose was to provide some cover for a tax increase.

D'Esposito: No, we really didn't examine that, to the best of my recollection, and I haven't thought about this probably since the year after it was over. I don't recall us with a mission to illustrate the state's structural deficit, which it has had for a long time. I don't know that the term structural deficit really began to show up until later in the eighties.

Czaplicki: How would you define structural deficit?

D'Esposito: The spending patterns are simply not supported. The growth in spending is not supported by the growth in revenue; the types of taxes that the state had did not grow at the same rate as the demand for spending, and not demand in the sense that interest groups wanted to spend, but just demographics and other things that would increase the demand for government services. The growth in the sales tax—again, because it's only taxing part of the economy—the growth in the property tax, and the growth in the income tax were not supporting what was necessary.

Czaplicki: So things that are baked in, even without any intervention.

[58] David Axelrod and Mitchell Locin, "Thompson Predicts No State Income Tax Hike," *Chicago Tribune*, October 8, 1982; Daniel Egler, "'Tell It Like It Is' on Tax, Rock Urging Thompson," *Chicago Tribune*, January 16, 1983. See Robert Mandeville, interview by Mike Czaplicki, February 20, 2014, 244-249.

D'Esposito: Right. Historically, the way it's been funded is to stiff the vendors and the creditors of the state by expanding the payable period, until a point at which it gets intolerable, and then you go out and find a series of additional revenues and solve the problem for a period of time. Then it grows back up again. A better example of a structural deficit is the deficit in highway funding, in the sense that the price of concrete inflates at some rate, but the amount of revenues raised from gasoline taxes grows at a smaller rate, just because cars are more efficient and people are using fewer gallons. The tax is on a per gallon basis, not on a price of gasoline basis, so the revenue is never going to keep up with the cost of service.

Czaplicki: Your old advisor, Dawn Clark Netsch, felt that not incorporating tax reforms, really making a push for that, would be a mistake, because it would be incredibly difficult to revisit the issue in the future. She thought it was really the end of a serious discussion about tax reform, that this was a moment where this really needed to happen.

D'Esposito: And she was making that point when the tax increases were being passed?

Czaplicki: Right, because the commission was coming out with its recommendations almost at that same time, and as you suggested, nothing really happens with it. Instead what happens is a temporary tax hike.

D'Esposito: Right.

Czaplicki: I was wondering what you thought of that argument and if you felt similarly, did you feel like a moment was lost there?

D'Esposito: In retrospect, I think. I don't recall what my feeling was at the time. Tax increases are obviously difficult things. They seem to be even more difficult in Illinois because of the experience with the income tax, and they've gotten perilous in today's day and age. I think it's almost impossible to do structural reform absent a crisis, because there are winners and losers, and the winners aren't aware and the losers are screaming. There's nobody being rewarded, seemingly, by structural reform, so it doesn't happen. It's rare. The '86 federal tax act was kind of a remarkable event, and it took some political geniuses to get it done.[59]

Czaplicki: Didn't some of that act affect Illinois public finance, in terms of some of the regulations about what bonds would be considered tax exempt?

D'Esposito: I also think it changed some of the base against which Illinois taxes were imposed, but I don't remember the specifics. But I think it did have an impact on all states.

[59] Tax Reform Act of 1986.

Czaplicki: I thought I read something about stadiums, that there was one model that wanted to issue some developmental bonds.

D'Esposito: Yes, it banned bonds for stadiums.

Czaplicki: It did?

D'Esposito: It removed the tax exemption for it.

Czaplicki: All bonds, or just a particular category of bond?

D'Esposito: A federal tax exempt bond for a stadium was prohibited in the 1986 tax act. But there were a number of rifle shot provisions which were added in order to grandfather in some transactions that were foreseen, the Sox deal being one of them. There were transition rules.

Czaplicki: Hopefully, we can talk about that a little bit when we get there. Congressman Dan Rostenkowski, I imagine, would have been important with those issues. So in general, are you suggesting a model, a policy? I mean, is that how things need to get done? Do there have to be carrots to induce people to vote for something in order to get the gears turning?

D'Esposito: I think so, yeah. Somebody has to benefit specifically, I think, for something to be done. Most people are not going to vote for something that is a theoretical good. It has to be a practical good, particularly if they perceive themselves to be putting their political life on the line, which I think in today's day and age, is how most politicians regard any vote on a revenue matter.

Czaplicki: Is this a dynamic that politicians could theoretically change? Either using the office as a bully pulpit, or some type of education, just explaining that services do cost something and that both parties do have things they like that need to be funded? It seems like it's very politically popular to run against taxes, but then you create this self-fulfilling prophecy that when you need them, you can't get them.

D'Esposito: Right.

Czaplicki: So I'm wondering if you think there could be a change or just, it's human nature. (laughs)

D'Esposito: You know, we're into the deeply philosophical or something at this point. I think one of the things that's unfortunate is that campaigns do not focus on the issues that people face and their institutions face. They tend to focus on the trivial and the personal, so there isn't any real debate about the direction to be taken for the state. It's more about the personality of the individual you're electing to lead you; not that that's not an important criteria, because you

don't know what the problem is necessarily going to be, and you need to make a decision based on the character of that person. Elections should have consequences, and the candidates should articulate what it is they're interested in, in ways that are not instantly seen as being the end of the world. But unfortunately, the negative ad seems to be very effective. So people are understandably reluctant, and it would take some doing to change that dynamic. I think one of the reasons that people describe our system of government as being dysfunctional and unable to solve problems is because elections themselves don't resolve problems.

Czaplicki: It's good to get into the philosophical elements at times, I think. Did you have much contact with the administration during the commission's deliberations? Is this the kind of thing where you're discussing what's going on as the work is underway?

D'Esposito: I did not personally. I don't remember who was on the commission, I think Tom Johnson was, was he not?

Czaplicki: I don't have a full list of names. I know Doug Whitley was.

D'Esposito: I think he was still inside the administration, may even have been the director of revenue already at that time. So there were connections between the administration and the work of the committee.

Czaplicki: Just a broad question about two modes of governance Governor Thompson seems to favor, summitry and taskforce/commissions. During the campaign and transition, there was the reorganization study group. That's followed up by the transportation and tax reform commissions. I know later on, and I've talked to Bernard Turnock about this, he has one on AIDS.[60] How effective is this mode of governance, and does it have any limits, the taskforce model?

D'Esposito: I think it's an effective device. It probably can be overused. You can use it either to try to advance something, or you can use it to try to bury something. And you may have an unintended consequence, meaning you may pick it to bury something and it becomes a vital issue, or you may try to advance something and it gets buried in the process, either because of external events or just the way the dynamic develops.

Just emphasizing taskforces, it's very complicated to pass things. Illinois is an enormous place, with quite varied interests. Thompson used to like to talk about Illinois being reflective of the United States—how long and wide it is, and really includes lots of different kinds of people who have lots of different interests—and sometimes the only way you give an issue enough focus to get

[60] On AIDS policy, see Bernard Turnock, interview by Mike Czaplicki, April 22, 2014, 88-92; Jeffrey Miller, interview by Mike Czaplicki, July 7, 2015; James Thompson, interviews by Mark DePue, March 30 and September 10, 2015.

public attention is to create a taskforce and try to create some momentum behind it to push things through. It doesn't always work. Sometimes the ambitions of the taskforce are greater than the capacity of any collective body to deal with what's being brought forward.

Czaplicki: Do any taskforces stand out in your mind as being particularly successful?

D'Esposito: In the Thompson administration, there was the cost containment taskforce, which was done during the years I was there. It did identify a whole number of different ways of doing things that would save money, and it did create a focus. There was a checklist of a hundred and some changes that could be made. So it gives you the discipline of saying, "Okay, what have we done with number three? What have we done with number seven?" and kind of go down the list. We would put out reports from time to time saying, "We've done another seven"; "We've done another twelve." A taskforce has that kind of agenda focusing benefit.

Czaplicki: And in terms of implementing the recommendations, is that the kind of thing that then gets handed off to the program staff to take care of?

D'Esposito: Typically, right. In that case, there were some people who were responsible just for that taskforce, and they would be running around interacting with departments and trying to push the bureaucracy to do something. In almost any institution, the status quo is a very powerful force, and it frequently needs an external actor to move it forward. A taskforce kind of sends a flare out into the night on a topic, but you know when the flares go up, after a while they burn out. So you need to have some other people who can then take that flare and run around and try to continue to use it to keep moving, because the typical reaction of somebody who does not want change is just to hunker down, "This too shall pass." Hunkering down is usually an effective strategy.

Czaplicki: Do you recall who the chair of that cost containment taskforce was?

D'Esposito: I don't. Mike Hasten was brought into the government by Jim Fletcher, and he was one of the staff people who worked with that. He's now deceased. There was a consultant, whose name was Warren King, who had done this in several other states and persuaded somebody to do it here.

There were some other taskforces during the Thompson administration. There were several taskforces on transportation, some of which did not produce results, and some of which led to the shape of a bill to deal with an issue. Again, an effective device for marshalling focus on a topic and a direction. A direction is important. A lot of people can wring their hands about a topic, but okay, now what do you want to do about it? If you get a taskforce that has the involved constituencies who can work out a particular program, put together the outlines of a proposal, you at least have the start of something.

Czaplicki: Were there any cases that fit the other model, where Governor Thompson tried to bury something through a taskforce?

D'Esposito: I don't remember any, and I'm not saying that just for the purposes of being evasive. (Czaplicki laughs) I think you could name a taskforce as a way to buy time, to try to see what a possible solution was. The example I used the last time was the hearing on the Commonwealth Edison decision on coal. It wasn't a taskforce, but was: Here's a problem; I'm not sure how the best way to deal with this is, and I don't have all the facts. Okay, so let's have a hearing. That will give me some distance from it—me the governor—and I can watch the facts get developed, and some outline of a solution may emerge. That was also a device you could use a taskforce for. I don't recall any specific one in which that was done, but I would suspect there were some.

Czaplicki: That's very helpful.

D'Esposito: You know, the newspapers are clamoring about something, and you always get a good headline the next day, "Taskforce Named to Deal with *Tribune, Sun-Times* Problem."

Czaplicki: How does political time differ from regular time? Do things seem more compressed when you're in government? Do you feel like you have less time to make decisions in your day?

D'Esposito: Yes, that was one of the startling things for me, coming from a lawyer's background, which is entirely deliberate and deliberative, if not pokey. As a lawyer, you can always ask for a continuance or you can always read another three cases before you have to make a decision on something. That's an exaggeration. In government there are deadlines, sometimes imagined, but seemingly real. The deadline may be the fact that somebody is writing a story, and you've got to be in that story with your decision or it's going to get away from you. There are legislative deadlines.

Czaplicki: June thirtieth being a significant one, right?

D'Esposito: Right. Or the third reading deadline in the first House, those kinds of things. And you use the deadlines, both to purposefully miss them, so something you're not in favor of dies, or to try to make sure your pet project is still alive and is at least under discussion after the deadline passes.

Czaplicki: Did you get involved with the Taxpayers Federation of Illinois, coming out of this?

D'Esposito: Yes. At some point thereafter, I went on the board of the Taxpayers Federation. I had worked with Doug Whitley previously and was interested in the topics that they were interested in, and so I went on the board.

Czaplicki: Then there was an interesting item July 9, 1984, in the "Sneed & Lavin INC." column, which reported that Governor Thompson planned to appoint you as the new chief of the RTA.[61]

D'Esposito: How do you find this stuff?

Czaplicki: (laughs) The wonders of the Internet. More and more goes online, and it makes one's life much easier.

D'Esposito: That's amazing. Yeah, I think John Kramer probably was the one who put that in Sneed's column, to suggest to Thompson that this would have been a good idea.

Czaplicki: You had an interesting response. You said you hadn't heard anything about it but, "I have been appointed to jobs before without consultation." I was curious what jobs you were referencing.

D'Esposito: I was probably referring to when Gilbert called me up and said he was going to announce that I was the new counsel, and I had never really heard back after my initial interview with Thompson.

Czaplicki: So this would be an example of somebody trying to use the press to communicate a message to someone else in government?

D'Esposito: Right.

Czaplicki: You think Kramer put this in there?

D'Esposito: Right.

Czaplicki: Had you talked to Kramer about this post?

D'Esposito: I don't recall specifically talking to him about that post. I had an interest in the RTA. I had been involved with the RTA virtually since its creation, in a very modest way, and I'd been interested in it when I was on the staff and paid attention to both highways and mass transit. So I had a background in it.

Czaplicki: But ultimately, it shakes out differently, because Sam Skinner becomes RTA chairman.

D'Esposito: Right.

[61] "Sneed & Lavin Inc.," *Chicago Tribune*, July 9, 1984.

Czaplicki: Is this the same time that you became outside counsel?

D'Esposito: Yeah, my firm was hired. Actually, when the RTA was created back in the early seventies, there were three law firms that were hired: Kirkland & Ellis, Don Reuben; Isham Lincoln & Beale, which was Dick Ogilvie; and Hopkins and Sutter, which was Jeremiah Marsh.[62] They split up the work among them. Isham took the financing, of which there was virtually none originally. There was a real change in the governance of the RTA that occurred in '83 as a result of the chaos that the old RTA had gotten into, both financially and politically, and it was restructured. Metra and Pace were created and the services were split up among the suburbs and the city, and the governance of them was as well, so the RTA had a new board. Skinner was the chairman and he asked me to be the outside lawyer for the RTA, which I did. I worked for them from 1984 all the way up until a couple years ago.

Czaplicki: Did they retain outside counsel just as a way of keeping staff overhead down?

D'Esposito: At that point, they did not have any in-house lawyers. The RTA was a reasonably small staff. After I had worked there for a couple years, they then hired an in-house lawyer, and over time it's grown slightly larger. Metra, Pace, and the CTA being operating entities, they have a much larger array of legal needs, and so they have in-house lawyers. But they also had outside lawyers representing them.

Czaplicki: What would your typical duties entail?

D'Esposito: Advice to the board and the chairman about what their powers were, suggestions on implementation of those powers, what they could or couldn't do when dealing with the service boards. We did their financing. They developed the capacity to do the financing, and we represented them. We were involved in a couple of pieces of litigation, but by and large tried to stay out of court. Spent a lot of time with the chief executive and the chief financial officer, essentially just sorting through what they were up to.

Czaplicki: So when you work on financing, are you negotiating terms, or are you just reviewing contract details?

D'Esposito: The terms were not all that elaborate. What you would do would be to worry about the disclosure document. You're doing an offering of bonds in the public marketplace, so you've got SEC-type issues about full and accurate disclosure that you have to worry about. You'd worry about those kinds of things principally.

[62] Marsh had been an important member of Governor Ogilvie's administration, with broad responsibility under his title of special counsel.

Czaplicki: Would you have to meet with bond houses much?

D'Esposito: Yes.

Czaplicki: The bond rating agencies?

D'Esposito: Yes.

Czaplicki: So would you be going off to New York?

D'Esposito: Yes, we'd do that occasionally. And then I wrote most of the statutory changes that occurred over a twenty-year period.

Czaplicki: Laws that the General Assembly is adjusting, or administratively?

D'Esposito: No, no, that the General Assembly would pass, which I wrote. I made proposals and they adopted them in whole or in part.

Czaplicki: So you added to that expanding volume that you mentioned.

D'Esposito: Right.

Czaplicki: How did you find dealing with the bond houses, what was that like?

D'Esposito: It was very interesting. I had done a little of that when I was on Thompson's staff, and with the School Finance Authority, but it was always interesting to see their perspective that they brought to something, and to try to understand what was important, what wasn't important, and to make sure that you came to them fully prepared to respond to what was likely to be an issue for them. They were interested in both the numbers, which I wouldn't be speaking to, and what are the remedies here, what's the nature of the government's power; what can it do, what can't it do.

Czaplicki: And they presumably are interested in basically generating revenue to retire bonds, when they're thinking about powers and what can the government do and not do?

D'Esposito: Yes, and they're also thinking about threats to revenue, you know, what is your taxing capacity and what are the risks to this form of taxation. What happens if government shuts down? Do we still get paid? Those kinds of issues.

Czaplicki: I had a long talk with Director Mandeville about the bond houses, so I was thinking if there would be any differences in how the bond agencies would approach the state, versus a sub-government.[63]

[63] Mandeville, February 20, 2014, 222-235.

D'Esposito: Yes. The state is obviously a sovereign entity and can raise endless amounts of money if it wishes to, but the problem with the state is that the bond holders have really almost no remedy against them. They really depend on the munificence of the state in making payments, and the risk that if the states don't pay, they won't be able to borrow again; whereas if a local government issues a debt, they can be sued in court to collect on that debt. Although the nature of that remedy is not like you suing me to get something out of me, it's more complicated, it's certainly closer to you suing me or the RTA or the schools than it would be for the state. I mean, if you sue the state, you've got to go to the court of claims, which is a quasi-legislative court. And if they say, "Yes, you should collect fifty dollars," the legislature has to appropriate that fifty dollars before you get paid, so you're back where you started in some respect.

Czaplicki: You mentioned you generally tried to stay out of court, but I read about some litigation that was interesting, because you actually see how the Council Wars in Chicago spill over into the RTA board.

D'Esposito: Right. Mike Cardilli, is that his name?

Czaplicki: He's the CTA chairman, but Harold Washington's other four nominees to the RTA board got held up by the city council, which of course didn't want to do anything to help Harold Washington. This meant that the RTA board only had nine of thirteen members, and I know there are some provisions where two-thirds was required for approval.

D'Esposito: Right.

Czaplicki: So that would be nine, but since you had Michael Cardilli as CTA chairman, he would often be a no vote, and the board couldn't approve things. And the particular measure here, in September 1985, the board voted 8–1 in favor of a $288 million subsidy to the CTA, which the CTA had strong objections to. It wanted more money and Michael Cardilli was the no vote. It went to Cook County circuit court, and the CTA's argument was that the subsidy level needed to be set by the nine vote supermajority. The RTA board's position was no, the supermajority is only required for final passage of the budget. And you were the counsel leading this case.

D'Esposito: Oh, gosh, don't ask me what happened.

Czaplicki: I was going to ask you what happened. (laughs)

D'Esposito: I don't remember. It worked out ultimately, but I don't recall the details. There was some kind of a political compromise.

Czaplicki: It was Judge Siegan, if I'm pronouncing the name right.

D'Esposito: Yeah, what did he say?

Czaplicki: Siegan ruled that all budget matters fell under the requirement, not just the final budget, so even the subsidies should have been decided by nine. I don't know what ultimately happens out of this, because as you're suggesting a political solution may have been worked out.

D'Esposito: Yeah, it ultimately got worked through, and I honestly don't recall the evolution. The passage of a budget by the RTA is always fraught with difficulty, and it's designed into the system by the requirement that you get city and suburban people to talk to each other and ultimately vote for the outcome. Some years are far more contentious than others. If one or another of the service boards decides it wants more than it historically has gotten, they'll stand up and thump their chest, and it gets translated into the RTA as the forum for resolving that problem.

I think one of the overt purposes of creating the RTA the way it was in the '83 legislation was to create a forum for these regional disputes that was not the legislature. Because in the prior period, too frequently when there was a problem, everybody ran down to Springfield. The leaders said, "This is nuts. Solve your own problems," so they created an institution that itself was not unified but required across-the-aisle, if you will, solutions as a way of trying to avoid embroiling the legislature in some kind of Chicago transit problem.

Czaplicki: And not jeopardize other legislative priorities.

D'Esposito: Everything else that was going on in the legislative process, right. It worked more or less. It had a number of downsides, and the riders don't care about dotted lines, they want to get from point A to point B, so the service has never been as coordinated as it could be. I think the city and the suburban entities don't cooperate as much as they could because they were put into a conflicted situation initially.

Czaplicki: How much support was there in the suburbs for public transit? Is this part of the issue with RTA and funding?

D'Esposito: Originally, it was clearly part of the issue. At the beginning, I think many suburban interests felt that transit had nothing to do with them, and both the creation of the RTA and the way it operated over the first ten years reinforced, in many respects, that viewpoint. Over the last twenty years, the suburbs have become considerably more interested in public transportation, both through the commuter rail and bus service and its impact on the regional economy. It's difficult to provide the service because of the dispersion of the job market. I think one of the real problems is that there has not been, historically, sufficient

cooperation between the highway interests and the transit interests in building the facilities that have been built.

One of the things that I did when I was the chairman of the toll road was to try to get the RTA and the toll road to talk to each other about using the Tollway right of way for bus rapid transit, and you'd have thought that I was trying to get the Ukrainians and Russians to solve their problems. They just instinctually did not want to do it.

Czaplicki: Was one afraid that the other will turn into a permanent drain on the revenue, or what's the basis?

D'Esposito: Yes, something, I don't know. Different traditions.

Czaplicki: Is there something particular about Illinois and how the suburbs think? You mentioned that you had gotten sent out to New Jersey to help set up New Jersey Transit. That is statewide, and New Jersey is sort of the ideal suburban place in many ways.

D'Esposito: But it's all suburbs. I mean, it's not all suburbs, but by and large, the city there is New York. They have similar problems. I don't know the Port Authority well enough to know what the dynamic there is. New York has a more integrated transportation system, but the governance of it is not as balkanized as it is in Illinois.

Czaplicki: That's one thing I was interested in, why New York is so different, because you would think there's similar issues. They're both incredibly large places that are in need of transit, and yet the system there is so different than it is over here. Even just looking at train schedules, one sees the difference. That's why I was wondering if you had noticed less support out in the suburbs.

D'Esposito: I think it's different from suburb to suburb. You could find the commuter suburbs along the train lines; their local officials had a much different perspective on this. But if you were in Schaumburg or Hoffman Estates, or places that are really solely connected by automobile, their politicians would be less inclined to have an interest, and their constituency would be less concerned. Historically, the suburbs have always funded a substantial portion of public transportation in the state. One of the goals is to try to make certain that people understand what benefits they're getting from that, and sometimes the CTA makes that hard.

Czaplicki: In terms of this case that you were taking part in, was your argument about the supermajority something you drew up and believed in, or was that something you were articulating because that's what the board wanted and you're representing the board?

D'Esposito: You always believe in what you articulate and represent and advocate. I'm being flip. I don't remember the specific context, but I think you're never an effective advocate unless you believe the argument you're making has inherent credibility. I honestly don't remember the nature of the argument, but in that particular context, it is a political dispute, so you try to find a way in which a judge can avoid making a difficult decision and permit the parties to continue their discussions and solve their own problem. That's been my experience in most political cases that get into court; the last thing the court is going to want to do is make a choice, and if it can figure out a way to force the parties to come to terms, it will select that.

Czaplicki: Did you worry that if the supermajority requirement was only for the final budget, that would effectively turn control over RTA to the suburbs, because they could then vote as a bloc?

D'Esposito: But they couldn't pass the budget ultimately, so it wouldn't do them any good.

Czaplicki: That would be the final check.

D'Esposito: Right.

Czaplicki: The final budget is what mattered. Were there other issues that emerged in this period, when you first started working for RTA in the mid-eighties, early nineties, things that stand out in your mind?

D'Esposito: Oh, there were a whole slew of them. I'm not sure that history would care. The RTA would say to a service board, you're going to get X dollars out of public subsidies that are being provided to your service. The question is, at the end of the year, they don't spend X, they only spend X minus 2 percent. Do they still get the 2 percent, or does that go back into the common pot to be reallocated the following year? The RTA board had to decide how to deal with that, and they decided that what was known as the positive budget variance would in fact go to that service board, so that there were no disincentives to saving money. That was one issue I can remember.

There was an issue on whether or not the proceeds of bonds would be divided on an arithmetic basis or on a need basis or on a what projects are ready to go basis. Unfortunately, it's become a mathematical test, where CTA gets X, Metra gets Y, and Pace gets Z. In the most recent statutory change that occurred during Jim Reilly's chairmanship with the RTA, there were some supplemental revenues that were made available to the RTA, and the legislature wrote into the statute the allocation of each nickel of those supplemental revenues. So the RTA has no discretion as to how it's to pass it out. The response coming back would be, it doesn't really have any realistic discretion; it has to give anything excess to the CTA, because their needs and demands are so much greater. But in any event, the RTA has never been as

strong a regional entity as it could have been, and there are a number of things in the statute that perhaps intentionally, some unintentionally, made it weaker.

Czaplicki: You mentioned trying to decide how to divide up the bond proceeds. That implies a lot of the bonds that RTA floats aren't keyed to any particular project. Are they raising money for future needs that might come up?

D'Esposito: Well, you have a list of projects that's greater than the amount of bonds. The RTA has the ability to approve a service board capital project over $250,000. So if it's approved, it's in the five-year capital program. If you're going to do $100 million of bonds, you would say 150 of these—million in each project—are ready to go, and these bonds are theoretically identified to these, so you could demonstrate to the federal government that you're not issuing your debt too early. Who actually got what would be dependent upon who's ready to go, but overall, if the bond program was $500 million, the CTA would get 350 or 300, Metra would get 250 or 200, and Pace would get 100. There was a formula, I don't remember what it was.

Czaplicki: This isn't a commission related question, just more of a notable moment in Chicago question. In the mid-eighties, Dan Webb and Anton Valukas begin turning the evidentiary fruits of Operation Greylord into indictments, and by 1986, fifty-two indictments, including ten judges. That same year, Valukas turns over evidence on over 250 attorneys implicated in Greylord to the Attorney Registration and Disciplinary Commission, which could ask for immediate suspension of their licenses under Supreme Court rule. As somebody involved in government and in the legal profession, what impact did that investigation and these indictments have on the profession? How big a deal was that?

D'Esposito: Oh, it was a very big deal. In fact, the RTA hired one of the undercover investigators, Terry Hake, and I worked with him a little bit when he first arrived on the scene.[64] They hired him as an internal inspector general.

Czaplicki: After Greylord?

D'Esposito: After Greylord, right. It was a very big deal. The street gossip was pretty prevalent that there was corruption in the circuit court. No one had real hard evidence, but there were results and things that were suspicious. I think most right thinking lawyers were pleased that in fact something was being done about it.

Czaplicki: So that was definitely something you heard rumors about prior to the investigation?

[64] Terrence Hake, *Operation Greylord* (Chicago: American Bar Association, 2015).

D'Esposito: You didn't hear rumors about the undercover operation, but you had experiences yourself.

Czaplicki: The practices that inspired it.

D'Esposito: Right, that there were judges on the take, or you heard about cases that were decided in ways that didn't seem sensible.

Czaplicki: Did you notice an effect of the indictments and then the disciplinary committee? Did people change how they talked about deals or did deals?

D'Esposito: I don't have a circuit court practice, and most lawyers here don't litigate in circuit court, so it didn't really impact things on a day-to-day basis.

Czaplicki: And it was understood that they were focusing only on the circuit courts?

D'Esposito: Right. The federal court was not a problem in that respect.

Czaplicki: The other commission that you have a role in is the Medical Center Commission. What is this commission? Over on the West Side.

D'Esposito: The Medical Center Commission is an interesting animal. It's basically a super development/zoning body responsible for the mile square area where Rush, Cook County, and the VA are located. It was kind of a sleepy little place at the time, and I expressed an interest in going on it and seeing if there could be some change, just because it looked interesting on paper; it had kind of unrealized potential.

Czaplicki: And when you say unrealized potential, the institution or the neighborhood?

D'Esposito: The neighborhood, and the nature of the powers that the institution had to participate in the redevelopment of the neighborhood.

Czaplicki: It came under some fire from neighborhood residents, who were worried about the powers that it had and how potentially, it falls under a lot of the same critiques you heard coming out of the fifties and sixties.

D'Esposito: Urban renewal.

Czaplicki: How urban renewal worked. Did you think there was substance to that?

D'Esposito: I think people who lived in the area or adjacent to the area were right to pay attention to what it was doing or could do. The area that was of interest was the area south of Roosevelt Road. The territory of the commission ran all the way down to the Burlington line, at like 16th Street, so there was a four block area in which I don't think any of the medical institutions were located. There

was a fair amount of scattered housing and lots of vacant lots, and the question is what can you do down there, if anything, to create some economic activity.

One of the first things that was done was to build an incubator facility on the northwest portion of the development, to try to see if we couldn't start doing some tech type stuff. Then the state police or the FBI, or both, ended up putting facilities down on Roosevelt Road. Rush was active doing a number of things as well, trying to rebuild their facilities; this was before they put the new hospital in. But it awoke, and subsequent to my time, became much more active. It needed new leadership, which I didn't necessarily supply, but I think I helped other people to understand that there were some things that could be done there.

Czaplicki: How did the board set its agenda for the area? Like when you decide that you might move into tech, how are you coming up with those plans? Do you solicit proposals, or is it people coming to you on an ongoing basis with ideas?

D'Esposito: I think it was probably both. The hospitals were active participants in the activities of the commission. You were constantly talking to them about what they thought made sense.

Czaplicki: Did they have a seat on the commission?

D'Esposito: You know, that's a good question. I don't remember. They certainly were visible and you cared deeply about what their views were. It was a mixed bag of commissioners. The state had some appointments, the mayor had some appointments, the county board president had some appointments—I think maybe they were all political office appointments.

Czaplicki: Were there prior experiences that prepared you for this commission, like your zoning work?

D'Esposito: I had done a lot of zoning work at my first law firm, and I've always been interested in development. That's what kind of drew me to it. It was focused on the city. I was back in the city, and I wanted to try to get a little more involved, so I thought that that would be a good spot to lend my talents.

Czaplicki: Does it have different powers from RTA, like does RTA have eminent domain powers?

D'Esposito: The RTA does. But this agency actually, although I'm not sure they ever used it, had superior zoning powers to the city council, with respect to property within its area. And it did have eminent domain power. It was created back in

the fifties by Vito Marzullo, so it had a lot of traditional redevelopment agency powers. But it had gone to sleep.

Czaplicki: Right, that's what's interesting. It doesn't seem to be acting in the same way as a lot of the other ones from that era. And you think that was just the nature of who was on the board?

D'Esposito: Yes.

Czaplicki: I guess you went on there in 1988. Shortly before that, the controlling owners of the Chicago White Sox, Jerry Reinsdorf and Eddie Einhorn, were threatening to leave Chicago. There seem to be two moments in this period. The first was in '85, when Chicago and Addison, Illinois, out in DuPage County, had competing plans for a new stadium that they might build for the White Sox. When the General Assembly failed to act on a bill that would create a joint city-state authority in Chicago, the Sox then settled on Addison. The second moment is 1988, but we'll come to that, because I wanted to talk about '86 a little bit first.

D'Esposito: I don't know anything about '86. I had nothing to do with it.

Czaplicki: Really?

D'Esposito: No, I was not involved at all.

Czaplicki: Interesting. I always assumed that you'd still be talking to the administration people.

D'Esposito: I was doing other stuff, yeah. I was practicing law, working on other issues, but I was not involved in the White Sox deal at all until I came here, to Mayer Brown.

Czaplicki: Maybe you could shed light though, just your sense of things. The General Assembly didn't act on the proposal to make the sports facilities authority, it just died. It came back in at the veto session, and there was a new plan on the books. The first proposal was they'd build a ballpark in the South Loop, by the rail yard south of Roosevelt. Harold Washington came back with a new proposal to keep it down where old Comiskey Park was. The price-tag came down significantly from two hundred some odd million to about $120 million in bonds, and this time the legislature did pass legislation creating the Illinois Sports Facilities Authority. But again before they did it, the sticking point was they needed a racing bill, and I'm curious why racing has such a powerful hold over the General Assembly. They wouldn't move on Chicago's plan or the authority until they got a bill that would let the reconstruction of Arlington Park happen, and expand inter-track betting at racing facilities. So the trade

was, we get this bill and vote on this first, then we'll go do the ballpark and ISFA. I wonder if you have any thoughts about that.

D'Esposito: Again, this occurred before I was involved, so I was not part of any of those conversations. But that's not untypical; no single issue ever gets through the legislative process on its own. I've given talks here about the legislative process and how different it is from the lawyer's process. If you throw a jumble at me on the table and you ask me as a lawyer to deal with it, I'll sort through it all and I'll try to find the essential fact or facts that are key to resolution of the problem.

The legislative process is, you throw a jumble of things on the table, but I'm not really interested in any component of that jumble, I'm interested in how many other things need to be put onto the table in order that the entire thing can be declared solved and moved across the legislative finish line. The only part of that that I need to understand is my little piece. And if you tell me that your little piece is okay, and you're an important vote, I don't need to understand exactly what the impact of that is going to be; I just need to know that you think it's important to you and it works for you, and that's fine. That's kind of the way the legislative process works, and when somebody wants something in the legislative process, then other people who have other interests will say, "Okay, you tell me that's important. Well, I could care less, but I'm interested in this. Will you support me on this?"

I mean, the White Sox are not a statewide matter, even the Cubs are not a statewide matter, so for anything to be done for the White Sox would require disinterested legislators to be supportive.[65] Presumably, the racing interests solved that problem. You know, bills that support McCormick Place never passed on their own. There was always something else that was appended to get it done.

Czaplicki: When do you get involved in the ballpark, in what year?

D'Esposito: I joined Mayer Brown in January 1988, and I got involved immediately.

Czaplicki: So this is moment two. In December of '86, we seem to have this resolution, and we get the ISFA.

D'Esposito: The ISFA, right.

Czaplicki: There seems to be a viable plan. The White Sox have agreed with Mayor Washington that they'll pay $4 million in rent towards bond servicing. There's also supposed to be an additional 2 percent tax on hotels in the city, and

[65] See Jim Fletcher, interview by Mike Czaplicki, April 27, 2015, on the necessity of linking the ballpark with the racetrack. In Governor Thompson's recollection, the racetrack was an issue separate from the ballpark: James Thompson, interview by Mark DePue, October 27, 2015.

they're going to build a $120 million ballpark down by Comiskey. The White Sox's rental agreement with Mayor Washington isn't included in the bill, however, so we come to 1988, when the siren song of St. Petersburg is now appealing to Reinsdorf and Einhorn, and they ask if they can renegotiate the deal. What is it that they were trying to get? Were you involved in those aspects?

D'Esposito: Mayer Brown was hired to represent the authority as a general matter, Arvey Hodes was hired to represent the authority in its negotiations of a management agreement with the White Sox, and Earl Neal's firm was hired to represent the authority in connection with land acquisition.[66] So I was not directly involved in the negotiations with the White Sox over the terms and conditions and what they would or would not pay, and what the authority would or would not do. I was indirectly involved. Paul Theiss, who is now actually the chairman of our firm, was a young associate who worked with me on all of these things.

The first thing I did when I came to Mayer Brown was, I sat at my kitchen table some night and wrote the hotel tax, because it was going to be passed the next day at an ISFA board meeting. Then we became involved in the financing for the authority, the construction contract for the authority, and some of the land acquisitions. Dan Houlihan was hired to do the zoning work, and we worked with him on that aspect of it. So there was just this giant effort to get everything done, on top of which the bill had to be re-passed. There were a number of changes from the December plan that were essential to get the deal done, not the least of which was to accommodate to the fact that they could not sell debt based upon a local hotel tax. So they needed to put in place a combination of a state advance and a state and city subsidy, which gave the bondholders no concern about getting paid, and the state and the city essentially took the risk of the authority hotel tax.

Czaplicki: So they would make up any shortfalls?

D'Esposito: Yes, they would bear the risk of a shortfall, and that was the essential financing change that was necessary to create a credit worthy financial instrument to sell debt.

Czaplicki: Originally, the plan was $120 million, and they got the hotel tax passed in that. But then in the new plan it was…

D'Esposito: The debt ceiling was 150, and we spent more than 150.

Czaplicki: One sixty-seven.

[66] Arvey Hodes Costello & Burman, where Gary Starkman was a partner. Tim Romani, one of Governor Thompson's former travel aides, also worked for the ISFA as an assistant to director Peter C.B. Bynoe. For other key ISFA hires, see John McCarron, "Stadium Board Puts Clout in Lineup," *Chicago Tribune*, January 28, 1988.

D'Esposito: Yeah, something like that, because we had several years of proceeds from the tax, which we used to do some of the front end expenditure.

Czaplicki: So was that $30 million increase what made the hotel tax unfeasible in the eyes of—

D'Esposito: No, it was the structure. Hotel taxes, by definition, are volatile. A 2 percent tax, I think, produced $12 million?

Czaplicki: Yeah, twelve, twelve and a half, I think is what they were projecting.

D'Esposito: Right. So that's in a good year. In 2001, after 9/11, the hotel tax would not have produced $12 million. The bond market understands that, so they say, "Hey wait a minute, you don't have enough coverage here. We need something that's a better credit." That's why.

Czaplicki: So this is Moody's and Standard & Poor's?

D'Esposito: Right. That's why we ended up having an advance of the state hotel tax, which is on a statewide basis. The state was perhaps collecting $22 million. They would give us $12 million, and we would pay them back $12 million with the authority tax.

Czaplicki: But what if you fall short?

D'Esposito: Then we just owe it to the state, and we give it to them when we got it. But the bond holders don't care, the state and the city have to care. In addition, and I don't think this was in the original bill, the state and the city each agreed that they would give a subsidy of $5 million for this transaction.

Czaplicki: And I think in the initial plan back in December of '86, Washington pitched the state taking on the bulk of the risk, but Thompson insisted that it be fifty-fifty.

D'Esposito: Right. So that spring, we worked on the structure of the financing and the deal with the White Sox, and the legislation.

Czaplicki: When you were sitting at the kitchen table and doing the hotel tax, you had to rewrite that tax, or it's just because it was a new bill?

D'Esposito: It had not passed yet. It was passed for the first time.

Czaplicki: Oh, really?

D'Esposito: Yeah, I'm pretty certain.

Czaplicki: Okay, I thought in '86, they got a tax too.

D'Esposito: They were authorized to impose a tax but they hadn't passed it.

Czaplicki: I see the difference. You needed separate enabling legislation.

D'Esposito: Right.

Czaplicki: Does that mean that Tim Hennessey was blowing up your phone? He's one of the key lobbyists for the hotel industry.

D'Esposito: I remember talking with them about it, but at that point it was too late. This was just a mere implementing action. The only thing memorable about it was that it was literally the first thing I did when I got here.

Czaplicki: How much do you think Harold Washington's death several months earlier—he died Thanksgiving of '87—affect the process? Do you think that Reinsdorf would have come back and asked for negotiations if Washington was still around?

D'Esposito: Gosh, I don't know, Mike.

Czaplicki: And I know I'm asking for speculation.

D'Esposito: He was obviously a dominant figure and the city was badly weakened, in terms of its leadership, by his death. It made the discussions more complicated in some respects, because you didn't have somebody who was a reliable participant on the city side. You had multiple interests that you had to be cautious about, or you had to understand the possibility that there would be. Not that Washington was in total charge; there were obviously factions that were opposed to him.

Czaplicki: Did Eugene Sawyer replace a lot of his people? With Harold Washington, Al Johnson was the lead stadium advisor. Is he still on in that job?

D'Esposito: He was still on the board and was very helpful. The authority board was very helpful in all of this. Tom Reynolds was a very close confidant of Thompson.[67] He was a very skilled lawyer. He had a personality that was larger than life, a very smart man, a good negotiator.

Czaplicki: He's the man that hired Thompson, right?

[67] As chairman of Winston & Strawn, Reynolds had hired Thompson in 1975, giving him a private sector base and source of income during his first campaign for governor.

D'Esposito: Right, at Winston. He was the chairman of the authority. Al Johnson was on the board. There were several others that played a role. Peter Bynoe was hired as the executive director, and Peter is very skilled and did just a superb job in dealing with the multiple political currents that were wandering around on that. There was always the risk, at least that I sensed, that the stadium could become a political issue within the city and be used as an organizing device for neighborhood groups to run against Sawyer in whatever election was coming up.

Czaplicki: There were at least a hundred residents that were going to get displaced by the takings.

D'Esposito: Right.

Czaplicki: So that's what you're thinking of?

D'Esposito: Right. And there were some civic-minded interest groups that were opposed to the idea that the state would have anything to do with the stadium. They were opposed to its location, they were opposed to the fact that people were being displaced. Lawsuits were filed, and all of those had to be won or negotiated, navigated legally as well as politically. Peter was very key in dealing with those.

Czaplicki: How were those negotiated? Were you able to get some of these early opponents onboard?

D'Esposito: In my view, we treated the residents extremely fairly. We went beyond the federal guidelines for relocation payments. We essentially built new housing for people who wanted it, over in the Gap, which is over on Indiana Avenue in the same general area. So I think in large part, many of the individuals were well taken care of. I'm sure change was hard for everybody, but the decision had been made that that's where it was going to go.

Czaplicki: Were people aware Richard Daley would be making a bid for mayor the following year?

D'Esposito: No. It certainly was never part of the conversation. We were under enormous time pressure to get this done. First, to get the legislation passed, and then there were deadlines in our deal with the White Sox that by date X, date Y, we had to have property acquired, construction contracts, and that kind of thing.

Czaplicki: And of course adding to that pressure, Reinsdorf was having this flirtation with Florida. There's a constant stream of news in the press that Florida was passing its own legislation and putting things on the table. How much did that add to what you were working with?

D'Esposito: Oh, a lot, a lot. I was not part of this, but it was a very difficult negotiation because of that. The government did not have a lot of leverage. Reynolds and Reilly did most of the negotiations. Jim was Thompson's chief of staff at the time.

Czaplicki: Was there any serious talk or serious thought, even in your own mind, about just letting them walk, that they were asking for too much?

D'Esposito: I don't know. There may well have been, but I would not have been involved in those conversations. It would have gone on with Reilly, Thompson, and Reynolds.

Czaplicki: I was just struck that by the time the vote is coming at the end of the session, the reports get very pessimistic. It almost seems like they're just going to be gone.

D'Esposito: Right. It was for a couple of reasons. The negotiations were difficult, but the overall legislative session had been not very productive at all for the governor, and people were not in a good mood generally.

Czaplicki: The governor wanted another tax increase. I think this was his second try at getting a tax increase, and he didn't get it.

D'Esposito: The legislature was in an ornery mood and not inclined to be doing much of anything, and this, to many people, struck them as being at best a frolic. I distinctly remember being in Springfield the last week, and the negotiations were still going on in Chicago. We were writing the bill and going through endless drafts, and at one point, Thompson just decided, "Let's do this. I know the legislature is ornery, I know the timing is not right, but"—me imagining him saying this—"damn it, I'm going to do something this session." I don't know what the motivation was; I don't know whether he had a particular affection for baseball, the Sox, or just an understanding of what a sports team can mean to a city, and having two baseball teams makes it kind of a distinctive place in the country. So he just girded his loins and marched into the legislature, literally.

Czaplicki: Yeah, I understand he and Reilly were on the floor of the House.

D'Esposito: Oh, we all were, but he was doing the work.

Czaplicki: So you were out there too?

D'Esposito: Right. It was one of the more memorable experiences of my life, being in the Senate and getting it passed, then running to the House. Literally, between the time I ran out the door of the Senate and crossed the rotunda, the bill had already been called in the House.

Czaplicki: Wow. How did they get word so fast? Did they have phones?

D'Esposito: The leadership was prepared to try to make this happen. They didn't know it was going to happen, but they were prepared to try. Madigan had recused himself, because he did some work for some of Reinsdorf's interests. McPike was in the chair.[68]

Czaplicki: It passed the Senate. What was the Senate vote?

D'Esposito: I think with none to spare.

Czaplicki: Yeah, I think it was thirty votes, so just barely, it gets through there. And are you lobbying as well, or are you just watching all of this?

D'Esposito: I am watching it. I don't have anything to offer. I was there in case there were technical questions about what was going on.

Czaplicki: Explain provisions in the bill, that kind of thing.

D'Esposito: Right, in case anybody wanted to distract and waste time by doing that.

Czaplicki: Wasting time is an issue.

D'Esposito: Wasting time was clearly an issue, right.

Czaplicki: Because what happens if on June 30…

D'Esposito: It needs more votes, right.

Czaplicki: So what happened?

D'Esposito: It passed, it passed.

Czaplicki: Yeah, but a lot of newspapers reported that it should have needed more votes.

D'Esposito: The official record of the General Assembly said it passed before midnight, which was one of the issues in the litigation.

Czaplicki: So there was a lawsuit over this?

D'Esposito: There was a lawsuit, a several issue lawsuit, brought by a guy name Marshall, who was a doctor and a political candidate.

[68] Jim McPike (D-Alton) was the majority leader.

Czaplicki: And who would he have challenged? Was he challenging the state or the board?

D'Esposito: That's a good question. I don't remember who the defendant was. It must have been the authority, because we represented the authority in the case.

Czaplicki: Officially, the bill was passed at 11:59. However, the newspapers reported that if you looked at the printout of the roll call, the roll call was actually time-stamped 12:03 a.m., so three minutes after midnight.

D'Esposito: Well, printing the roll call is done at a different point.

Czaplicki: But it gets locked in when they push the button to lock it in, so that was sort of the big debate and those are the reports. It's one of those moments in Illinois political history a lot of people talk about. But there was a lawsuit out of this.

D'Esposito: Right, and the court correctly said that the legislature was following its own rules, the two leaders certified that all requirements of the enrolled bill rule were met, and we're not going to have an inquiry into this.

Czaplicki: Was this the Illinois Supreme Court?

D'Esposito: No, just the circuit court. It never went any further than that. That was the beginning, and then we went to start the financing, acquire the land, and complete the drawings of the stadium and get the bids in on it. I think it was on opening day the following year, we got all the bids and they were much higher than the amount of money that we had. We were in serious danger of blowing the deadline in the legislation for starting construction. I had written the procurement documents so that we had the right to reject all bids and negotiate with the lowest bidder, to try to get the price down. We did that and were able to get the price down to the amount of money we had. We signed the contract, and they started.

In the meantime, the authority had done a feasibility study that demonstrated that the old stadium could not be saved. There was an architectural historian who had an interesting but impractical way of trying to build an architecturally more interesting but more crowded stadium in a smaller area, which may have been on the site of the existing park. So there was a little bit of stuff in the press about all of this throughout that period. It was great fun. And it was particularly fun for me because I was a White Sox fan, so I was able to participate in them staying around, and then had the great thrill of the 2005 World Series.

Czaplicki: So you feel a personal tie to that?

D'Esposito: Yeah, oh, absolutely.

Czaplicki: Did you get a ring?

D'Esposito: I did not get a ring, no.

Czaplicki: I know the governor did. There's a nice one on his shelf in his apartment.[69] (laughs) Did any of the 1986 federal tax reforms relate at all to the ballpark?

D'Esposito: Not that I'm aware of.[70]

Czaplicki: To go to some of these questions or critiques that are emerging around the ballpark, what is the state's interest? It's not immediately obvious that the state of Illinois should make such a significant investment in a Chicago ballpark, in a city that has two teams.

D'Esposito: Right. It's a fair criticism and it certainly is debatable, and I think the current view is that government should not be participating to the extent it did during that period. Different strokes for different folks at different times, I guess. The general view was that a team is a civic asset and it's worth the state investing. And particularly if it can be paid for largely by resources that come from tourists, it's a fair way of doing it, and so that's why the emphasis upon the hotel tax. There's some economic benefit associated with a team, in terms of the jobs it provides and the amusement taxes it produces. It's not the most critical thing we can do with our money, that's for sure. But the state put money into the United Center infrastructure, the state provided assistance to the Bears' stadium, and I think the city is putting some infrastructure money into what they're doing up at Wrigley. But there's no question that the White Sox got a good deal, and they took advantage of the leverage opportunities they had.

Czaplicki: Right, that was going to be my other question. There was that recent lawsuit by the former CEO of ISFA against Reinsdorf and Governor Thompson.

D'Esposito: Oh, Perri Irmer, right.

[69] Pictured: Governor Thompson's World Series ring.
[70] Post-interview, D'Esposito recalled that the 1986 reforms prohibited selling bonds for stadiums, but grandfathered a deal for the Sox.

Czaplicki: There is some pretty heated language in the complaint. It labels the whole board and the authority as "nothing more than a cash cow puppet for Jerry Reinsdorf," and it describes the deal as "the most lucrative and one-sided deal ever granted by a state to a privately owned professional sports team."[71] The initial cost was $167 million, plus ISFA paid for an additional $160 million worth of improvements, so over $300 million invested in the park. The Sox ultimately didn't pay significant rent for the first eighteen years of their deal. And apparently, the Sox have a lot of leverage in deciding what happens on that land there; the state has a lot of land, the state owns the facility, but there really hasn't been much in the way of development going into state coffers for that.

D'Esposito: Right.

Czaplicki: So I was curious about your assessment of why those terms were just so favorable. I mean, did he just have that much leverage at that moment in time?

D'Esposito: You know, I don't think I want to comment on the assertions in her case, since Mayer Brown represented the authority at the time she was terminated. Many of the additional improvements were funded by give-backs by the White Sox under their original lease, so it's not fair to say that there was another $160 million of additional improvements that were made at taxpayer cost. The deal that was done with the White Sox leases all of the real estate to them, so if a landlord has leased the property, the landlord can't suddenly decide it wants to use some of it for something else without the tenant saying okay. That's just basically a commercial transaction. At some point that lease will be up and the authority can decide what it wants to do with the land.

Czaplicki: I don't think the lease is up until 2028 or something.

D'Esposito: Twenty thirty-two, I think. It's closer than we think, but the park is twenty years old.

Czaplicki: I'm going to pause. The mike popped out, I think.
(pause in recording)

Czaplicki: When the lease renewal comes up, do you see foresee the state possibly deciding to develop that land?

D'Esposito: I have no idea. Who knows what baseball is going to be like in 2032. It's a different game today than it was back in 1988, and certainly different than it was when I was a kid. The whole sports industry is in such flux, that it would be foolishness to project what will be done or could be done or even should be done in 2032.

[71] *Irmer v. Reinsdorf*, No. 13-2834, 2014 (N.D. Ill. June 19, 2014), 2-4.

Czaplicki: It's a fairly sizeable parcel. It seems like there would be opportunities for the state.

D'Esposito: I will tell you, I gave my brother in-law my four tickets I purchased to the game against Kansas City that Paul Konerko was doing his farewell, and I also gave him my parking pass, which entitles him to park in one of three or four different lots. He was unable to park in that lot because it was all filled, and he ended up having to park on Cermak and take the red line to get to the game. So while there's a lot of real estate, it gets used when there's thirty thousand people at the game.

Czaplicki: You've suggested the conventional wisdom now seems to be that perhaps there shouldn't be as much public investment in sports stadiums. Has your own thinking changed on that matter, or if you had to do this deal all over again today, would you approach it similarly?

D'Esposito: As a lawyer, you try not to have your own point of view on a particular perspective, or if you do have it, you express it privately to your client and not to others. I just think that each deal is unique to its time and the people involved, and the contributions that either the team or the public sector can make to a transaction, to move it forward, are going to be uniquely different based upon the time. It's hard for me to make a generalization that thou shalt not, or thou shall.

Czaplicki: Thinking about this leverage, do you think there would have been serious political consequences had the White Sox left for Florida? Do you think Thompson would have been blamed for that or it would have shown up electorally?

D'Esposito: Boy, I have no idea. I have no idea whether that even troubled him. That would be an interesting question to ask him. I got the distinct impression that he just decided this was the right thing to do at the time and we're going to do it. And we may not succeed, but let's try.

Czaplicki: Of course, as a footnote, that's where Tim Romani gets his start.

D'Esposito: Tim was Peter's deputy, just a prince. Thompson had a unique ability to attract talented people, and what was one of the most interesting parts about this, the young men that he brought to be his traveling aide were almost universally extremely talented people. They had no big ideas about their own role in life, they were respectful and learned just an amazing amount of things in that job. Tim is a classic example of that. There's almost none of them that

you wouldn't want to date your daughter, if that's the ultimate test, you know?[72]

Czaplicki: One possible outcome of this deal is that the Bears soon come knocking from their existing quarters in Soldier Field, because they would also like a stadium. Two plans emerge there as well. One was to build a new stadium on the West Side, I believe near where Chicago Stadium was. In the second, the Bears turned to another commission that I think you did some legal work for, which was McPier, the Metropolitan Pier and Exposition Authority, and the plan they pitched was very quickly dubbed in the press as McDome.

D'Esposito: Right.

Czaplicki: Do you recall how either plan developed?

D'Esposito: I worked on Bears transactions over ten years, of different kinds that popped up in different places. The sports authority was an ancillary player in many of them, and McCormick Place was a principal player in several of them. So I got involved in that through one of those two representations.

Czaplicki: When did you start your involvement with McPier?

D'Esposito: Mayer Brown represented McPier around 1990, maybe 1991 or '92, so quite early. We did the expansion. Roger Kiley, who was my partner at the time, was the principal lawyer involved in that, and I did the legislation and the financing. We worked with them for almost as long as I worked for the RTA.

Czaplicki: Was the Bears' threat to move to the suburbs something that officials were extremely concerned about?

D'Esposito: Let me just say one thing quickly and we can move on. The Bears were never as effective in dealing with their need for a stadium as the White Sox were. It was only at the end that they got better at what they were up to.

Czaplicki: Why do you suppose that was the case?

D'Esposito: I'm not going to comment on that.

Czaplicki: Does their connection to the city complicate matters? They had ties to the park district because they're playing in Soldier Field, correct?

D'Esposito: Well, the city was always the principal actor in connection with any Bears proposal; just as in some respects, the city was the principal actor in

[72] Thompson is known for his loyalty to his bag boys, who form something of a fraternity; at the time of this interview they still continued to meet annually to keep in touch and reminiscence. See Greg Baise, interview by Mark DePue, August 6, 2013; James Thompson, interviews by Mark DePue, June 12 and October 21, 2014.

connection with the White Sox, until the death of the mayor, and then I think Thompson became a more dominant player. The Bears always were more of a Chicago asset, and as a consequence, I think their main dealings were always with the city. They were going to build in the city, so you had to deal with all the local politics of the city and the mayor, whomever that might be at the time. The park district was an instrumentality. They were involved but they weren't really the driving force in what was going on. It was the mayor and people in the mayor's office.

Czaplicki: One line of speculation was that Daley was very interested in it because it would have been a major public works project win. A stadium would have been something that was emerging on his watch, whereas McCormick Place expansion had been passed earlier, in '86 or '87.

D'Esposito: I don't remember when he became mayor.

Czaplicki: The Navy Pier rehab got approved in '89.

D'Esposito: Right, and that was when Daley first came into office.

Czaplicki: And I think the expansion of McCormick was prior.

D'Esposito: I thought McCormick Place was subsequent. I thought the South Building was '92 or '90.

Czaplicki: I had read that Reinsdorf and Wirtz were interested in killing the stadium, in part to protect their investment in the United Center.

D'Esposito: That was what was being written about.

Czaplicki: So why the attraction to these mega deals? Does this go back to your notion of the legislative process?

D'Esposito: Why my attraction?

Czaplicki: No, not your attraction, just in general, in policy. I mean, McCormick Place expansion was budgeted at almost $1 billion, and then throwing the stadium in on top of it, potentially displacing Donnelley, the printers that were over there; this was just massive, both the land assemblage and in cost, and yet this idea comes up in various iterations for the rest of the nineties and kind of keeps getting thrown around. To me, it's counterintuitive; why fold everything in? It would seem easier to pass in smaller chunks.

D'Esposito: You're right, sometimes there are too many ornaments on the Christmas tree and it tumbles over. I don't know why. There are a number of domed arenas for football. It brings a more clear possibility for a Super Bowl or an NCAA

finals, or things like that, so there was some attraction to that. I think there was also a sense that McCormick Place is dark part of the year, and if you can add something else to it… And the machine tool show or other things could use some of that space. So I think there was some conceptual connection between an arena and the convention facility.

Czaplicki: Was McPier like most of the other commissions you had done work for, or were there unique aspects to working for it, either in terms of the range of issues that you faced or the powers at the disposal?

D'Esposito: It was similar to the sports authority, to the RTA, those kinds of things. They're all government corporations, so you have the same kinds of legal issues. McCormick Place had a different range of issues because of its mission. It actually ran something, the convention business. We did not typically get involved in those kinds of issues, and I never got involved in any of the labor issues. Other people did that and other law firms did that.

Czaplicki: So you're mainly doing what you had been doing, the financing?

D'Esposito: We were doing some general corporate work and some contract work for them, and then their construction and financing.

Czaplicki: Just thinking about these commissions more generally, going back to our philosophical ground, the School Finance Authority, the MDC, the ISFA, and McPier are all excellent vehicles for financing things and getting things done, and they're good for insulating the financing.

D'Esposito: Right.

Czaplicki: Are they necessarily good for a democracy and democratic politics? Earlier, you had mentioned that you prefer the income tax because it's a bit more transparent revenue source and you see the cost for services. It seems with some of these instrumentalities, that's one of the ways that the financing kind of turns invisible. They become self-sustaining, its own governing body with its own powers.

D'Esposito: Right. I guess conceptually that's a risk, and every once in a while there's a suggestion that the RTA should be abolished. That suggestion is never made by anybody who's interested in more democracy. It's typically made by the service boards, who are interested in getting out from under that layer of regulation. It is always a challenge for the authorities to figure out how to engage the public so that they're given an opportunity to influence decision making. Their mission is typically specialized. McCormick Place is a classic example, it has a very narrow mission. Their public is, in the largest sense, the legislature, and they regularly do get called to account by the legislature. That introduces a level of democratic oversight. They also spend a fair amount of

time dealing with the exhibitors and the convention bureaus. They have to consult with them and make decisions that take that into account, so there's that level of accountability. Every once in a while, if any of these organizations gets far astray, becomes insulated, they can get slapped up the side of the face, either by the politicians or somebody who decides to make them a cause, or by their clientele.

Czaplicki: There's currently discussions about McPier on this front.

D'Esposito: Right. McPier was having difficulty with the exhibitors. There were a lot of concerns about the labor unions, the pricing, and they tried to do a number of things that were responsive to those issues. I mean, you see the outside influence having an impact on the body, so they're not totally insulated. Clearly, the RTA is heavily influenced by the service boards. The service boards, in theory at least, are influenced by their riders. The riders don't have much impact, I don't think, on the RTA itself.

Czaplicki: But CTA would be more sensitive?

D'Esposito: CTA would be more sensitive, should be more sensitive, to its riders, right. The advantage of an authority is you give it a mission, it is focused, it's not going to be distracted, and it's more likely to be able to carry it out than a general purpose governmental body. That would be my view.

Czaplicki: Do you think there's some functions that are better suited to commissions and special districts and authorities, than others? Like are there some things that you would never propose putting under an authority?

D'Esposito: Probably. I think infrastructure projects are uniquely suited to authorities because you can wall off the revenues and the liabilities from your more general purpose government. The investors are more able to focus on the financial picture, it's not muddied up by all the ten thousand other things that a government body does.

How you appoint the members of the authority body is very important. One of the criticisms I personally feel is that the RTA does not have any appointments made by the governor, notwithstanding the fact that the state provides a substantial amount of resources to the RTA. So there is no elected official who appoints people that are responsive to the state as a whole, or to the three regions as a unit. Everybody represents one region, and there's nobody looking at it from the perspective of the region as an entity. Similarly, on McCormick Place, the statute is quite careful in terms of allocating appointment authority, and there's a purpose behind that. In these agencies that are joint ventures between the city and the state, it's very important for the mayor and the governor to get along for the authority to be an effective body. If they're constantly at war, it's no fun, certainly as a lawyer, and it's no

fun if you're a member of the board, because you're not going to move things forward. In my career, I've been very fortunate that the boards typically voted for things unanimously. You didn't have four-to-three votes, with the state or the city, depending on who had the majority, wanting to go one way, and then everybody else wanting to go the other way.

Czaplicki: I think the initial Illinois Sports Facilities Authority got held up a bit, because Harold Washington didn't—I'm not sure what Washington's beef was exactly.

D'Esposito: I believe the governor nominates the chairman but the mayor gets to approve him, and then there was also a question about who named or approved the executive director. And McCormick Place is the same way. I think both the mayor and the governor have to appoint the chairman.

Czaplicki: One nominates, but the other basically has a veto if they don't like the pick.

D'Esposito: Right.

Czaplicki: I wasn't sure whether Washington was upset about something specific with the composition of the sports facilities board, or if he was looking ahead to McCormick and trying to do a trade.

D'Esposito: Yeah, I don't know.

Czaplicki: Why are the authorities and special districts so popular in Illinois? Because we have an unusual number.

D'Esposito: I wrote an article on special districts for a 1974 edition of Illinois continuing legal education. The historical reason is the constitutional limitations on property taxes led to the proliferation of local governments, because each separate entity could have its own levy.

Czaplicki: It's brand new.

D'Esposito: Right. It was a way around debt limits, and authorities, to some degree, are also a way around debt when it's for the state. You can create a limited obligation and you don't need the three-fifths vote in the General Assembly to pass the bill.

Czaplicki: So authorities require just a straight majority?

D'Esposito: Right.

Czaplicki: Do the bond rating agencies prefer authorities? Would they rather see the state creating that kind of entity?

D'Esposito: I think they ebb and flow on that. I think sometimes they can get concerned about the proliferation of them. The sports authority and McCormick Place do not have any state obligation; there's no state obligation to do anything. The state doesn't have to provide the subsidy, for example, to the sports authority. But Moody's and Standard & Poor's both show that debt as a footnoted liability of the state, because the state has a real interest and is likely to feel a sense of obligation, if not a legal obligation. I think an authority is a lot easier for some analysts to understand than the state. There's only a few things you have to get your arms around, whereas the state of Illinois is this giant amorphous thing.

Czaplicki: Do you think there's patronage incentives to spawning authorities, because it gives you that many more boards and commissions? Especially with the civil service patronage kind of drying up.

D'Esposito: I think the superficial answer to that is yes, and there have been attempts from time to time to consolidate authorities, which typically don't pass because there are people who have interests in the authorities and they don't want the status quo changed.

One of the things we used to do with the governor was to worry about appointments. The poor governor, any governor, has so many appointments to make. There is a saying—I think by Louis XIV, which I don't know in French—that basically, appointments are a pain in the ass, because the person you appoint is ungrateful, but you've disappointed a bunch of people that you haven't appointed. For many elected officials, actually getting the appointments done is a big challenge because there's different people clamoring to appoint their guy to this or that position, and you can only make one of them happy. The tendency is to let the guy who's got the current position holdover, rather than irritate somebody, particularly if it's a legislator and you're in the middle of your session. So appointments, yes, they provide patronage opportunities, but with opportunities come headaches.

Czaplicki: Didn't the General Assembly block a lot of Governor Edgar's outgoing appointments?[73]

D'Esposito: Yeah, they did. They've done it for virtually every governor. They rise up and smite the governor from time to time, just to try to let him know that they've got a real role in the appointment process. That was one of the interesting things about the recess appointment powers case that came down from the Supreme Court, when the question was when is the Senate not in session, so the president can make appointments.[74] In Illinois there are a lot of

[73] For Edgar's difficulties with Sen. Pate Philip, see Jim Edgar, interview by Mark DePue, November 8, 2010, Volume V: 988-991.
[74] *National Labor Relations Board v. Noel Canning*, 573 U.S. (2014)

appointments made when the General Assembly is not around, and every once in a while the legislature will think the governor has gotten carried away with that and send him a message of some kind. They've done that recently.

Czaplicki: Along this line of headaches, the press is frequently critical of appointments. They see it primarily through the patronage filter, the appearance of favoritism or potential conflicts of interest. Between the headaches and then this negative feedback that you get in the press, why don't governors push more forcefully to do consolidation, cut down on the number of appointments, or give up appointment authority? Is it a critical source of their power, especially in a strong executive state like Illinois? Do they really need those appointments?

D'Esposito: They certainly don't need all the appointments they have. But there simply isn't enough reward for organizational change inside government. It doesn't increase profits. The profit motive that you see in a corporate setting isn't present, so consolidating and streamlining, while it in theory produces better service, it's typically over time; there's usually disruption in the meantime, and potentially a decline in service. Politicians' horizons are typically shorter, so it's hard, it's hard. Occasionally, you'll see a governor come in with his mind made up that he's going to try to streamline things. So Thompson was interested in the consolidation movement originally, but I think that petered out over time.

Czaplicki: Consolidation of special districts, or of the boards and commissions?

D'Esposito: Of the boards and commissions.

Czaplicki: Part of the reorg.

D'Esposito: That reorg initiative that he and Howlett started. That was not a fourteen-year adventure of the administration.

Czaplicki: Initially, was he leaving some of the things unfilled, just out of the sense that they might get consolidated later?

D'Esposito: I don't know. Clearly, appointments were deferred because of the complexity of the decision making involved and given the circumstance, but that happens.

Czaplicki: A more specific example of a headache that an appointment causes came about on the Illinois Tollway. Governor Edgar appointed an acquaintance and a fundraiser, Bob Hickman, as executive director, and then some things happened which led to Hickman leaving the Tollway. What precisely was the case that forced him out?

D'Esposito: I think there were some real estate transactions that were at issue in his eventual discharge. I don't recall, Mike, specifically.

Czaplicki: I just have a note that he was indicted for embezzlement, so I didn't know whether he was actually taking money directly.

D'Esposito: I think there were some transactions in which he was allegedly getting kickbacks, or getting something in exchange. But I don't recall the embezzlement charge, which sounds like something different.

Czaplicki: It may just be the wrong phrasing. So how did you come to end up on the Tollway then? Is that directly in response to that?

D'Esposito: Well, he put Ralph Wehner, who was a very talented, no-nonsense DOT engineer, in as Hickman's replacement, and then when the term of Jack Garrow, who was from DuPage County, was over, the governor appointed me as the chairman. It was very interesting. The Tollway had been essentially a suburban operation. It ran through areas that were all safely Republican. As the population shifts in the six county area began to occur, more and more of the legislative districts in which the Tollway ran became contested. Democrats were viable candidates in many of the districts, and as a consequence of that, the Tollway became a useful target for criticism, some of it deserved, I guess would be a fair statement. So it just became much more visible, and that was what the governor asked me to take on. You'd have to ask him why he thought that was something I'd be good at, but I think I had a reputation for being straightforward and ethical, and not partisan. He thought it would be a good appointment, and I told him I'd be willing to do it, that it would be an interesting challenge. It was up my alley in terms of being transportation.

Czaplicki: So Governor Edgar was seeing increasing politicization around Tollway issues?

D'Esposito: The troubles at the Tollway were becoming more and more a subject of media attention, and it wasn't just the media. The legislature was stirring the pot, because it was a way of gaining electoral advantage in contested districts. He wanted to have somebody there who could try to manage it more effectively than it had been managed, so the first thing was to put a real, true highway engineer in as the executive director, who would make sure it worked in a functional way. And then he wanted me there because I was not a highway engineer, but I knew something about roads and finance and things like that.

Czaplicki: You've already mentioned too, and he's also mentioned independently, that you had similar management philosophies, getting details done.[75] Did Edgar give you any particular mandates as far as what he wanted out of the Tollway?

[75] Edgar said that upon joining the Thompson administration, D'Esposito was "the guy I really enjoyed working with the most." Jim Edgar, interview by Mark DePue, June 10, 2009, Volume II: 277.

D'Esposito: I just think make it work and stay out of trouble. Now, there were two very important projects that were going on, both extensions of Interstate 355, which had not been particularly well managed up to that point.

Czaplicki: That's the North-South Tollway, right?

D'Esposito: Right. And they were also beginning the process of putting in electronic tolling.

Czaplicki: Why was 355's extension so controversial, or did it depend on which end was being extended? Did the controversy vary?

D'Esposito: The environmental groups were opposed as just a matter of principle. I think their view is that highways contribute to sprawl, sprawl is bad, therefore, we shouldn't build highways. The federal government imposes an environmental impact process that had not been well managed on the south extension. We plowed ahead with the south extension. We ended up in litigation on that and lost, and we had to go back and start over again. That ultimately was built after I left, but we got it going with a true alternatives analysis, and tried to get more local interests involved in what was going to happen as a consequence of the Tollway. We tried to do the same thing up on the north extension.

I've jokingly told people that when I went to China in 1985, they were building their first superhighway around Beijing. I went back in 2010 and they've now built seven ring roads, and during that entire time, we've been talking about extending 355 into Lake County. So they have different ways of doing things than the United States. There is not the support, I think, for the Tollway as a solution to transportation problems in Lake County that there was for it down in the southern part, in Will County. One of the reasons is Lake County is more highly developed, so it was easier to do in Will County without disruption. I mean, there was disruption, but there was not as much disruption as there would be if it were done north.

Czaplicki: Do you think that lawsuit led to some positive changes in how the Tollway did business?

D'Esposito: I think so, yes. I don't know whether the lawsuit did or whether our changes in the way we tried to approach both projects, which was to be more inclusive, to legitimately engage the community in discussion about the alternatives.

Czaplicki: Was that happening independently of the lawsuit? I understood you to say that happened in response to it.

D'Esposito: Well, we started it, but we did not go back to the beginning and start over again until after the lawsuit was over. My perspective was that the Tollway had always been a very insular organization; it ran down its right of way, and

the impacts it had on the people outside were not its problem. One of my missions was to try to make the organization understand that they did have an impact. Not only were they providing service, but they were having an impact on people outside the right-of-way line, and they needed to do more than just make sure that the roads were plowed and the tolls collected. It was always a very efficient and effective organization, but it was not as good a neighbor as it could have been. So that was one of the things we tried to do.

Czaplicki: It was seen as one of the more popular patronage positions, so a lot of the people who got appointed didn't necessarily have either extensive management experience or highway maintenance. Do you think there had been a gap in the past between the operational side and the board as a result?

D'Esposito: It could be. I didn't know a lot of the board members previously. I mean, 355 itself was a successful project that was very complicated, and that was done during the middle part of the Thompson administration. Tom Morsch was the executive director at that time. I don't remember who the chairman was.

Czaplicki: Was that Franzen?

D'Esposito: Franzen was the executive director at some point, but I don't think he was the chairman. I think Franzen may have gone out there early.[76]

Czaplicki: I think that's right. I don't recall if I asked you this already, since we've been at it a while. Did you have any involvement with the *Rutan* decision?

D'Esposito: No, that postdated me.

Czaplicki: On reflection, has that had much of an impact on the way government worked?

D'Esposito: I'm not really in a position to know how it's impacted what goes on.

Czaplicki: As someone who comes out of a reform tradition and is fairly interested in the structural side of government, what do you think of patronage in general?

D'Esposito: I was one of the people who worked to try to pass a bill that expanded the patronage powers of the governor by freeing a certain level of appointee from civil service. My belief is that government can do good and that people have the ability to vote for somebody to do X, Y, or Z. That person is elected. He or she needs to be able to accomplish what they've been put in office to do, and he needs his people, or her people, to carry out those activities. He needs to

[76] Myron Weil was chairman of the Tollway from 1977 until his death in November 1990. Frank Gesualdo served as acting chairman until June 1991, when Edgar named John Garrow chairman. Weil was also the chairman of Royal Crown Bottling Co. and the father of Dan Weil, who served as an assistant U.S. attorney under Thompson and was later a fellow partner at Winston & Strawn.

appoint people that are going to be accountable to him into positions of responsibility in the areas of government that he's wanting to move forward in this direction or that direction. So I think patronage, in the best sense of that term, is not a bad thing. Patronage in the sense that it's practiced, which is not to hire people in positions of responsibility but to hire the day-to-day worker on account of their political affiliation, is nuts. I understand why it's done, but it's not necessarily moving government forward.

Czaplicki: Well, we're pretty close to the end here. I wanted to go back to New Jersey Transit for one second, just because we said perhaps in the end we'd revisit this. You mentioned that you didn't have a lot of experience in labor relations, you hadn't worked that side.

D'Esposito: Right.

Czaplicki: I was just curious how the experience turned out, if there were any particular lessons from that experience that you were able to bring back with you to Illinois, or if you learned anything about labor and that process.

D'Esposito: I learned several things. I learned that you don't need to answer every question you're asked by somebody. That lesson was taught to me by a general chairman after a negotiating session to which he brought several of his local chairmen, who had a number of issues they wanted to get off their chest. I felt compelled to try to engage them in conversation, and he told me afterwards that he brought them so they could get those issues off their chest, but I was going to negotiate with him afterwards. I was not going to negotiate with them, and so it was not useful for me to try to respond. I should affirm what they were saying, let the people know that I heard, but I didn't need to engage. So that was one lesson.

The other lesson I learned from an older gentleman, who was a mediator who came in to try to help resolve our dispute. He told me that when I talked, I was using words that were way too big, and I should speak more simply and in clearer sentences, rather than these long rambling things that I've been probably using this entire tape. So some things I've learned, some things I probably haven't learned, but it was a fascinating experience. There were seventeen unions that we had to negotiate with, and the dynamic among all of them was very interesting.

Czaplicki: I'm surprised they didn't shuttle you back to Illinois to negotiate that union contract after '83. So after coming in and becoming chairman of the Tollway board in this process, where does your career take you from there?

D'Esposito: When George Ryan was elected, he appointed someone else to be the chairman of the Tollway, and I was happy that happened. Since that time, I've really not served on any state boards. I live in Winnetka, so I was involved in

a number of activities there over the last ten or fifteen years, but right now, I'm not engaged in any governmental activity. I've spent most of my time on my law practice over the last fifteen years.

Czaplicki: I know we've covered a lot. Anything I've overlooked that you wanted to add to the agenda?

D'Esposito: Only to say that working in the Thompson administration was one of the unique privileges I had in my life. I'm forever grateful to him for inviting me to work with him, and for the many friends and companions that I came in contact with over the years. It was really a memorable experience, and satisfied my interests—intellectual, emotional—at almost every level you can think of, so it was a great opportunity. I hope other people will go into public service. Also, I'm grateful to the library for doing this.

Czaplicki: Well, we appreciate you taking so much of your time to sit down and do this.

D'Esposito: It's been fun.

Czaplicki: It's been very insightful. Two last questions, to back you up from those positive thoughts for a moment. Anything you regret from your Thompson years? Anything you couldn't quite bring about, an issue you didn't get a chance to address that you would have liked to either have done more on or put on the table?

D'Esposito: I think one thing I regret, which has been true not just there but generally, is I spent too much time in the office and did not see enough of the external life of the governor. I think it would have given me a deeper appreciation of the responsibilities of the job, its complexities, the bazaar aspects, b-a-z-a-a-r aspects, of being an elected official, where you're out and about and engaging. It's a real skill. I don't have it. I certainly would have benefited from observation of it more, I think.

Czaplicki: You mentioned the one moment he was talking to the workers and bringing them back to the mansion. Stuff like that.

D'Esposito: Right.

Czaplicki: Should have hung around with Skilbeck more, right? (laughs)

D'Esposito: Yeah.

Czaplicki: And then looking back, whether the Thompson administration, whether just in general, what are you most proud of in your career?

D'Esposito: (pauses) That's an interesting question, and if you don't mind a long response.

Czaplicki: No, take your time.

D'Esposito: I think I began life thinking that what was important were the monuments you left behind. In part, that was attributable to the accomplishments of my grandfather, not that he thought that that was important, but that I, as a ten year-old, kind of sensed that about him. Clearly, my attraction to the law as a service profession, where you're engaged, and directing my career toward infrastructure projects more than anything else, I think is reflective of that.

As I've grown older, I've had a couple of experiences, one of which just occurred between the time of our last interview and now. About two years ago, I got a call from a man whom I did not know, who said, "Are you related to Julian D'Esposito?" I said, "Yes, that was my father." He said, "I live in Tennessee, and I was in Chicago and happened to see your name in the newspaper. I thought you must be Julian D'Esposito's son, and so I decided I would call you, to tell you how much your father meant to me. When I was a young man at Container Corporation, just starting out, he spent more than one occasion with me, helping me kind of sort through what I wanted to do with my life. I always valued the advice he gave me, and I just wanted to let you know that." That was amazing he took the trouble to find me out, and then told me. So that was very meaningful.

The second experience was similar. I got a letter about three weeks ago from a man who was a brother of a secretary in my first law firm, and who I had introduced to someone else in state government, when I was in Springfield in the late 1970s, about the possibility of working in a professional capacity with state government. He took a position, and now he was just retiring. He wrote me a letter to thank me for that. On reflection, that's what's important in life, to have done those small things and not know for whom or to whom they will benefit, but just to do them every day as part of your ordinary course. And it's not the stadiums, the roads, the transit lines, et cetera; it's these other things that really make the difference. It was kind of ironic that this letter came in the last couple of weeks.

Czaplicki: With that, we are at an end.

D'Esposito: Thank you very much, Mike, I appreciate it.

Czaplicki: Thank you.

(End of interview)