Interview with Jim Reilly

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Interviewer: Mark DePue

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DePue: Today is Monday, August 10, 2009. My name is Mark DePue. I'm the Director of Oral History for the Abraham Lincoln Presidential Library. Today, I am in Chicago at the RTA headquarters talking to Jim Reilly.[1] Did I get all of that correct?

Reilly: Yes.

DePue: This is part of our ongoing series on Jim Edgar, on his years as governor. We're talking to Jim Reilly because you were, for one year, chief of staff for Governor Edgar. Is that correct?

Reilly: Yep, that's right; 1994.

DePue: And for something like six years, chief of staff for Jim Thompson.

Reilly: Right.

DePue: So today, we're going to start with your early life and career and spend the bulk of our time talking about your experience with Jim Thompson, because I don't like to pass up these opportunities.

Reilly: All right.

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[1] Regional Transportation Authority. In 2005, the RTA Board elected Reilly chairman, a capacity in which he served until May 2010, when he left RTA to become the interim trustee of the Metropolitan Pier and Exposition Authority (McPier).

DePue: And most likely we'll pick it up tomorrow. So let's start with when and where you were born.

Reilly: I was born January 31, 1945, in Springfield.

DePue: Springfield, Illinois?

Reilly: Yes.

DePue: Did you grow up there?

Reilly: Yes. I was there until I graduated from high school, went to Illinois College in Jacksonville, Illinois, and then University of Chicago Law School, and back to Jacksonville after that.

DePue: Well, you're racing right along here.

Reilly: Oh, okay.

DePue: What were your parents doing for a living?

Reilly: My dad was a lawyer, and my mom was a secretary at the American Red Cross office in Springfield.

DePue: What kind of law practice did your father have?

Reilly: Just general. Most relatively small-town law offices, sort of take whatever comes through the door.

DePue: So even though you grew up in a government town, he didn't have any affiliation with the government, per se?

Reilly: No, he didn't, but off and on he was a contractual assistant attorney general. He never worked in the office, but they contract with a series of lawyers around the state to take whatever assignments they hand out; so he did work for the attorney general for a while as part of his practice.

DePue: Would you consider yourself a Baby Boomer?

Reilly: I guess. I think technically we're right at the edge, because the war wasn't quite over when I was born. But yeah, I guess so.

DePue: Was your father a veteran? Was he in the war?

Reilly: He was. He was in the navy, partly in Naval Intelligence for a while, and then during the war, they armed merchant ships on convoy duty. On a couple of trips to Murmansk, Russia, he was in charge of the gun crews on a freighter. I don't know anything more than that.

DePue: That sounds like a very cold job to have.

Reilly: Yeah, and probably pretty dangerous, I suppose.

DePue: Yeah. What was your life like, then, growing up in Springfield? How would you describe it?

Reilly: Probably a fairly normal middle-class life, I suppose. I went to grade school just a few blocks from our house—walked to school. I don't know, I was not especially athletic—did some athletics, but was never very talented at that. I was in scouts, but I never got to the Eagle Scout stage or anything like that. Was on the high school debate team.

DePue: Which high school did you attend?

Reilly: Springfield High School.

DePue: Which is downtown Springfield, just blocks away from the Capitol.

Reilly: Right, right. Oh, and before that, as long as we're talking, most of the time I was growing up, we lived out by Washington Park. But for the first five years, I think, of my life, we lived on First Street, literally just a block from the Capitol, maybe not even a block from the Capitol. There's parking lots there now.

DePue: Do you have any brothers or sisters?

Reilly: No.

DePue: When you were in high school what kind of careers did you see yourself pursuing?

Reilly: I always intended to get a law degree, but I was always interested in politics and government.

DePue: Do you know what it was about politics that intrigued you, or law that intrigued you?

Reilly: Probably in part, just my upbringing, but I don't know. Springfield's such a governmental town, and law is such a usual—or at least certainly was then—route into government. It just sort of all made sense. Also, I think, as time went on into the '60s, a lot of people were interested in government. Some wanted to tear government down, as far as that goes. But that was an era in which I think everybody—not everybody, but a lot of people—thought they were going to save the world, in some sense. Diametrically opposed ideas of how to do that, perhaps, but…

DePue: But when you graduated from high school, what year was that?

Reilly: It would have been '62.

DePue: What was the prevailing view of most people, their attitudes about government, and about politics and service in government?

Reilly: I think pretty positive. That was before the reaction against the Vietnam War had really set in. We were only tangentially involved. I think for the most part, people had positive attitudes towards government at that time.

DePue: Was politics something that was discussed at home?

Reilly: Yes.

DePue: What would your family's leanings be?

Reilly: Actually, they were both Republicans, but they were also big Taft fans. I remember watching with them part of the 1952 convention on television, which was probably the first, or at least an early, convention that was on television.[2]

DePue: You were seven years old at the time, I would guess.

Reilly: Yeah. When I say I remember, it's something we've talked about; whether I have direct memories or not, I don't know. And, of course, Eisenhower was nominated and not Taft, and the rest is history, as we say. (laughs)

DePue: That's what we're about today. Who would you say is the strongest influence that you had growing up, and why?

Reilly: Gosh, I don't know. I hadn't really thought about that. My dad was seriously ill for several years starting around 1960 or so. He lived and was fine; we got along okay. He was probably not as active as my mom, as far as that goes. But I don't remember having any special heroes.

DePue: Why Jacksonville. You said Illinois College?

Reilly: Right. A couple reasons. One is that I knew I wanted to get a law degree, and Illinois College, as a liberal arts institution, is a good place in that sense. By that, I mean: if you're not in any event going to use your bachelor's degree as a professional degree, it just seemed to me to make sense to go to a school that had sort of a broad, liberal arts approach. They gave me a scholarship, although I might have been able to get scholarships other places. I don't know. I've never regretted it. It still seems like a good school.

DePue: About thirty miles away. Were you a resident there, or did you commute?

Reilly: No, I was a resident.

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[2] Robert A. Taft was a senator from Ohio, who led the traditional conservative wing of the Republican Party and was Eisenhower's main rival for the presidential nomination at the 1952 convention.

DePue: And what was your major in college?

Reilly: Sociology.

DePue: Why sociology, (Reilly laughs) if you knew law was your degree?

Reilly: It was either sociology or history, and other than for teaching—you could get your teaching certificate in four years at Illinois College—they weren't really training you for a particular profession. So I think I only had to have twenty hours, or something like that, in sociology as a major, just because they have such a broad curriculum—at least for a school that size. I don't know. Could have just as well been history. I probably had as many hours in history. It wasn't a government department as such, although a lot of what in a bigger institution might have been a separate department, was really part of the history department.

DePue: You were there—let's see, '63–'67, '62–'67 timeframe?

Reilly: Yes.

DePue: This is during the time when the students' rights movement really started to percolate, the civil rights movement was very much on the minds of a lot of people, and by 1966, '67 the protest against the Vietnam War was starting to really heat up. So what was Illinois College like with all of that activity going on?

Reilly: Not exactly oblivious to all that activity, but not on the front lines. We read all of those things and students would discuss it. But protest at Illinois College, at least at that time, was more likely to deal with the typical local college issues of the dining hall (DePue laughs) or something like that, and less likely to deal—at any serious level anyway—with national issues. That is to say, not that they weren't discussed, but there was no danger of that student body taking over the administration building, or something of that kind.

DePue: Where were you with all those issues, and especially with the Vietnam War, since you're draftable age?

Reilly: (laughs) I'm trying to remember. Your views change over time. I think for the most part, I was probably supportive, but… Yeah, I think for the most part, I was probably supportive. As time went on, you maybe saw more and more: George Aiken, "We should declare victory and go home."[3] But yeah, because of my political background as a Republican, I suppose I tended to be supportive.

[3] George Aiken was a progressive Republican who served Vermont as a governor (1937-1941) and as a U.S. Senator (1941-1975). In 1966, he suggested that "the United States could well declare unilaterally that this stage of the Vietnam war is over—that we have 'won' in the sense that our armed forces are in control of most of the field and no potential enemy is in a position to establish its authority over South Vietnam." *New York Times*, October 20, 1966; *Biographical Directory of the United States Congress, 1774-Present*, http://bioguide.congress.gov/scripts/biodisplay.pl?index=A000062.

DePue: You graduated in '67, I believe. Had you already applied to the University of Chicago Law School, by that time?

Reilly: I had, and I had a split career at Chicago. You mentioned the draft. I did my first year of law school, and then the student deferment ended, so I got a job teaching for two years in Winchester, Illinois, which is very close to Jacksonville, just a few miles outside of town. At the end of that time, the draft switched into a lottery system and I had a very high number. So I called the university back—this was not terribly unusual, I guess, for them—and said, "I'm ready to come back and finish my law degree." I graduated in '72, so I'd have started my second year in the fall of '70.

DePue: Can we go into the rationale for leaving law school for a bit to go teach?

Reilly: Yeah. I didn't want to go into the army. (laughter) Whether that's right or wrong, I didn't. And the deferments were available—

DePue: A deferment for teachers?

Reilly: Yeah. Eventually, they canceled all the deferments and went to the lottery system. For a long time, there was a deferment just for being a student, and then as they needed more manpower, I guess, they canceled that; but the teacher deferment stayed on.

DePue: Had your views about Vietnam changed quite a bit in that first year or two at law school?

Reilly: Oh, some, but I can't honestly puff up and say I wouldn't go because I thought the war was horrible or something. I just didn't want to go.

DePue: It didn't seem to be a real attractive thing to do?

Reilly: Right.

DePue: Why the University of Chicago as a law school?

Reilly: It's just a great law school. I had always liked Chicago. I hadn't spent a lot of time there, but what I knew about Chicago, I liked, and I had some friends there—not at the university, but friends in Chicago—and it's one of the top law schools. So I applied there and was accepted.

DePue: Any particular type of law that really appealed to you while you were there?

Reilly: I guess it all appealed to me. Constitutional law did, and administrative law. There was a professor there at the time, long since gone, Kenneth Culp Davis, who was administrative law. It's an interesting field, because until the Roosevelt administration, at least, people would have said there was no such thing. Then the Roosevelt administration came along with all these agencies that were given the

power to promulgate rules and regulations, much more than anybody had ever had before. Roosevelt's right-wing opponents basically said, Constitutionally, you can't do that; the Congress can't delegate its lawmaking power. So there was a whole development—which still forms the basis, mostly, of administrative law—that took place to rationalize that and draw lines.[4] Nobody except the far right wanted to say just absolutely that Congress couldn't do it, but there clearly had to be some lines between what Congress could delegate; It couldn't just create some agency and say, Do good, (DePue laughs) and we're going home.

So anyway, that interested me. In fact, one of the things I did in the general assembly: we had created the JCAR, the Joint Committee on Administrative Rules—which was under some attack in the last few years from Governor Blagojevich—and I was the second chairman of the Joint Committee on Administrative Rules.[5] So that's a subject that always continues to interest me.

DePue: So when you say administrative law, is that strictly the purview of how law is applied to government service?

Reilly: It's really the study of how government agencies other than the Congress can make what amounts to law, because they're delegated that power by the legislature or the Congress. Most of the law they make affects people—citizens, businesses—not so much government, but…

DePue: When you returned to the University of Chicago after that short stint as teacher… By the way, what subject did you teach?

Reilly: Language arts, in the eighth grade. It was an interesting, interesting time. You read all this stuff and you have all these sort of progressive ideas about you shouldn't be too disciplinarian, and you want to encourage people. But after (laughs) a while, you figure out—at least I did—that at that age, when kids are going through all those kinds of changes that they go through, it's sort of you or them. (laughter) You are either going to go crazy because they just go out of control, or you're going to clamp down. So the second year, I was, if not better, at least saner. But yeah, language arts, in the eighth grade.

DePue: Then you returned to the University of Chicago.

Reilly: Right. By then, things really were hot, to some extent reflecting the fact that University of Chicago is much more a national institution, maybe, than Illinois College. But also, as we got into the '70s you had the King assassination and the

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[4] Kenneth Culp Davis was an instrumental figure in this development; he is considered the field's founder on the basis of his 1951 book, *Administrative Law*. http://www.sandiego.edu/law/news/news_releases/archive.php?vol=2003&issue=12.

[5] See Jim Edgar, interview by Mark DePue, May 29, 2009, Jim Edgar Oral History Project, Abraham Lincoln Presidential Library, Springfield, IL, 66, for Edgar's claim that JCAR grew out of his work for the National Conference of State Legislatures. Unless otherwise indicated, all interviews cited in the notes were conducted as part of the Jim Edgar Oral History Project.

Bobby Kennedy assassination.[6] I can remember—this was right after the King assassination—a large part of the South Side of Chicago, where the university is located, really blew up. The National Guard was called in. I can remember looking out my dorm window and seeing armed personnel carriers driving up and down the street, worrying that some riot might reignite.

DePue: That was April of ’68, I believe—April and into May.

Reilly: Oh, so maybe I’m confused. Maybe it was my first year of law school.

DePue: That sounds like you also would have been in town for the Democratic convention in August of ’68.

Reilly: Yes.

DePue: Any memories about that?

Reilly: Although law school wasn’t in session, no, I watched that on television.

DePue: So you were back home at that time.

Reilly: Right.

DePue: Were you back at the university in 1970 when Kent State occurred, or were you teaching at the time?

Reilly: I don’t remember. I remember Kent State occurring, but I don’t associate it with a particular time.

DePue: By the time you got back to the university campus, was it much more of a politicized campus, would you say?

Reilly: Yeah. Typical of Chicago, the graduate schools are probably less politicized, even now, maybe, than the undergraduate college. But even in ’67, ’68, when I was first there, if I was still a supporter of the war, (laughs) I would have probably not talked about it a whole lot. There was always a conservative element, but overwhelmingly, the university at that point would have been anti-war. I can’t remember the exact time, but it was not while I was there, so it was in between… [Edward] Levi, who later was the attorney general, was the president of the university at the time. There was a student uprising—if that’s the right term—where they took over the administration building. I always admired Levi, who may have had some sympathy with the students to begin with; I don’t know what his views of the war were. As opposed to Kent State or some of the other places, when the students moved in, he just moved out. Rather than try to keep them out and run the risk of somebody getting killed or something, he just got the

[6] Martin Luther King Jr. was assassinated April 4, 1968; Sen. Robert Kennedy was assassinated June 5, 1968 and died the next day.

administration together and said, Let's go. After awhile, the students got tired, and there wasn't a whole lot they could do because there wasn't anybody to harass. I always thought that was an interesting way to deal with things.

DePue: The flash point on so many campuses across the country was the ROTC department. My guess is that the University of Chicago had none.[7]

Reilly: I think that's right. Certainly by that time, I think that's right. I don't know if they ever did.

DePue: When you went back to the university after that short stint as a teacher, what did you see as your career goals?

Reilly: Still the same. I still wanted to get my law degree and eventually get into politics. In fact, while I was teaching, I worked part time for the local state representative, a guy named Tom Rose, in Jacksonville. And then my last two years in law school, I worked part time, partly as a law clerk and partly as a legislative aide, for George Burditt, who still has—I think—a law firm here in Chicago, but who was a state legislator at the time.[8]

DePue: Both of these gentlemen were Republicans, I assume?

Reilly: Yes.

DePue: How would you describe yourself philosophically or politically at that time? What were your core beliefs?

Reilly: Republican, but keep in mind, at that time, you could be a Republican in good standing and be a Rockefeller Republican, which I guess would be how I would describe myself, even at Illinois College. I remember when—gosh, it would have been '64, I guess—it was Goldwater versus Rockefeller for the Republican nomination, and one of our English professors was an ardent Goldwater person. She never academically bothered me, but she was most upset that I was a Rockefeller Republican, which really kind of eventually leads into being a Thompson and an Edgar Republican.

Thompson, when he started out, might still have said he was a Rockefeller Republican. By the time Edgar was running, you might in some ways think that, but you probably wouldn't use that name. I think just generally, personally, I'm a pragmatist. I understand the theory; some theory is fascinating. I've never thought theory—in an ideological sense anyway—had a whole lot of place in government.

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[7] The student takeover occurred in 1969. While there were several sources of the takeover, the precipitating event was the university's denial of a contract extension to popular sociology professor Marlene Dixon.

[8] George M. Burditt later served as the overall campaign chairman for Edgar's 1982 secretary of state's race, while Reilly was Edgar's downstate chairman. Jim Edgar, interview by Mark DePue, June 15, 2009, 80.

I think I've always seen government as being an enterprise that solves problems.[9] Some problems are going to be solved by bigger government; some problems are going to be solved outside of government altogether. Some problems will require higher taxes; some problems won't.

DePue: So how would you describe yourself at that time, early in your political career as well, on fiscal issues, for example?

Reilly: I think I always thought that having the budget balanced, or at least reasonably under control, was important. You have to pay for what you want to do, and I always thought there was a role for government. I never had this view that some seemed to have that government is, per se, bad. If there are things that need to be done and government's the best place to do it, you've got to pay for them.

DePue: This next question, then, this next category, would fall under, perhaps, the area of where things need to be done. Social issues: how would you see yourself on that continuum?

Reilly: Certainly as a Republican, I was always very involved with social issues. Again, I think it's sort of consistent with what I've been saying. If there are people who need help, saying, as some do, "They shouldn't need help; they should take care of themselves"—well, that's fine if people can, but in terms of a safety net, in terms of social services for a lot of different kind of purposes, I've always thought that was important. And certainly, once I got to the legislature, I worked with a lot of social service, welfare kind of agencies.

DePue: Let's get on with your career, then. You get to the point where you graduate in 1972. What after that?

Reilly: Went back to Jacksonville. A friend of mine that I went through Illinois College with, his father had a law firm in Jacksonville—you've got to keep in mind that Jacksonville's not very big, so a six- or seven-person law firm was a fairly good-sized law firm—and they offered me a position.

DePue: What was the law firm?

Reilly: Foreman, Rammelkamp, Bradney, and Hall. So I went there, and in that kind of law firm you do—especially if you're the new guy—whatever comes through the door and/or whatever one of your senior partners either doesn't have time to do or doesn't want to do. The firm mostly did not do criminal law, although they did some. (laughs) Again, Morgan County is not very big, so we had one public defender. At one point, the incumbent resigned, and it was a while—a year or so—before they appointed another one. So when people needed a public defender, the judge would have a list of all the law firms in town, and he would just go one-

[9] Governor Edgar shared this philosophy, which had been shaped by the example of his Senate mentor, W. Russell Arrington. Jim Edgar, interview by Mark DePue, May 28, 2009, 26-28; Kirk Brown, interview by Mike Czaplicki, December 22, 2009, 142.

by-one through those. You could bet that the senior partner wasn't going to get… (laughter) If it was our firm's time, it was going to come to me—which actually was kind of interesting. I otherwise probably would not have done much. I didn't do much criminal law anyway, but I did some.

I was with the firm exclusively for a couple of years. Got involved in a little bit of local politics, first with the school board. We had a group—talking about people who think that government has no role—that was constantly trying to cut the education tax rate; they thought the school board was spending way too much money. So a group of us organized a citizens group that successfully pushed a slate of members for the local school board. Then in the municipal election, I worked with some of the partners in the firm on the election of a guy named Milt Hocking as mayor of Jacksonville. I was part-time city attorney, but then eventually, Hocking decided that he wanted a full-time city attorney, so I left the law firm and did that for a couple of years.

DePue: What timeframe was that?

Reilly: I ran for the [Illinois] House in '76, so this would have been '74, '75—somewhere in that area.

DePue: Let's talk about that decision, then, to run for the House.

Reilly: We still had single-member districts then, and technically there were three incumbents through a big district. The local incumbent, Tom Rose, the guy I had worked for sometime earlier, decided not to run for reelection, and so I decided to jump in. Depending on how long people stay in office, you sort of either had to go or not go.

DePue: The cumulative voting process that was in existence at that time has always fascinated me. If I can very quickly try to summarize the way it worked: you had, what, fifty-seven senatorial districts around the state?

Reilly: Or fifty-nine. I forget.

DePue: In each one of those senatorial districts, there were generally three representatives, and the way it generally worked, people could vote for two out of three.

Reilly: Or they could vote for one out of three. Each citizen, in essence, had three votes. Three were going to be elected. You could give one vote to each of three people, or you could give one and a half votes to each of two people; or, of course, while it wasn't good for teamwork, naturally, a lot of candidates wanted you to just vote for me and don't worry about everybody else.[10]

[10] This last tactic was commonly referred to as a bullet, and was highly desired by candidates. Jim Edgar, May 28, 2009, 52-53. For an example of this practice in action, see Fred Edgar, interview by Mark DePue, April 22,

DePue: But the assumption was that each one of the main political parties would put up two candidates, so for all of these districts, there is a guarantee you're going to have one of the off-party representatives from that district. Is that the way it worked?

Reilly: Yeah, which arguably is a good thing. There may have been a couple of districts up here in Chicago that were even then so overwhelmingly Democratic that they nominated three and elected three.

DePue: Well, they could find a Republican who was really a Democrat in Republican clothing, perhaps, and vice versa.

Reilly: Right. I remember in my first term, there was a Republican named Jesse Jackson—obviously, no relation to the Reverend—but in terms of organizing the House, if we had the majority, which we did one of the terms, he'd vote organized; other than that, he was not often seen voting with the rest of the Republicans.

DePue: I wonder if you could take just a couple minutes here, then, Jim, and describe that first campaign that you had.

Reilly: At that level, I was lucky to have some people who could raise funds, although the kind of funds that people spend now… I mean, I probably spent in total maybe twenty thousand dollars in that first campaign, and even allowing for inflation, that's nothing compared with what people spend now. But I never liked fundraising—I was never any good at it—and fortunately, I had some local people who believed I would be a good state rep. So that part was organized. The rest of it was very much sort of low-key. It's a big district, for one thing, just because the population is lower and because it wasn't divided into representative districts. So in my district, there were seven counties—not all of some of those counties. Went all the way over to Adams County, but not including Quincy; went down to Madison County, but not including Alton. It did include Wood River.

DePue: What were the population centers that you had in the district?

Reilly: Of course, my savior was Jacksonville. It was interesting. Not unlike now—only on a bigger scale now—within districts, at least those kinds of districts, people would care that they had a representative. Macoupin County was probably the biggest—all of Macoupin County was in [my district]—and Macoupin's probably a little bit bigger than Morgan. But Macoupin was Democratic, and you usually had two Democratic candidates coming from Macoupin. So the answer is, there was Carlinville, Jacksonville, the part of Madison County that we had—although there was no one town; it's just Madison County, so a fairly populous place.

DePue: So Edwardsville would not have been a part of your district, then?

2009, 49-50; Jim Edgar, interview by Mark DePue, May 29, 2009, 25, 47; and Jim Edgar, interview by Mark DePue, June 9, 2009, 60-62.

Reilly: No, Edwardsville was not; but beyond that, there was a lot of rural territory that you've just got to be in. Not many folks, but if you don't go there, they figure you don't care.

DePue: Would it be fair to describe your district, then, as predominantly rural in focus?

Reilly: Yes. Even the towns, like Carlinville or Jacksonville. had more people than the rural areas, but they were towns that were involved— they were financing farms or they were trucking. They were communities that dealt a lot with rural areas. So yeah, I would say that.

DePue: In the cumulative voting procedures, was this district one where they typically had two Republicans and one Democrat?

Reilly: No. It was typically one where they had two Democrats and one Republican—had been for quite a while. Actually, the closest part of my race was my primary, because there were six Republican candidates, with two to be nominated. One of the Republican candidates—a guy named Junie Bartulis, who was from Macoupin County—had been in office before and then lost. He had been in the state Senate and lost, and he was making a comeback. So just as a practical matter, he was going to be nominated, and the race was for the number-two Republican slot. It was very close, but I was nominated. And then in the fall election, Bartulis was elected and I was elected, and John Sharp was a Democrat from Macoupin County.

DePue: If I get my basic math correct here, you're describing a particular year, in 1976, when you have two Republicans and one Democrat, versus the norm, which was two Democrats and one Republican.

Reilly: Right.

DePue: This is the presidential year—Jimmy Carter's year. What happened in your district?

Reilly: Yeah, but remember—(laughs) I would like to say it's because I was so good.

DePue: Ah, you're going to get to the governor.

Reilly: Yeah. Jim Thompson. The state was perceived, under Dan Walker, as being not very strong, although Walker was very popular when he first took office. Then Mike Howlett knocked off Walker in the primary. Thompson was seen not only as not Dan Walker, which was a big part of any campaign—you're not the bad guy—but also he was, because of his U.S. Attorney experience, putting some bad guys away. He ran very strong.

DePue: Would it be fair to say, then, that part of your explanation for victory was the coattails of Jim Thompson?

Reilly: Yeah, I think certainly that didn't hurt. Yeah.

DePue: Let's go into your legislative experience, then. What committees and what role did you manage to carve out once you got to the legislature?

Reilly: Actually, that leads into some of our discussion tomorrow, too, because that's where I met Jim Edgar, who had, as you know, been Russ Arrington's top aide but then in '76 ran himself. I guess it was his second try, I think.[11]

DePue: And his first success.

Reilly: His first success.

DePue: So you're both freshmen at the same time?

Reilly: Yes, and the same age, and sort of hit it off personally. He helped me get to know people. I was on the Education Committee, I guess partly because of my schoolteacher background and because the IEA [Illinois Education Association] had endorsed me. Neither hurt, anyway. I was on the Education Committee and the Appropriations Committee. A guy named Pete Peters was a member from Chicago. He, Edgar, and I were close. Pete was the Republican spokesman on Appropriations, so he was very helpful to me. I think part of my ability there gets back to something we were talking about earlier. Not a lot of Republicans were terribly interested in social services, other than maybe in a negative sense, and yet, obviously, those issues needed to be dealt with. So in that sense, I was, I guess, maybe in the right place at the right time. And that helped.

But then when Jim left, which would have been right at the beginning of my second term—his second term, too, except he didn't finish—in a sense, I stepped into his shoes in the legislature. He had been seen as more influential and more important than most freshmen would have been seen. And he left. One of the spots that he had was something called the Committee on Governmental Reorganization, which—as I may have mentioned to you before—with the adoption of the 1970 constitution, gave the governor power by executive order to reorganize and combine state agencies. Even though he had the right to do that by executive order, the legislature has the constitutional right to turn down. He makes the change, and then the legislature, in effect, can veto the change: sort of the reverse of normal operations. Jim was the Republican spokesman on that committee, and I took over for him.

DePue: This was eight, ten years after the new constitution. That's still an important function?

Reilly: Yeah, because keep in mind, Walker did nothing—at least that I remember—with that. Governors still use that power sometimes. But when Thompson came into

[11] For Edgar's discussion of his loss in the 1974 primary and successful campaign in 1976, see Jim Edgar, May 29, 2009.

office, he became very interested in the organization of state government. A woman named Paula Wolff, who you may know or may interview, was chief of what was called the program staff. There was sort of the bureau staff and the program staff. She had a lot of theory and ideas about how government ought to be organized to make it more efficient.[12]

DePue: You mentioned JCAR as well. It sounds like JCAR and this Committee on Governmental Reorganization had similar roles, or am I confusing these? What does JCAR stand for again?

Reilly: Joint Committee on Administrative Rules. I guess, yes, related. I keep going back and forth, but it sort of goes back to my interest about administrative law. The Joint Committee on Administrative Rules was created as a way to approve, or to give the legislature—in a sense—a second bite of the apple. So the legislature passes a law creating a regulatory agency and/or giving a regulatory agency some new rulemaking power. Before JCAR, the agency just went ahead and promulgated the rules, and if the legislature wanted to do something, it had to pass a new law abrogating the rules and just taking away the rule-making power. The notion of the Joint Committee is somewhere in between: to let the legislature have, and in an extreme case, veto rulemaking, without having to… Sort of using a scalpel instead of a sledgehammer. You could make and/or convince the rulemaking people to make relatively minor changes without having to blow up the whole scheme.

DePue: "Joint" meaning both the House and the Senate?

Reilly: Yeah, it was a joint committee. It still is a joint committee.

DePue: And the Committee on Governmental Reorganization: was that strictly House?

Reilly: Yes. The Senate may have had a similar committee; I don't remember.

DePue: What particular issues did you take the strongest interest in when you were in the legislature those first few years?

Reilly: Partly because of the role that was involved, appropriations always interested me. I didn't take long to figure out, it's not cynical to say that if you want to know what real policy is, you follow the dollars. You can pass bills into law that say all kinds of grandiose things, but if there's no money—I'm exaggerating a little—but in general, if you don't put any money behind it, not a lot can happen. Because most things that are worth doing may require great thoughts, but they also require money. So I was always interested in appropriations, and that took a lot of my time. Because of the committee on reorganization and because Thompson was so

[12] Thompson's executive reorganization proposals grew out of the work of a task force jointly appointed during the 1976 gubernatorial campaign by him and his opponent, Michael Howlett. This task force also served as a key source of staff talent for Edgar; in addition to Wolff, it was here that Joan Walters got her start in state government. Joan Walters, interview by Mark DePue, July 15, 2009, 29-36.

active in that area, the creation of the Department of Commerce and Community Affairs—which Blagojevich named something else… There was a department that dealt with cities and townships, and there was a department that dealt with business, and Thompson basically put them together, which involved, for whatever reasons, a huge legislative battle on the House side, which I was obviously very involved with, because I was the sponsor of the legislation.

An interesting thing that he created—I think the following year—the Illinois Department of Human Rights, which brought together and strengthened a lot of miscellaneous civil rights organizations and laws. Again, there was a huge battle on that. I was the House sponsor. Harold Washington, who was still in the Senate, was the Senate sponsor. As it happened, all the fights were in the House. In those days, there was no limit to the number of amendments you could file, so there would be just these long, long discussions of bills; then we'd finally get through all that and pass the bill over to the Senate, which would non-concur in some amendment very peacefully, and then it'd come back and we would go through the battle again in the House. An interesting—at least personally interesting—sidelight is we finally passed the bill into law. It took a year, if I recall correctly, but then there were a lot of loose ends, as there tend to be in any major legislation.

DePue: Now, are you talking about the Human Rights Act?

Reilly: Yeah. So the governor created an implementation commission—I don't know if they called it a commission, but anyway, a group—to implement, and Harold and I were the co-chairs. The first meeting was assembled up here [in Chicago], so here's this white kid that nobody up here knew much about, and Harold Washington, and all these civil rights groups.

DePue: And a Republican to boot, I might add.

Reilly: Yes, and from downstate. At the first meeting, Harold gets up and says, "It's good knowing you all. I'm running for Congress," and leaves. (laughter) So it was a great experience. I met a lot of people that I still know, but it was kind of interesting, all of a sudden (unintelligible).

DePue: To put a timeline on these: if my dates are correct, the Department of Commerce and Community Affairs, which, as you mentioned, was a reorganization of some other entities that already existed, was March of 1979, and the Illinois Human Rights Act passed in November of 1980. Does that sound about right?

Reilly: Yeah.

DePue: Why a human rights act? I'm not trying to be facetious here; this is part of my ignorance. I know that the constitution in 1970 was quite progressive in a lot of the protections for civil rights.

Reilly: Yeah, but you needed to detail what the constitution meant, and to be able to enforce a lot of those rights, you needed an administrative body. The constitution

set out broad protections, but typically you would have legislation that implements a lot of what the constitution is.

DePue: But again, this is ten years after the constitution. Was there an existing act that was updated?

Reilly: No one act, and I don't know if any of them had passed since the constitution. They were just a series of acts that dealt with various aspects, and there were a couple of commissions that were apparently involved in enforcement, but there was no comprehensive act before then.

DePue: You've described that you were basically the point person on each one of these bills in the House side. That gives me the impression that the House was controlled by the Republicans, and I thought it was controlled by the Democrats at the time.

Reilly: It was, other than two years; George Ryan was the Republican leader, and we had a majority.

DePue: William Redmond would have been the Speaker, then?

Reilly: Yeah, we had a majority for two years, and I can't remember which two years—

DePue: I can find that pretty quickly here.

Reilly: But most of the time, certainly during the time that the Human Rights Act was passed, we did not have a majority. The reason I was able to be so active is it had a Republican administration, so the Republican administration—either (laughs) for better or for worse—would give to Republicans like me the legislation to sponsor, because they wanted to be sure that some loyal friend was working with them as opposed to against them.

DePue: Just to kind of clear up the record here, George Ryan was the speaker in 1981 and '82. Ever after, it was Mike Madigan, who was always the power behind the scenes, anyway, in the House. One of my questions I was going to ask you is how you became visible to the Thompson administration. Apparently early on, they were identifying you as a person to kind of carry some of the heavy baggage for them?

Reilly: Yeah, I think so, and I think Edgar contributed to that, because when he left, he became the legislative liaison for the governor. Since he and I got along and he trusted me, that certainly helped. But also, Thompson came in very popular as a general matter, but not necessarily beloved by all the longtime Republicans. They were glad he won. But he was a different kind of Republican than a lot of the longtime members of the general assembly.

DePue: Different in what way?

Reilly: I guess more liberal, more progressive. He was from Chicago, for God's sakes, (laughter) which was a sin in its own right for some Republicans. He had been concerned and had appealed to a lot of minority groups that Republicans generally didn't appeal to, and appealed to the city; was willing to work with the mayor, was willing to be part of city issues. So in terms of my involvement, I think partly, Edgar had something to do with it, but also there were maybe a limited number of Republicans who really cared about the same issues Thompson did. Partly through Edgar, but Thompson and I got to know each other. Probably got to know the people around him, including Paula.

DePue: Paula Wolff.

Reilly: Yeah.

DePue: What was the nature of your relationship with Edgar, then? Was there a personal relationship between the two of you as well?

Reilly: Yeah. From the very first. We, as I said, were about the same age and somewhat the same background, came from relatively rural areas—his, I guess, less so than mine. We thought a lot alike about political issues, saw ourselves as close to Thompson. And we just liked each other, so we'd have dinner together. Yeah, there was a personal relationship. Still is. I guess that's mostly what it is now, because neither of us are—even though I'm still involved in government in some sense, but…

DePue: He described these years when he was in the legislature. Brenda was still back in Charleston, so he was something of a geographic bachelor when he was over here. We haven't addressed this, but what was your marital status at the time?

Reilly: Actually, I was married at the time. I had an early marriage, which later failed. I could go home, but as you got closer to the end of session, when things were really hectic, I'd be in Springfield a lot, and so I think that led to Jim and I doing things together. We also got to know a lot of the same people who were also going out to dinner: Art Telcser, Pete Peters, I mentioned.

DePue: It wasn't that much further back in Springfield legislative history—if you get back into the '50s and '60s—when what legislators were doing on their off time in Springfield was different from what you and Edgar apparently were doing at the time.

Reilly: Yeah. I think the legislature was probably closer to being full-time, too.

DePue: When you were there?

Reilly: Yeah. They may be getting back to this in some sense, except now they seem to be in session all the time—but they don't mean to be in session all the time—but I think in the '50s, the sessions were probably shorter. I don't know.

DePue: During the time you were actually in the legislature, I wonder if you could reflect on the legislative leaders and the experience of working with them. So let's start with the Speaker of the House for most of that time, William Redmond, Democrat.

Reilly: Right. Very nice guy. Not the power. He presided over the House, there was no question of that, but from a very early date, it was clear that Madigan—who I liked then and still like now—was the guy who was really calling the shots.[13] But Bill was very good, and everybody liked him. You couldn't dislike Bill Redmond; he was a very friendly sort of guy. George Ryan—at least from my point of view, George was harder to get to know. He'd been around for a while and knew a lot of the longtime Republican and Democratic legislators. He was good to me in terms of the appointments that he made, in terms of committees.

One big thing that continued—I think maybe slowly went away, and is certainly not there now—but at that time, and well into the '80s, there wasn't the kind of partisanship that there is now. I don't mean that people didn't want to win elections. They would do whatever it took to try to win elections, but having won elections, there was a lot less of… Single-member districts may have contributed to it, but there was a lot more social interaction between legislators, and between Republican and Democratic legislators, and a lot less control by the leadership. There were always four or five big political issues that the leaders would control; but then, as opposed to now—where I think it's very hard to do—individual legislators, even freshmen, could legislate, as long as they weren't impinging on the three or four big issues that the top guys were concerned about. So you had a lot more of people working together across party lines. It was almost as if, except on big issues, people who were interested in social service issues would work together, and people who were interested in school issues would work together. That was partly political and partly social. That doesn't exist nearly as much as it used to. But also, the leaders control every detail these days. It's amazing.

DePue: I would assume, though, when you first got to the legislature—I mean, your caucus leader was George Ryan—that he was influential in your getting the assignments you got.

Reilly: Yeah. I don't know that I ever had quite the personal relationship with him that I did with some others, but yeah, he was very good to me. And Pete Peters, who was a good friend of his, was helpful in that regard. Pete liked me and Edgar, so…

DePue: Was there an expectation on Ryan's part that this is the party line and you need to toe that line?

Reilly: On a handful of issues, but beyond that, no. Nor did Madigan, for that matter, or Redmond. There just wasn't this sense that every issue was political; there was

[13] Edgar shares Reilly's assessment. Jim Edgar, June 9, 2009, 30.

more a sense of, Okay, the election's over, and for a year or so at least, we've got some issues to deal with, and let's deal with them. And also, especially as long as you had single-member districts, each party was so much more diverse, that you had very conservative Democrats and very liberal Republicans, depending on where they came from. So a leader would have not been very well-advised to try to clamp down on every issue, because otherwise they might not be the leader.

DePue: What was it about Mike Madigan's personality or skill set that caused him to really be the power in the House?

Reilly: He's very smart. He was very close to the first Mayor Daley. He was really Daley's guy. He was young—we were all young then. (laughs) He was young, but he was really, in a sense, Daley's point person in the House—and more and more so, he worked at that, I think. More than now, the great majority of Democrats were from the city. More so than now, if you were the mayor's point guy, people paid attention to you. But also because he's very smart and very pragmatic, which is still—at least until recently, anyway, and maybe still—a characteristic of his. He was partisan, again, in the sense of wanting to be sure that there was a Democratic majority. Madigan, certainly at that time in his life and for a long time was—is, I think—fiscally pretty conservative. He might see government as bigger than other kinds of fiscal conservatives, but you needed to pay your bills. I just think he was pragmatic in that sense, too.

DePue: Jumping ahead a little bit, and probably shouldn't—some donnybrooks coming down the road between both Thompson and Edgar in that respect, and all the way up to, certainly, in a very big way, Blagojevich over the last few years. And again, I shouldn't have said that, because that gets us way beyond the time (Reilly laughs) where I want to be. This might be a little bit unfair for you, but some reflections on the Senate leadership. I think it was Tom Hynes to begin with and Phil Rock a couple years after that.

Reilly: Actually, I probably know Hynes better now than I did then. I didn't have a lot of contact with Hynes. Rock I worked with for years when I was in the House, but then he was the Senate president for maybe all of the time that…

DePue: And these are both Democrats, we should mention.

Reilly: Right. Phil I always was able to work with. I think he was good. He was always willing to work with Thompson—didn't do everything Thompson wanted but was always willing to work with Thompson and really reflected more of this attitude that there's a series of problems we've got to deal with, and we've just got to deal with them. So he was almost always willing to compromise and work problems out. I'm very high on him. He more often had trouble with some members of his own caucus who thought he ought to be more partisan than he was.

DePue: And on the other side of the aisle, the Republican caucus was led initially by David Shapiro, but then—I think probably for most of the years you were there—by James 'Pate' Philip.

Reilly: (laughs) Yeah, Doc Shapiro. I must have dealt with Doc on some issues; I certainly knew him. He always seemed like a good person, but I don't have any strong feelings. Pate was an interesting guy to work with. He was not, for the most part, a Thompson Republican. Eventually they would work something out between the two of them, but he was not a natural ally. I'm not saying that critically. He had his own philosophy of government and was certainly not a friend of the city. A lot of the things Thompson wanted to do involved the city in one way or another.

DePue: What was Philip's power base, then?

Reilly: DuPage County. And I think, historically—at least then—Republicans in the Senate were more conservative than the House, particularly as long as you had cumulative voting. The House Republicans, just by their nature, were a different animal. There were some moderate to liberal Senate Republicans, but the overwhelming percentage of Senate Republicans was pretty conservative, especially after Arrington left, because Russ pulled them in a more progressive way. But his power base was that he was conservative, that he came from DuPage, in the collar counties that had a lot of members.

In many ways, Madigan is atypical as a leader. This is just a theory I have, but in general, I think legislative bodies like picking a leader who's not too different from them. They like picking a leader they like, more than they pick a leader to be a great champion of a certain cause. Madigan—being a lot smarter than a lot of the membership—was sort of unusual. Pate was more like a lot of his caucus in a lot of ways; they felt very comfortable with him, loved him.

DePue: This is going to be tempting for you to get beyond this particular question; my focus, though, is to ask you your initial, early impressions of Jim Thompson as a governor, before you got to be part of the administration.

Reilly: I always thought he was good. It's hard to separate the two, but the Republicans had been out of office for a while, he came along as the guy on the white horse, and I was excited by that. I was elected in the same election cycle. So I think early on, I thought he was good.

DePue: What were the initial experiences that you had with the governor? Was it these committees that you had been assigned to and the role of carrying a couple pieces of legislation?

Reilly: Yes. And he was a great one for using the executive mansion for entertaining, so you'd meet him in casual settings, too. Also, a trying and big issue at the time was the Equal Rights Amendment, which he supported and which I supported. His first lieutenant governor was a guy named [David] O'Neal, who was an opponent

of the Equal Rights Amendment. So I remember sitting in the approp committee one day, and first O'Neal calls me and says, (chuckles) "Do you really have to vote for the Equal Rights Amendment?" About a half-hour later, Thompson calls me and says, "I want to make sure you're sticking with the Equal Rights Amendment."

DePue: You probably have a series of those, but the big fight was 1982, wasn't it?

Reilly: Could have been, but it went on for a long time.

DePue: Yeah, it'd been going on since the early '70s. (laughs)

Reilly: They wouldn't give up, and, yeah, it went on for a long time. I can't put dates on it.

DePue: When Edgar became the legislative liaison—I believe in early 1979—he really only had one term in the legislature.

Reilly: Right. Correct, yeah.

DePue: At that time did your exposure to Governor Thompson begin to grow because of Edgar's experience there?

Reilly: Yes, very much. At first, probably not as much with the governor personally as with his administration, but yeah.

DePue: Who was the chief of staff that Thompson started with, do you recall?

Reilly: Jim Fletcher. A guy I know very well. He's a big-time lobbyist now.

DePue: Again, this is the timeframe before you were actually the chief of staff for Thompson. You had mentioned, when we talked previously, that Thompson really inherited something of a budget crisis when he got to office. I wonder if you could reflect on that a bit.

Reilly: I don't remember any of the numbers, but yeah, the budget was unbalanced. I can't remember if that was one of those periodic recessions we had in the '70s or not.

DePue: Certainly, we're talking about Jimmy Carter's years, and while you're talking about that, I'll see if I can find some economic data to back up the malaise, if you will, for that timeframe here.

Reilly: (laughs) Poorly chosen word, at least for Carter.

DePue: (laughs) Yeah, I guess I kind of hit that one, didn't I? '79, '78, we're talking about inflation rates somewhere between—in '79 it was 9 and 10 percent, 12 percent in September of '79. That's a pretty high inflation rate, and the unemployment rate

was up there as well; it was about 5 to 6 percent in '79, and then it gets up into the high 7 percent range around 1980 and '81. Of course,'81 is by the time Reagan had gotten there. But these are tough times.

Reilly: Yeah, and a lot of that, particularly the rate of inflation, continued for a while after Reagan was president…[14]

DePue: There was one other set of factors I didn't mention: the interest rates were sky-high as well during that timeframe.

Reilly: Yes. The inflation rate put you in a position—and this is really a little later in the story; the time I experienced it most was when I was chief of staff—but just to do the same things you did last year, you had to have 13, 14, 15 percent more money.

Now, inflation also raised state revenues, but part of the state's problem, which is still a problem as a structural issue, is that the state relies on a mix of taxes that don't come close to matching inflation. It's partly because our income tax relative to the rest is small; it's partly because we sort of pretend we have a fairly big corporate income tax, except in bad times, corporations don't earn any money and therefore don't really pay much in the way of tax. And a lot of it is because during this whole time, and it's still true, we use the sales tax for a big part of the state's revenue, but we tax the sale of stuff and not the sale of services. I don't know what the exact numbers would be, but if you looked at the part of the economy that was represented by making or selling stuff in 1975, compared with the part of the economy that's involved in making and selling stuff now, the proportions would have gone way down because the part of the economy that's grown is the service part. So periodically, even if you're a good manager—and not all governors have been good managers, or all legislatures—you do get in these times when revenue, no matter what you do, just doesn't keep pace with inflation. But it especially didn't then.

And yeah, you're right, not so much in the first couple of Thompson years, but as he passed these Class X felony laws and started to need to build more prisons, then you had to pay these huge interest rates to sell the bonds. I think that's ahead of the issue here, but…

DePue: Yeah. You've done a very good job to kind of lay the foundation here to get into the discussion when you do become chief of staff; these budgetary battles are kind of a constant theme through the latter part of his administration. But you just now mentioned the Class X felonies. Talk about what Thompson's goals were in that and the implications once they came about.

[14] For example, the national annual average unemployment rate in 1982 was 9.7 percent. The unemployment rate in Illinois at the time of the November election was 12.7 percent. The 1982 annualized federal funds rate was 12.24 percent. Bureau of Labor Statistics, http://www.bls.gov/lau/#tables, and Board of Governors of the Federal Reserve System, http://www.federalreserve.gov/releases/h15/data/Annual/H15_FF_O.txt.

Reilly: As background, that was a time when the crime rate was going up rapidly, but even more, public awareness of crime was going up very, very rapidly.

DePue: He had, after all, made a name for himself as a public defender.[15]

Reilly: Right. And a large part of his first campaign, in addition to reforming government, that sort of thing, was: I put bad guys in the penitentiary, and by gosh, when I'm governor, we're going to put them all in the penitentiary; we're going to be tougher.

DePue: I'm smiling because some of those bad guys were politicians in the Chicago area. Otto Kerner was the main one, but there's plenty of others, were there not?[16]

Reilly: Oh, yeah. He believed that the penalties ought to be strengthened, but also he believed that as a matter of deterrence, it was more a deterrent if there wasn't much choice in sentences, assuming you were convicted in the first place. So he wanted to, in a sense, tie judges' hands. He wouldn't, I suppose, have thought of it exactly that way, but his point was if you knew that if you committed X offense you'd go away for fifteen years, that was more of a deterrent than having a sliding scale where you might go away for three years or for twenty years. There was then, and there still is, a lot of theoretical argument over whether that's right or wrong. My guess is, if we're not already there, we're about to enter into an era where a lot of the truth of that will be called into question; or at least we will see—(laughs) unless we really put everybody in jail—that there have got to be alternatives, I think, to incarceration, which also reflects the fact that for whatever reasons, the crime rate has come down. The general public part of me doesn't believe that, but in fact, you look at almost any crime indicator—the public reads the headlines—but if you look at the actual numbers, we're a less crime-ridden country than we once were.

DePue: What made a felony a Class X felony? Were those the more severe crimes?

Reilly: Yeah.

DePue: Violent crimes, generally?

Reilly: Yes.

DePue: Was that when "three strikes, you're out" terminology came into play?

Reilly: Yes.

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[15] DePue does not mean that Thompson served as a public defender in the professional sense, but that Thompson cast himself, through his prosecuting work, as a defender of the public interest.

[16] Otto Kerner was convicted in February 1973, six years after resigning as Illinois governor, for accepting bribes, while governor, in the form of horse racetrack stock from Arlington Park manager Marge Everett. See Mike Lawrence, interview by Mark DePue, March 4, 2009, 37-38, for Lawrence's assessment of Kerner.

DePue: I think I know what the next answer is going to be, but what are the consequences, then, of tightening up on crime?

Reilly: There's a little lag time, but after a couple of years, the consequence is you've got to build more prisons because you've passed these laws that discourage probation or parole and require minimum sentences of some considerable length for a lot of crimes. Until you had that—judges would probably never say they did this—judges could sort of read the numbers, and if it seemed like the prisons were getting overcrowded, they could just ratchet down the sentences or give parole or probation as alternatives. But they no longer had that choice. So we went into a boom time of building prisons, which has now tapered off. I haven't been following it closely, but I guess in Minnesota or someplace, they have a prison that they built, and there's nobody to put in the prison.

DePue: Prisons are expensive things to run. You have already talked about the challenges that the governor had through the first few years of his administration, trying to balance the budget with the economy in the doldrums and the structure of the taxing procedures not necessarily keeping [pace with] the inflation rate, and you've still got to find extra money to build more prisons and to hire more guards, it sounds like.

Reilly: Yes, and that was clearly a priority for him.

DePue: So he was going to figure out a way to do exactly that?

Reilly: Yeah. He wasn't going to back off of the substantive changes he had made in the criminal law just because we didn't have enough prisons.

DePue: Let's take a quick snapshot of the 1978 election, both your election and Thompson's. It's an irony that the gubernatorial year is a four-year term, but because of the new constitution, there was an election for the governor in '76 and then two years later in 1978. Did you have any significant challenges yourself in that year?

Reilly: No. Well, you always had a challenge, but I was elected. There were two Democrats elected in my district that year and just me as a Republican, but actually, by then I was fairly well established and won just much more easily in '78 than in '76.

DePue: Who was the other Republican in '76?

Reilly: Junie Bartulis; he was defeated in '78.

DePue: What happened to explain his defeat?

Reilly: The district maybe reverted to its natural tendency to elect two Democrats. Interestingly enough, the guy who defeated him is Gary Hannig, who is now the

secretary of transportation for the state. And there were some issues Junie got involved with, personal issues or something. I honestly don't remember.

DePue: You had mentioned in an earlier conversation that there were some ethical challenges that Governor Thompson faced fairly early in his administration, too, and maybe it was shortly after this particular election in '78.

Reilly: I think it was. I don't know. As I say, they ultimately didn't come to anything, but there were some newspaper stories about some investments he had made and who helped him make them. As they say, I may be biased, but my memory is he had good explanations for all of these. To some extent, just having the news stories took some of the shine off, I suppose, if that's the right term.

DePue: What was the nature of the allegations?

Reilly: I remember one set involved some krugerrands, some South African gold coins that he acquired, and there must have been some suggestion that he got them at a discount or something. I honestly don't remember; I just remember there was that series of stories.

DePue: The 1980 election—that's a presidential year. I assume, obviously, you're going to have to run for reelection that year, and that's the year Reagan ran as well. Did you sense a change in the country at that time, a political change?

Reilly: I was never a big Reagan fan, actually. Obviously, there was some change, although I think just as Thompson not being Dan Walker was a big help, Reagan not being Jimmy Carter—by that time, Carter was widely, fairly or unfairly, perceived as being just not big enough. Maybe he was too nice, I don't know. So in that sense, I think Reagan was elected more because he wasn't Jimmy Carter than because there was this sweeping conservative trend in the country. I was for John Anderson, but he didn't win.

DePue: An Illinois guy.

Reilly: Yep.

DePue: The part of the 1980 election I really want to get to here, is what happened just after the election, when Jim Thompson got himself into some serious political trouble. I wonder if you could talk about the Cutback Amendment and all of that?

Reilly: Oh, yeah. The Cutback Amendment, I don't remember that so much as there was a legislative pay raise that the legislature passed. Thompson had said he was going to veto it, and did, but basically under an agreement with the legislature. It was like we passed the pay raise at—I don't know what the time was, but let's say it was ten o'clock at night—he vetoed it immediately.

DePue: And a veto pen while he was down in Florida, from what I understand of story. [Governor Thompson was vacationing with his family in South Carolina at the time.]

Reilly: Yeah, somewhere. He wasn't in the Capitol, anyway. Then he was overridden two hours later or something like that, which looked to the public like a setup.

DePue: It was a setup, wasn't it?

Reilly: I mean it was by agreement with the legislative leaders anyway. That clearly is the case, whatever the merits or demerits of the agreement. That was widely perceived as being sort of politics as usual or worse. It probably wouldn't have affected somebody else so much, but Thompson, up to that point, had this image of being above all that. Now, all of a sudden, he was just another politician, from the public's point of view.

DePue: Did you feel the heat on that as a legislator?

Reilly: Yeah. Not so much from the deal, because that—

DePue: Did you vote for the pay raise?

Reilly: No, no, I didn't. I voted against it, so that's why I didn't—

DePue: Both times?

Reilly: Yep.

DePue: Because I believe that the legislature backed off from it and overturned it, did it not?

Reilly: No, I don't think so.

DePue: Okay.

Reilly: All that hullabaloo led to the creation a few years later of the Compensation Commission; a lot of the recommendations of the Compensation Commission have been overturned. I don't think we backed off of the pay raise in that year. I could be wrong.

DePue: I don't know how well known Pat Quinn was before that time, but he certainly made a name for himself by sponsoring the Cutback Amendment, which I believe was on the ballot in '82 and passed with a fairly sizeable margin. So the implication—

Reilly: No, the election in '82 was conducted with single-member districts, so the Cutback Amendment—

DePue: I think that went into effect in '83.

Reilly: No, because I was reelected for the fourth time in single-member districts, so the ’82 election had to have been conducted after the Cutback Amendment.[17]

DePue: Okay. But the consequence was that the old cumulative voting procedure went by the wayside afterwards.

Reilly: Yes, and I must admit I thought—unpopular with a lot of my colleagues at the time—Quinn was right. As a textbook matter, you would say, if you want representative government, you ought to have one-on-one candidacies. The cumulative voting allowed a minority to elect a representative, even while still being in the minority. So I must admit, I actually supported it. I’ve come to think since, that we’ll never go back to it. But there was a lot to be said for cumulative voting because of the very fact that almost every district had at least one member of the other party. You mentioned, for example, George Ryan and the House caucus. No matter what the majority feeling in the caucus was, they couldn’t just focus on suburban problems, for example, because there’d be ten or fifteen city Republican members. And the Democrats couldn’t focus just on city problems, because there’d be ten or fifteen or more downstate Democrats. All in all, I think that was probably a good thing.

DePue: We’re getting pretty close to the timeframe that you’re actually going to become the chief of staff, which happened, I think, right after the 1982 election?

Reilly: Yeah, I served through the ’83 session and resigned right after that.

DePue: I wonder if you can reflect just a little bit on Thompson’s election campaign in 1982, and perhaps your own as well.

Reilly: (laughs) This is one of the interactions over the years with Madigan. After the Cutback passed and they went to do reapportionment, Madigan and Mike McClain, who was one of Madigan’s lieutenants, basically believed—correctly, as it turned out, fortunately—that almost no matter how they drew the district, I’d be reelected. But they thought that they were creating a district which, after I left, would be Democratic. Turned out it actually hasn’t been; a Republican has always been able to win in that district. So my election was not overwhelming, but a pretty good percentage. I forget. Thompson was the surprise. Everybody really, up to pretty close to the election, just thought he would win big. Of course, it came down in the final weeks to a dead heat in terms of polls. Then there was this long recount procedure, which ultimately the state supreme court had to decide. That was just an interesting outcome.

DePue: Yeah, I had something like a five thousand–vote margin when it was all said and done between Thompson and Adlai Stevenson III.

Reilly: Right.

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[17] In 1980, Illinois voters approved the Cutback Amendment 2,112,224 to 962,325; a margin of 1,149,899 votes. http://www.ilga.gov/commission/lrb/conampro.htm.

DePue: I've just been checking my timeline here, and I apologize. The Cutback Amendment fight started after the '78 election instead of after the '80 election, so you were absolutely right in your timeline. I just want to get that in the record here, so my apologies for that. How did it come to pass, then, that after that first legislative session in'83, Thompson decides he needs a new chief of staff and looks to you?

Reilly: Jim Fletcher was his first chief of staff. This is neither here nor there in terms of great history, but remember I said that I worked for George Burditt while I was in law school? Jim Fletcher was a member of that firm. So that was another tie I had to the Thompson administration that I hadn't mentioned before. After Fletcher left, a guy named Art Quern—who had been the director of whatever the New York department that deals with public aid was called under Rockefeller—Thompson had hired him as his chief of staff. I can't tell you when. It would have been sometime earlier. He served for three, four years, and Art was ready to move on and became an executive in Aon Insurance. But he was ready to move on, so Thompson was looking for a new chief of staff. There were three of us, I guess, in contention, and he picked me. Technically, he picked me as his chief counsel. I was chief counsel because Art hadn't left yet. He had told Thompson he was going to leave, but he hadn't left yet. So for a little while, I was the chief counsel. Then in November, December sometime, I became the chief of staff.

DePue: Of 1983.

Reilly: True.

DePue: What was Thompson looking for in a chief of staff? What did he want you to do as chief of staff?

Reilly: (laughs) I think he wanted somebody who thought a lot like he does. He wanted somebody who knew the legislature. He wanted somebody who had some political—he had just barely been elected—and I think he wanted to rebuild whatever lost reputation he had had, and probably even at that point knew that he wanted to run for a fourth term, or at least hoped to be in a position to run for a fourth term. And somebody who knew state government. He ought to have answered that question more than me, but I think those were factors. Plus, by then, between Edgar and Fletcher and the other connections, he and I had worked together on a lot of things. It just seemed to him to be a logical step, I guess.

DePue: This might seem obvious, but what exactly does a chief of staff for a governor do?

Reilly: It apparently depends on the governor. Thompson was especially big on this: yeah, there's an organization chart, but the person defines the job more than the organization chart, in the sense that some people will be good at some things and won't be so good at others, and that'll affect the reality of what you do. Thompson—we'll contrast between him and Edgar. They were both good to work for. Jim Edgar was good to work for because we were personally close, but

Thompson was a great guy to be the chief of staff for, because he did not see himself as being the day-to-day administrator. He saw himself as setting policy by what he said, by what he did, but he didn't see himself as sitting in the office and dotting the I's and crossing the Ts. So within good, broad limits, as chief of staff, you could make a lot of decisions yourself. Not that you wouldn't consult with him, not that you'd do anything he didn't want you to do—of course not—but we thought enough alike about a lot of issues that I think he trusted me to make the same kind of decisions he would make. And that was great.

Because I'd been a member of the club—that is, the legislature—I dealt with the legislature. We had a legislative liaison, of course. I don't know if Kirk Dillard was the first legislative liaison, but we had a series of legislative liaisons; they dealt with the legislature day in and day out. But at a leadership level, I dealt with the legislature a lot, more than probably a lot of other—Art Quern was certainly respected by the legislature, but he wasn't one of them. (laughs) So probably he didn't spend as much time with that. I spent a fair amount of time with our pollsters and our media people, thinking about how government and the governor ought to operate during those years so as to build a record that would put him in the position to be reelected.

And you preside over the staff, although the Thompson staff was interesting because you had these really strong personalities. With the Bureau of the Budget, Bob Mandeville—a very strong guy; numbers were all that mattered to Bob. I don't mean personally, but as a practical matter, he cared about numbers. You had Paula [Wolff], on the other hand, who could understand numbers but basically is a policy person, so "Don't tell me we don't have enough money. (laughter) Here are things—we've got to do these things!" So, to some extent, the chief of staff's job—ultimately the governor's job—was to try to keep those horses running in more or less the same direction, or at least try to strike some workable balance between those points of view.

DePue: How did Thompson deal with those who would voice opinions contrary to his?

Reilly: Oh, he was good about things like that.

DePue: Would he look for those, or he just dealt with it well?

Reilly: That's a good question. I don't know that he went out of his way to look for those. Sometimes he would drive you crazy; it was fine to listen to all those, but as chief of staff, sometimes you thought, we got to do something. We can go this way or we can go that way, but we just can't keep talking about it forever. So he was certainly very tolerant about that. The other thing that was true with Thompson, in part because he had such a talented and ambitious bunch of guys who worked for him when he was U.S. attorney. Some of them were in the administration early on, but mostly they had gone off to other careers as big-time lawyers. Sam Skinner became the U.S. attorney. Those kind of people always had his ear. That was always an interesting mix, because you would think you had sort of worked

out something—at least between the Mandevilles and the Wolffs of the world—then the governor would go to dinner with one of his friends and come in with some whole new idea, often very good ideas. But in that sense of dealing with people with different views, he spent a lot of time talking to people outside of the administration. That was probably helpful to him.

DePue: This is probably a good time to ask about his relationship with the legislature. We're going to go through a series of these, how he dealt with different entities that any politician has to deal with. So let's start with the legislature, thinking again of the four caucuses, primarily, and his style. It's going to be difficult for you not to compare Jim Thompson and Jim Edgar in style on these things, I would think.

Reilly: Right. Thompson was this big gregarious guy—extremely smart, but gregarious guy—who loved talking to people and was very tolerant of all different kinds of personalities. He could like people who were very different personally, not just politically. Of the four caucuses, for the most part he probably personally got along with the four leaders and with most legislators—other than one period, while I was chief of staff, of nine months or so, where he and Pate wouldn't speak to each other. (laughs) Eventually, a couple of us literally got them alone in a room and said, We're out of here. We didn't literally say whoever walks out of the room lives, but it was sort of that thing: You guys are both grown-ups, and you're leaders of the state; you can't go on not talking to each other forever.

DePue: Do you remember what the issue was?

Reilly: No. They were different kinds of people, but I don't remember what the specific issue was. As a general matter, even though he and Madigan locked horns on some issues, just because Thompson was, at least as a Republican, more to the progressive or liberal side and normally dealt pretty well with the city, he probably over time had fewer battles with the Democrats than with the Republicans—especially Pate—who just were not as into those kind of issues as he was.

DePue: Did he let his legislative liaisons do most of the work?

Reilly: Up to a point; it depended on who they were. Because of Arrington, and then being a member of the House himself, Edgar was very influential with legislators. There's a lot of day-to-day mechanics of doing it and a lot of contact with legislators at a level the governor's never going to have the time to deal with; he did a lot of that. Particularly as you got closer to the end of session, a lot of issues got settled; as you got towards the end, he would call them together.]

DePue: One of the things that I've heard that Thompson was not averse to—that he possibly would do sometimes—is actually walk onto the floor of the legislature, sit down next to the legislators, and put his feet up on the desk.

Reilly: Oh, he did. Yeah, he did, and would do that or would work the floor. Edgar may have done that once or twice, but Thompson loved to do that. Sometimes he wouldn't want to touch (laughs) whatever issue was going on, but he would do that on a lot of issues. From my experience, which gets more into the time I was chief of staff, on the big political issues a lot of times he and I—people were more interested in him than me—during roll calls, would be working the floor, just wandering around, talking, cajoling…

DePue: So that was part of his expectation for what a chief of staff does?

Reilly: Part of what I would do as chief of staff. I mean, I don't think he would have expected Art Quern to do that. Not that Art couldn't, but Art just wasn't a part of the legislative operation in the way that, by experience, I was.

DePue: How about the media?

Reilly: He was good with the media. He was very good. They liked him. As time went on, they maybe got a little more touchy about some issues, but they liked him. Dave Gilbert, who had been a big-time *Chicago Tribune* reporter—who Thompson hired for the campaign, and then was his press officer for a long time—was good with the media. There was a guy, Jim Skilbeck, who worked for Gilbert, but Skilbeck was more the guy who traveled around with the governor. Skilbeck was great at creating little media events. Skilbeck worked for Edgar in his first campaign [for governor]. (laughs) Towards the end of the campaign, Edgar was trying to make the point that Neil Hartigan flip-flopped, and Skilbeck came up with this idea of having a pancake. Now, Jim Thompson could have carried that off. Jim Thompson wouldn't let that goddamn pancake (laughter) look… But Edgar looked kind of silly. It's just the difference between a guy who is this big, outgoing personality and somebody like Jim [Edgar].

DePue: You've kind of touched on this a little bit, but what was the nature of the relationship that Thompson had with the mayors? During this timeframe, there were several mayors in Chicago that he had to deal with.

Reilly: Right. He dealt very well with the first Mayor Daley. I guess he dealt all right with Jane Byrne. I was still in the legislature then.

DePue: Harold Washington was mayor when you got to be chief of staff?

Reilly: Yeah, or Jane.

DePue: It was pretty close. I think Washington came in '83.

Reilly: Yeah, just slightly after that, maybe. He had differences with Washington. Personally, they got along. In fact, I can remember Jacky Grimshaw was Washington's chief of staff—or at least she and Paula Wolff and I would work on little agendas between the three of us and come as close to agreement as we

could.[18] Then we'd have two or three points left that the big guys needed to get together and settle. Typically, if we weren't there, the two of them would just start telling old war stories. (laughter) They would enjoy themselves for an hour and a half and not have decided anything by the end of the time. They had a good personal relationship, but the political relationship was harder. When Harold died, who was…

DePue: Eugene Sawyer.

Reilly: Gene Sawyer, yeah. He and Thompson liked each other and probably had more in common, or had fewer political problems, but Sawyer himself was just kind of a lame duck from the first—

DePue: He was essentially a placeholder, was he not?

Reilly: Yeah. A very decent guy. He was an African American and a successor to the first African-American mayor, but he was actually elected by the whites on the city council. [19] So he was kind of in a Neverland. He wasn't, emotionally anyway, the leader of the African Americans who had elected—

DePue: He wasn't selected in a general election, then?

Reilly: No, he was elected by the city council to serve out Harold's term. He didn't serve out Harold's term. Harold died not too long after he was sworn in for his second term, and I think the law must have been that the council named a mayor until the next general election or something.

DePue: I know Daley came in under a special election—Richard M. Daley. It would have been towards the end of your term. I think '89 was when Daley was elected mayor.

Reilly: Correct. He was elected in the spring of '89.

DePue: But in general, Thompson had a pretty good relationship with the mayors that he dealt with?

Reilly: Yeah. A great relationship with the current mayor, and a good relationship with his father—rockier in between—although not personally rockier, but…

DePue: In the role as chief of staff, you mentioned already that Thompson was one to have people over to the mansion to wine and dine, and that was kind of the thing. Did you get to know Jayne Thompson pretty well?

Reilly: Yes.

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[18] Ernest Barefield was Washington's chief of staff. However, Grimshaw was an important aide to the mayor, serving as his chief of intergovernmental affairs and as his 1987 campaign manager.
[19] Arnold Kanter, who served as Governor Edgar's first chief counsel, was a friend of Sawyer's and involved in Sawyer's election as mayor. Arnold Kanter, interview by Mike Czaplicki, December 17, 2009, 46-56.

DePue: What can you tell us about her?

Reilly: I can't say that I know her in any way as well as I do him. For one thing, Samantha [their daughter] would have been six or seven or something when I became chief of staff, so there were family duties. She [Jayne] was always very supportive of him. They would talk a lot. You'd be in meetings, and he would call her or she would call him, just keeping in touch or whatever. I think she—probably behind the scenes—commented and talked on issues, although she never did that in the office or ever did that in any official way. She was a very smart person.

DePue: Let's go into some of the specifics here, and I'm not sure where this first one fit in with the timeline of your being chief of staff, but you had mentioned that the governor had supported and helped pass legislation subsidizing busing, even for parochial schools.

Reilly: Right. This was during my time as chief of staff. Because he was pro-choice, he always had kind of a rocky relationship with the church and with Catholic voters, although he did all right with Catholic voters. So frankly, in part this was sort of making up with that. It wasn't going to change his views on abortion, but… Joe Bernardin, Cardinal Bernardin, was the head of the archdiocese at the time, and Thompson, Bernardin, and Bernardin's chief of staff and I got together just generally to discuss issues. It was interesting in a lot of ways, but one was: Put aside that one is the church, one is the government; leaders at that level have a lot of the same kind of problems. Maybe dealing with different issues, but they sort of commiserated about how it was easier to be a follower than a leader, and talked about some things. But out of that came a proposal, which became law, to subsidize busing.

There were questions of church-state relationships, but the Supreme Court, sometime along in there before we passed the legislation, had definitively said—which I think is still the law—that while the government can't sponsor a religious school and can't be involved in that, there is no reason why the government can't do things for parochial students that it does for public school students.[20] Busing is an example. If the reason why you do busing of students is for student safety and so on, then you can do that, so long as there's no religious instruction on the bus, or something like that.

DePue: You kind of mentioned this to begin with, but that seems to be the kind of political move that plays well in elements of both the Democratic and the Republican Party.

Reilly: Yes. And keep in mind this was during the era when Reagan basically took a lot of the blue collar vote away from the Democrats. It was a little bit because of conservatism, part of it was tough on crime, but also, this was an era where it's

[20] *Lemon v. Kurtzman*, 403 U.S. 602 (1971).

sort of the reverse of where the Republicans are now. In the '70s and early '80s, the McGovern wing of the Democratic Party was very strong within the party but very weak nationally. So to get nominated as a Democrat, you had to veer far to the left, and then you would find yourself in the general election, unable to win. So Thompson and Reagan, in their own ways, took advantage of that.

DePue: I hadn't asked you about that. Maybe this is the appropriate time. Did he have many dealings with President Reagan, with the administration?

Reilly: Yes.

DePue: And what was the nature of that relationship?

Reilly: Very good. The state depends a lot on good relationships with the federal government, for aid—for all kinds of things. He was very close to Gerry Ford during the time that Ford was around. I think it was more personal, because Ford left office—

DePue: That was '76. He would have left January '77, about the time Thompson was coming in.

Reilly: Right, so then it would have been '82 that Reagan is nominated, is that right?

DePue: Eighty. He won in '80.

Reilly: Eighty, right. There was, at least for a brief time, a movement to nominate Ford—have it be a Reagan-Ford ticket—on the theory that Reagan might still be too conservative for a lot of people; Thompson was part of that.[21] But no, he got along fine with Reagan and a lot of his administration. Mitch Daniels, who's now the governor of Indiana, was at one point in his life, director of intergovernmental affairs or whatever the White House office might have been. Yeah, they always had good relationships.

DePue: I'll leave it up to you to a certain extent. We still have a lot more to cover in the Thompson years, and I certainly want to give you the opportunity to discuss that. It's a little bit after 5:00; Chicago traffic is outside, (Reilly laughs) so maybe this will be the last question, if that's all right with you, and then we'll pick it up tomorrow.

Reilly: Yeah, that'd be good.

DePue: The governor used the amendatory veto power. I would imagine that this was something that was part of the constitution.

Reilly: Right.

[21] Governor Edgar closely followed the 1980 presidential primary and attended the national convention in Detroit; see, Jim Edgar, interview by Mark DePue, June 10, 2009, 84-92.

DePue: One of the times that he used it was in 1983, dealing with collective bargaining.

Reilly: Right. That was one of the first things I was… Literally, I left the legislature, and within days we were at Thompson's house—periodically his back was bad, so you'd meet at the house or someplace, just because it was easier for him—working on the amendatory veto. Some legislation had passed that dealt with the subject matter—I can't remember the details—but his amendatory veto [AV] really wrote a new bill. It went way beyond the scope of the original legislation.[22] The Thompson administration always took a very expansive view of that power. At the time, Speaker Madigan didn't object, although over the years he's become more restrictive in his view of what's a proper…

DePue: Maybe especially the last few years.

Reilly: Yeah. (chuckles) Although even when Edgar was governor—I can't remember any specific case, but I remember there were things we wanted to do during the year I was chief of staff. Even then, Madigan was more and more thinking that it was an infringement on the legislature's prerogatives to use that power in a broad sense. And the competing argument is, as a practical matter, if the legislator doesn't like the AV, they don't approve it; so what difference does it make whether you propose a new bill or…

DePue: Was that a controversial issue at the time?

Reilly: Oh, sure.

DePue: Public employee collective bargaining, again, is what—

Reilly: Yeah, it was particularly controversial with our own Republicans because the public employee unions… They were a little more bipartisan then because there were elements of both parties that were pro-union. But for the most part, the Republicans especially did not like the idea of public employee collective bargaining. So, yeah, that was very controversial. There were Republicans who had been supportive. I had been supportive when I was a member of the House. But that was a new thing.

DePue: Did that include teachers' unions?

Reilly: Yes.

DePue: Especially teachers' unions?

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[22] The Illinois Supreme Court has held that governors may not use the amendatory veto power to replace legislation with wholly new bills. But instead of marking the line between permissible use and unconstitutional substitution, the court has reserved the power to judge amendatory vetoes on a case-by-case basis. See Joe R. Ourth, "The Illinois Amendatory Veto: Defining and Enforcing the Limits," *University of Illinois Law Review* (1987): 691-729 for a detailed discussion of court rulings on this power, Thompson's frequent use of it, and the unresolved constitutional issues the power raises.

Reilly: No. It included teachers' unions, but other than the state police and a couple of other categories, basically all state employees had the right to unionize.

DePue: I can see where he did run up against resistance in his own party, then. What was his rationale for supporting it?

Reilly: He believed it was right, but also, he had always—unusual for a Republican even then—had great relationships with the unions. From the very first, he had union endorsements. Not all of them. He had a lot of union endorsements, he wanted to continue that, and that was the big issue for organized labor at the time.

DePue: So at the time, the teachers and SEIU and AFSCME did not have collective bargaining power?[23]

Reilly: No. SEIU had some kind of organization, but they had no right to strike; they had no official collective bargaining. I don't think AFSCME was even in the picture until after—

DePue: Oh, really?

Reilly: —the collective bargaining law, or at least not in any big way. SEIU, until then, was just more like an organization of state employees. It was, to some extent, a pressure group, but they couldn't bargain collectively or go on strike.

DePue: Was it during this timeframe that the legislature decided that their own staff could not be unionized?

Reilly: It probably was. That is a fact, but whether that was included in the collective bargaining law or not, I don't know.

DePue: We've covered a lot of territory so far today, Jim. Any kind of closing comments before we pick it up again and start with budgetary battles tomorrow morning?

Reilly: Not that I can think of.

DePue: Okay. Thank you very much.

Reilly: Okay.

(end of interview #1 #2 continues)

[23] Service Employees International Union (SEIU) and American Federation of State, County and Municipal Employees (AFSCME).

Interview with Jim Reilly
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Interviewer: Mark DePue

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DePue: Today is Tuesday, August 11, 2009. My name is Mark DePue, Director of Oral History at the Abraham Lincoln Presidential Library. We are about to start our second session with Jim Reilly. Good morning, Jim.

Reilly: Good morning.

DePue: Yesterday we talked about growing up in central Illinois, getting involved in politics, meeting Jim Edgar, meeting Jim Thompson, and got through most of the timeframe that you were with Governor Thompson as his chief of staff. But there's still quite a bit more terrain to cover in that respect. We'll finish up today by talking about your experiences with Jim Edgar for that one year you were his chief of staff. So let's go ahead and get started where we left off. We were up to about 1983. You had just recently become chief of staff, and there were a few issues that we had already addressed while you were chief of staff. Let's start with the thing that seems to consume most governors in their administration: the budget battles that they annually get themselves into. Nineteen eighty-three budget—anything in particular that stands out for you in that year?

Reilly: That was the year while I was still in the legislature—a transition year for me. We actually passed an income tax increase. We passed a couple of tax increases, as I recall, in that year. So the budget, once the tax increases were passed, was probably fairly easy, but I don't remember a lot of detail about that.

DePue: I believe that Thompson asked for 1.9 billion dollars in new taxes—that would have been liquor, gasoline, and highway user taxes—and, as usual, it's not necessarily smooth sailing once you get to the legislature.

Reilly: Right. I'm drawing a blank, though, on a lot of that. It was a typical thing where the Senate was particularly resistant to the tax increase, which was not unusual. This is before I became chief of staff. As I remember, Thompson had to beg Pate

Philip to get a bill even introduced in the Senate, and what got introduced was just a shell bill. But as the session went along, eventually an agreement came together. If you're going to ask me a lot of detail about the agreement, I don't remember. I do remember voting for a gas tax and for an income tax increase.

DePue: Of course, the fiscal year for Illinois begins July first and goes through the next year, June thirtieth. So fiscal year 1984 would begin in July of 1983, is that right?

Reilly: Correct.

DePue: I know that fighting budget battles every single year, they end up kind of blurring together over time, especially, what, twenty-five-some years after the fact?

Reilly: Yeah, and there've been a lot of them that I've been part of, one way or another. This is off that subject, but in that same session, we were dealing with a crisis in transit in northeastern Illinois and passed—the bill didn't finally pass until calendar '84—the bill that modified the RTA and basically put it in its present form.

DePue: RTA stands for?

Reilly: The Regional Transportation Authority.

DePue: What does that mean? How is that different from the CTA?

Reilly: What we did in '83/'84 was separate the operating units, the so-called service boards, which were the CTA; Metra, which is the commuter rail; and Pace, which is the suburban bus operation. They do the operations. The RTA levies the tax and passes through subsidies to the three service boards, and is responsible for making sure they have balanced budgets, among other things. But that's the primary duty of the RTA: to make sure that the budgets of the CTA, Metra, and Pace balance.

DePue: Does that mean that one of the things that the RTA would have responsibility for is management of the tollways in the state?

Reilly: No, no. The Toll Highway Authority is a separate entity. We just have the mass transit entities.

DePue: Where was the mayor in this process? What were his particular views and preferences.

Reilly: I'm trying to remember who…

DePue: This probably would have been Washington at the time.

Reilly: Would it have been Washington or Byrne? I don't know. That's a good question. I think it was Washington. I don't remember him having a big impact one way or the other, but as to what his position was, the honest answer is, I don't know.

DePue: I know another issue that came up in 1984 was the expansion of McCormick Place.

Reilly: Yeah. Was that the year we passed the expansion, or was that the year we rescued the expansion from its…

DePue: I believe that's the year that it passed.

Reilly: Oh, okay. Because there was a history of that expansion. A couple of years later, the authorization to build what became the so-called North Building at McCormick Place—

DePue: This is from the McCormick Place web page: "In 1984, state approval was given for the building of a 252 million-dollar annex to the McCormick Place that contains more than 510,000 square feet of exhibit space." So a substantial expansion of McCormick Place.

Reilly: Right. That was passed in '84. The more dramatic part probably came a couple of years later when the expansion got into trouble. There were big cost overruns in the expansion, and some legislation had to be passed to bail out the expansion, to add additional funds and make some changes at McCormick Place.

DePue: That gets us into a discussion, then, of regional politics. Was it more regional politics when you got an issue like McCormick Place than it was Republican versus Democrat?

Reilly: Yeah, although since the Republicans tended to be concentrated more in the suburbs and collar counties, to some extent it became Republican versus Democrat. But because of the business interests at McCormick Place, it wasn't totally partisan. There were some Republicans who were supportive. But that was a clear case where the governor and the city worked together. It was regional, but—I can't remember all of what went into the financing in '84. I know very well what went into the financing in '90, because I was there—I was at McCormick Place—but I don't remember if there was any state money as opposed to some kind of regional tax in '84.

DePue: Now, you're a downstater. In the 1980s, when you were working in the Thompson administration, did you still have that downstater perspective, as far as the big projects and the lot of money that went to Chicago at the time?

Reilly: No, I don't think I ever really did, although a lot of my constituents probably did. Probably part of why I got along with Thompson was that I always thought—not every single one, but in general—the big projects in Chicago were probably good for the whole state and the economy. But a lot of my constituents, when I was in the legislature, didn't necessarily think that. For example, while in the legislature, I was very involved in the RTA, Regional Transportation Authority, negotiations, which was pretty unusual for somebody from downstate. But then, of course, I

went into the administration, and from then on, my job was to work with the governor on projects that he thought were important.

DePue: And how did Thompson view that particular issue, because a lot of his Republican base were those people who were opposed to more government spending, more money going to Chicago projects?

Reilly: Yeah, but he was, as we've discussed, a very activist kind of governor who believed in big projects. He liked building things. I don't mean that sarcastically. He was part of building some important structures. But in many ways, Jim Thompson was a big-city Democrat. Again, I guess I think of myself somewhat that way, too, only in the sense that the big-city Democrats, at least at the time—the Daleys, for example—were not terribly liberal. George McGovern was not their idol. They tended to be fairly conservative fiscally. That was a time when the parties weren't quite as polarized, I think, in terms of ideology. I think it's part of why he got along very well with most of the city leaders, particularly the Daleys.

DePue: You mentioned that Thompson liked to build, and perhaps one of the things he's most famous for, this far removed from his administration, is his project, Build Illinois. What was the origin of that concept?

Reilly: (laughs) I don't know when he first thought of it, but he and I were over at the mansion one evening, just talking generally, and he said something to the effect that he thought we needed a major infrastructure program. As was his wont, he named it. The phrase, which was a very clever phrase, a good way to sell it, came from him.[24] Then Bob Mandeville and I and others in the administration, working with the governor, came up with the program itself. But the whole concept, including the name, came full-blown—as far as I know—from the governor's mouth one night over at the mansion.

DePue: When he was pushing Build Illinois, exactly what was he thinking of building?

Reilly: It was a pretty broad-based program. Some of it was highways; some of it was schools. A big issue then was that the communities in the state were under a federal deadline to upgrade their wastewater treatment facilities. There was actually more than one Build Illinois. The overall concept stayed the same, but there was more than one addition, so to speak. In the first one, a lot of the money went to wastewater treatment, highways, school construction—various infrastructure projects around the state.

DePue: Public school construction, university school construction, or both?

Reilly: Both.

[24] Governor Edgar agreed the slogan was creative, but he thought Reilly had coined it. Jim Edgar, interview by Mark DePue, June 10, 2009, Jim Edgar Oral History Project, Abraham Lincoln Presidential Library, Springfield, IL, 47. Unless otherwise indicated, all interviews cited in the notes were conducted as part of the Jim Edgar Oral History Project.

DePue: Where was the money coming from?

Reilly: That was always an issue, because the way Build Illinois was structured, it was at least technically a revenue bond, although ultimately backed by the state's general revenue. But it was sold as a revenue bond, meaning there was a dedicated revenue stream. We used various taxes over time. One was: it used to be if a dealer sold a used car, that was taxed, but if a private person sold a used car, that wasn't taxed; so the private sale of used cars was taxed.[25] A few years before that, the state had taken the sales tax off the sale of food and drugs. We chipped away a little at that by bringing back—we called it the soda pop tax—but it simply redefined where the boundary was between food and drugs and other things, so that soda pop then was taxed.

DePue: I can't imagine either one of those initiatives, those new taxes, was popular, especially with his Republican base.

Reilly: Not terribly, although as compared with an income tax or a general sales tax, they weren't really controversial. It historically had been easier to sell a tax that was going to produce something tangible, where legislators could say, Yeah, I voted for this tax, but that school or that road or whatever is going to be built as a result.

DePue: Especially if they could bring some of that pork back to their own district?

Reilly: Oh, especially, yes. Yep. It was interesting because it's just a different era than now in a lot of ways, including how polarized the parties tend to be. The soda pop tax, which was for one of the iterations of Build Illinois—I don't remember which one. I don't even remember which tax the administration, which I was part of, originally suggested, but it wasn't that. I remember sitting over at the mansion with the four leaders and the governor. This was on the last day of session or close to the last day of session, and I believe it was Phil Rock who said, "Why don't we tax soda pop?" By midnight that night, it was law. Things could move quickly in those days. The legislature doesn't seem to be able to do that anymore.

DePue: Were there matching dollars that the state was able to get from the federal government?

Reilly: I'm sure there were, but I don't remember the detail of that. At least for some things. Certainly for roads, for example, there were probably matching dollars.

DePue: Was there anything in particular that Thompson really got excited about, in terms of the construction projects?

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[25] As secretary of state, Edgar was responsible for collecting the new tax. He leveraged this responsibility into an agreement from Thompson to build a new state library, a project Edgar oversaw. Jim Edgar, interview by Mark DePue, June 22, 2009, 65-68.

Reilly: In terms of Build Illinois, I don't remember any one particular thing. McCormick place excited him. He had always believed that was important, and expanding that was a big deal to him.

DePue: Because of the tourist dollars and the convention dollars that brought to the city and the state?

Reilly: Yes.

DePue: How about the James Thompson Center?

Reilly: (laughs) That excited him, and he picked the design.

DePue: For those who haven't been there, can you describe the design of the James Thompson Center?

Reilly: (laughs) It was designed by Helmut Jahn. Actually, most architecture critics like the building. Everybody has different views. Myself, I like the inside of the building a lot, I think. There's a huge central atrium that is sixteen stories high with a sloping glass roof; in my mind, the inside is really spectacular. I've never been that enthused about the outside, although I don't dislike it, but it's not my favorite building on the outside. It was like a lot of buildings, though: as it got built, the cost kept going up, so there was some compromise in terms of the panels that are on the outside. Helmut Jahn finally reluctantly agreed to the compromise but was never very excited about that. As the building was built, we were coming up to the—I think we opened in '85; does that sound right in terms of the timeline?

DePue: I can't help you on that one, I'm afraid.

Reilly: His fourth-term election is '86, right?

DePue: Right.

Reilly: So we were coming up closer to that. The building wasn't completely finished, but he was so anxious to move in that—the sixteenth floor, where the governor's office is, was finished—he insisted that we move in while the building was still being finished around us. The basic structure was done, of course. We discovered that the engineers had under-designed, if that's the right term, the HVAC system, particularly the air conditioning system, so the cooling system wasn't up to the job. Eventually we got it built up and replaced, but that was something of an embarrassment, because the building was already controversial—both because of the design and the cost—and then we move in and the air conditioning—

DePue: I can't imagine that would ever come up in the election campaign in '86, though.

Reilly: (laughs) It probably did. Ultimately, the engineering firm paid for the cost. We actually brought semi-trailers that had huge air conditioning units on them to pipe

in cold air and parked them out on what would have been Lake Street. Then once we got through the crisis of that, and the engineers were working on expanding the system, a guy named Gary Skoien, who was the director of Central Management Services, had the good fortune—or misfortune—to be in charge of the building. He would always be reporting to me. It was a very touchy subject, because we wanted the building to be really good forever, but certainly during the election campaign. So I went to a Walgreens or something and bought a little thermometer which I kept in my desk drawer. Skoien remembers this too. I'd call him up and say, "How are we coming?" and he'd say, "We're making a lot of progress." (laughs) I would get out my thermometer and say, "Well, you're not making too much progress, (DePue laughs) because it's 83 in my office" or whatever the temperature was.

DePue: In 1985, I believe there was also some flooding along the Illinois River, which I would assume is pretty close to your old district as well.

Reilly: There was. The flooding was really extensive. It wasn't just on the Illinois; there was flooding up this way. We very actively engaged the emergency management team. In one sense, politically, as long as you're on top of it and as long as your department is doing what it needs to be doing, it's a great opportunity for a governor to show himself and his concern for his constituents. So the governor spent a lot of time out around the flood areas. We set up in the governor's office a kind of flood central operation, because we used the National Guard at some points for sandbagging and rescue operations.

At one point, the Zion Nuclear Plant was surrounded. I guess you could get to it by boat or something, but it was surrounded by water. Strictly speaking, the state wouldn't have any authority to shut it down, but this was not too long after Three Mile Island. I was determined that if something was going to happen at that plant, it wasn't going to be because we didn't take action. So late at night we discussed the possibility of simply ordering it to be shut down, even though technically we didn't have the authority to do that. Fortunately, by the next morning the floodwaters had receded, so we never had to test what would have happened if we had ordered ComEd to shut it down. They presumably wouldn't have, but I don't know.

DePue: The Thompson Center was built here in downtown Chicago, just a few blocks away; it makes me wonder where the governor and you were spending most of your time. Was it in Springfield or Chicago or a mixture?

Reilly: It was a mixture. He and Jayne loved the mansion and spent a lot of time there, but they had their house up here for a while. So you traveled back and forth. I was based in Springfield. Towards the end of the administration I rented an apartment up here. I was spending enough time up here, and that way I didn't have to check into a hotel every single time I was up here. Actually, in terms of my life—and to some extent the governor's—you'd have your day all planned out in Chicago or Springfield. Then you'd get up and read the newspaper, and whatever the

newspaper thought was a crisis—you often had to just throw away your plans for the day, get on the state plane and go south or go north. My job was to be wherever I needed to be. But he spent a lot of time in Springfield and a fair amount of time up here, too.

DePue: If you were to put a percentage, what was the percentage of the time he spent in Springfield?

Reilly: I'd guess 50-50.

DePue: Was it increasingly, over time, more time spent up in the Chicago area?

Reilly: Maybe. I don't know.

DePue: Let's get into the 1986 campaign. We talked 1982; that was a squeaker, I guess—went down to the wire. Talk a little bit about the 1986 campaign.

Reilly: That was an interesting year. It wasn't quite as much of a squeaker. Same opponents: Thompson against Stevenson. Stevenson got ambushed in the primary by the little Lyndon LaRouche group, which actually won nominations. Because nobody was really paying attention, they succeeded in nominating candidates—not for governor, I think; Adlai was a settled-on Democratic nominee for governor—for the down-ballot offices. There were several of these people who were thought to be just nuts, or at least seemed to be. So Stevenson formed another political party; I forget what he called it.

DePue: The Solidarity Party.

Reilly: Yeah.

DePue: Going into the campaign, before all this—you called it an ambush by the LaRouchites, LaRouchies, however you want to pronounce that—what was the conventional wisdom? Was this going to be a tough year for Thompson?

Reilly: Probably a tough year, but generally it was thought it would not be as tough as '82, because whatever alleged ethical problems had fed into that campaign seemed to be in the past, and things like Build Illinois had happened. I think there was a general perception that Thompson was on top of the job. I think he was the favorite going in.

DePue: To put some specifics to your discussion about the LaRouche faction ambushing the election: for lieutenant governor, the Democratic candidate was supposed to have been George Sangmeister, as far as the party was concerned, and Mark Fairchild won the election.

Reilly: Oh, that's right.

DePue: A lot of conventional wisdom—"Fairchild," that sounds like a good all-American name; "Sangmeister" doesn't sound quite as much. For secretary of state—and this is something that Governor Edgar remembers very well, of course—Aurelia Pucinski was the Democratic candidate of the party regulars, and Janis Hart. You have Hart and Fairchild, the LaRouchies who won over these other Democratic candidates. So quite a different kind of an experience. What was the general campaign like, then, after that occurred?

Reilly: It took Stevenson a while to recover from that. But frankly, the Thompson polling showed that by Labor Day, that wasn't a big issue. I mean, Stevenson had done a good job of overcoming that, of focusing people on his Solidarity group, so I think that was a diminishing issue over time. Beyond that, it was your usual sort of political issues, with Stevenson trying to say that Thompson was not doing—you know, typical—not doing a good job. It was a fairly traditional political campaign, I think, by the end. Stevenson, who I knew a little but didn't know very well, was a big name and, as far as I know, a fairly smart guy, but he wasn't a great campaigner. He was kind of stiff. Thompson, of course, was a natural-born campaigner. He loved campaigning—something I can't comprehend, (laughs) because even at the legislative level, it was something you had to do, so you did it. But he loved it.

DePue: What was your role in the campaign?

Reilly: I was the chief of staff, but Greg Baise was the campaign manager. Then there was a pollster, a media guy, and the four of us, plus the governor, of course—and Dave Gilbert; we were sort of a team. This is true again in '94 when I was Edgar's chief of staff. It's a practical matter: the governor's office and the campaign become, to some extent, one and the same. They're separate for legal reasons and for fundraising and that sort of thing. But as a practical matter, if you're governor, you're going to be reelected or not because of what you've done and what you're doing. So the governor's office and the governor's office staff and the campaign staff have to be thinking alike. Because if the campaign staff thinks that—and I'm just making this up—there needs to be some emphasis on his record on schools, then it's the governor's office's job to think through the kinds of events and proposals that he might make in that period of time that would improve funding or whatever for schools.

DePue: I've heard that in some cases the chief of staff would be the person who was supposed to keep the day-to-day operations running, to allow the governor and his political team to wage the campaign. That was not the case during the time you were there?

Reilly: You have to do both. Different chiefs of staff would do different things, I suppose. In my case, because I had a lot of political experience, I think I was expected to do both. Yeah, by all means. The one thing you can't tolerate during a campaign is some screw-up, some problem the government develops, which then becomes an issue in the campaign. So when I say I was heavily involved in the

campaign, I'm talking about the strategy, thinking through the campaign. The campaign staff does the nitty-gritty.

DePue: Thinking back on that timeframe, 1982 was a very tough timeframe economically for the country. Eighty-six was quite different, so was that played as an advantage for Thompson?

Reilly: Yes.

DePue: How about the finances? Were you involved with the fundraising for the campaign?

Reilly: No, I hate fundraising. (laughter) It's got to be done, but I'm terrible with fundraising. I was involved only in the sense that I was expected to be at lot of the fundraisers, because if people couldn't talk to the governor, they might want to talk to me about whatever was on their mind. But I didn't make phone calls or anything like that.

DePue: Did Governor Thompson make the phone calls, or did he have people doing that on his behalf?

Reilly: Mostly on his behalf. He may have made some himself, but mostly he had a good fundraising apparatus by that time, as opposed to Jim Edgar. Jim, just like me, hated fundraising. I don't think he made two phone calls (laughs) in his whole life to raise funds, much to the chagrin of some of the people on his campaign staff.[26]

DePue: But both of them ended up being adequately financed as they went forward.

Reilly: Yes.

DePue: Where was the source of Thompson's funds, if you were to generalize the kind of organizations or people who gave the campaign money?

Reilly: The business and professional organizations, and a lot of unions. For a Republican, he received a lot of union support. The medical society was always a major contributor to his campaigns. The manufacturers. The various business groups: the Chamber, the manufacturers, retail merchants. And just a lot of wealthy individuals.

DePue: The results of that election, then?

Reilly: Thompson was reelected fairly comfortably. It wasn't a landslide, but it was like 53-47, something like that.

[26] Carter Hendren, Edgar's campaign manager in 1982 and 1990, described Edgar's attitude toward fundraising in almost identical terms. Hendren, interview by Mark DePue, April 28, 2009, 35-36. See also: Jim Edgar, interview by Mark DePue, September 2, 2009, 45-47; Mike Lawrence, interview by Mark DePue, April 1, 2009, 31-34; Al Grosboll, interview by Mark DePue, June 4, 2009, 13; Al Grosboll, interview by Mark DePue, July 23, 2009, 10.

DePue: So here we have a governor who's now won his fourth election as governor of Illinois; if he serves out that term, he's going to have the record for longest-serving governor of the state. You've described him as gregarious, very outgoing, the master campaigner. Had a very successful run, as far as most people can be concerned. Did he have any aspirations beyond Illinois that you know of?

Reilly: He did, although mostly earlier. Early on, when he was first elected, and for the first two terms—because the first term was that two-year term—he was seen, I think, nationally. He'd even made a reputation nationally as a prosecutor. Then he won by a big margin in the first couple of elections in the state, so I think at that time he did think seriously about running. I think by '86, it probably wasn't going to happen. I think early on, he did think about it pretty seriously but never pulled the trigger, never actually did it.

DePue: Can you talk about the 1988 presidential campaign? Specifically, I'm wondering if he was ever considered as a vice-presidential candidate with George Bush, because they were more similar in terms of political philosophy than Thompson ever would have been with Reagan.

Reilly: I don't know. I'm sure he would have jumped at the chance if he had been asked, but I don't have any reason to think that he was asked.

DePue: To go back a little here, my notes say that there was a failed attempt in 1987 to broaden the sales tax and increase the income tax, and the resistance came from Mike Madigan.

Reilly: Actually, the resistance was pretty broad. (laughter) The governor had just been reelected, and clearly he thought, we thought, and the administration thought that this was a good opportunity to deal—hopefully once and for all—with the fact that the state's revenue system doesn't really keep up with inflation. The biggest part of that problem is the sales tax not including services. So we put together a proposal focused on expanding the sales tax to services. Intellectually, I still believe that's absolutely what ought to happen, but he made that proposal and it was dead within hours. It was a practical political matter—the broadening of the sales tax. The notion of raising the income tax went further but didn't end up happening. There were just so many people of prominence—every law firm, every—

DePue: I was going to ask. Be more explicit in what kind of services would have been taxed.

Reilly: There have since been some more limited proposals, but at the time—I can't remember what we excluded—it was very broad-ranging to tax services generally.

DePue: So any legal services that people would be getting?

Reilly: I believe so.

DePue: Any medical procedures that people would receive?

Reilly: I don't think so, but I—

DePue: So you're at least taking on one powerful influence, and that's lawyers.

Reilly: There are just a lot of services that people provide—dry cleaners… Obviously, the service economy is huge, and all those businesses are escaping—my editorial comment—but are escaping paying the same kind of tax that the guy next door who sells stuff pays, and they don't like that.

DePue: You had also discussed this yesterday—I think it's worth bearing out again—the American economy was changing. Where it was manufacture-based in the '60s and early '70s, after that recession of the 1970s leading into the '80s, the service industries are on the rise and the manufacturing sector and commercial sales are…

Reilly: As a proportion. Even today, we manufacture more, probably, than we did in the '60s, but as a proportion of the whole gross domestic product… It's inevitable, I think, and probably in any country, but as a country or a state gets richer in general—as there's more income—it always happens. If you're rich, you may buy lobster instead of tuna fish, but you still only need so many meals a day. You might have three cars instead of one. So eventually, you have a lot of disposable income. If you don't have much money, you clean your own house; if you can afford it, you'll pay somebody to come in and do it for you. If you don't have much money, you'll wash your own car; if you can afford it, you'll go to the carwash. So, yeah, that has happened over time.

DePue: But the notion of broadening the sales tax was—you said—dead on arrival, basically?

Reilly: Yes.

DePue: Where does that leave the state, then, at the end of the budgeting process?

Reilly: Again, it's a while ago; I don't remember the details, but essentially we failed to pass the tax increase, so we had to make the budget fit the revenue.

DePue: If my notes are correct here, the legislature presented the budget, which they knew the governor would have to cut, and apparently he cut something like four percent on most of the line items, which represented 363 million dollars out of the budget.

Reilly: Which was real money in those days. (laughter) Today, with the state seven or eight billion in the hole, nobody would worry about three or four hundred million. That was real money.

DePue: Well, four percent sounds like a significant cut for most of the agencies that have to try to balance their own books.

Reilly: Yes, and we always had a debate inside. Bob Mandeville, the Director of the Bureau of the Budget, always advocated for across-the-board cuts. His point was: A, it's simple; and B, directors in different departments are all hit the same. So while none of them like it, none of them could say, well, that department came out better than me. Paula will remember this: the program staff always argued, No, you should go into detail; some departments maybe ought to get a six percent cut, and other departments maybe shouldn't get cut at all. But in that case, we did go across the board.[27]

DePue: To include Department of Corrections?

Reilly: I don't remember. I don't know.

DePue: Because you've still got to lock up those prisoners who are being convicted under Class X circumstances, I would think.

Reilly: Yes.

DePue: Were you directly involved in those discussions?

Reilly: Yes. Oh yeah. Somebody had to referee. (laughter) Somebody had to referee. Ultimately the governor did, but somebody had to referee, at least get things in a decision mode where he could say yes or no. So yeah, I was very much involved in those discussions. I always had a deputy chief of staff; sometimes the deputy chief of staff was also sort of a… You think of the chief of staff as having a big staff. In one sense, the whole governor's staff reports to the chief of staff, I suppose, but not really, because you've got the Bureau of the Budget and the program staff and the legislative operation. But I always had maybe three people who reported directly to me—same with the governor, I suppose—because as chief of staff, you didn't want to just take the official word from the Bureau of the Budget. You wanted people who were reporting to you that knew some detail, so that you could have a sort of independent view of some of those issues.

DePue: Part of the tradition, both at the national and state level, is that the chief of staff is oftentimes the enforcer, if you will, the disciplinarian. How would you describe your relationship with Thompson and what his expectations were?

Reilly: I think there was some of that. Nobody, including governors, likes saying no—including me. But yeah, there were a lot of times when that was my job. I mentioned yesterday that there were a lot of his former associates from the U.S. attorney's office, for example. But he would meet with people who would either want to complain about something we were doing or want to urge him to do something we shouldn't do or couldn't afford to do. A lot of times, being the gregarious kind of guy he was, they'd leave the office thinking, Maybe this is

[27] Perhaps reflecting Wolff and Joan Walter's experience on Thompson's program staff, Governor Edgar's administration tried to avoid across-the-board cuts as they wrestled with the huge budget deficit they inherited. See Joan Walters, interview by Mark DePue, July 29, 2009, 15-19.

going to happen. Then, unless he told me otherwise, it was my job to do what we could do, not necessarily what people were advocating for him to do. So yeah, enforcer may be a strong term, but I think there were a lot of people who left his office thinking maybe things were going to happen, and then, by golly, that damn Reilly just (laughter) never got around to it; I don't know why he didn't do that.

DePue: So they would blame you, you're suggesting, rather than blaming the governor himself?

Reilly: Yeah, absolutely, which, if they really stopped to think about it, wouldn't make any sense. I mean, I wouldn't last as chief of staff if I was doing something he didn't want. But they liked and knew him; they maybe knew me, and maybe liked me or didn't like me. If they were going to blame someone, it was a lot easier to blame the chief of staff than the governor.

DePue: Another power, if you will, that chiefs of staff are sometimes credited with is access to the boss. Did you control his schedule?

Reilly: No, nobody did. (laughter) Nobody controlled Jim Thompson's schedule. Sure, in one sense. We had regular scheduling meetings with the scheduler, and so I was involved in that, but this wasn't a Sherman Adams kind of administration.[28] If he wanted to see somebody, he would see him.

To some extent, governors feel caged in because so much of their life, of necessity, is controlled. "Controlled by others" is not exactly right, because even if they did it themselves, so much of their life involves a lot of stuff; it's not like they wake up in the morning wanting to go to all these meetings and all these official functions. They are normal human beings; they'd just as soon have the day off or go do something that they enjoy doing. After a while, they get kind of hemmed in. Thompson more than Edgar, maybe, but both—and probably every governor does this—once in a while, they just revolt. (laughs) They just tear up their schedule for the day and go off and do something. That would be frustrating. Psychologically, you'd always understand it; of course, it was frustrating for the office because we've got all these things he needs to do and he's off looking at antiques or buying books.[29] But on the other hand, it was worth it because then, when he'd come back after a couple days, he'd be in a better mood. So no. I mean, I was involved in the scheduling.

This was the time when people in offices were slowly adopting personal computers of one kind or another. I don't know if he [Thompson] is now, but at least at the time, he was not a computer person. He was not an e-mail person. That, increasingly, was sort of a method of communication for all of the rest of us,

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[28] President Eisenhower's chief of staff, who was notorious for his extremely tight control of access to the president.

[29] Edgar suggests that Thompson's intellectual ability especially enabled him to take such breaks. Jim Edgar, June 10, 2009, 10. For an interesting anecdote about one of Thompson's breaks, see Mike Lawrence, interview by Mark DePue, March 4, 2009, 26-29.

including the schedule. I remember when we put his schedule on computer, (laughs) we discussed whether we would load it on his computer too. Our worry was if we did, he would delete it, (laughs) or that he would change it. I don't think he ever would have, because he never, at least at that time, was doing much with computers. Now, if you don't like your schedule, you just click on "delete," and all of a sudden it's gone.

DePue: Let's get up to 1989, that last year, then, for Thompson. Well, maybe right before that time. I know it was middle of 1988 when he basically made the decision about whether or not he was going to run in 1990. Were you involved in those discussions?

Reilly: Yeah. Ultimately, he and Jane were—or he was the decision maker. We would periodically get together with some of the folks that would have been involved in a campaign, and discuss where we would have stood. In fact, I remember earlier than this when he was deciding whether to run for the fourth term, we staged a little retreat out at a hotel by O'Hare—I don't remember which one. I was sure, going into '86, that he was in pretty good shape to be reelected if that's what he wanted to do, but he had been in office a long time. So we purposely put together this slideshow that showed Jim Thompson aging over time—as everybody does—just because it seemed to us that for his own sake he needed to think, Is this really what I want to do with four more years of my life? He said yes, and he was reelected.

By '88 I think he still enjoyed being governor, but it was a long time. He probably could have won again, but it would have been harder over time. Every day you're in office, somebody gets mad about something, no matter how good you're doing. I don't know what all went into his thinking. Also, while you make an okay salary as governor, you don't get rich as governor—(laughs) at least if you're honest. So I think he was also at the time when if he was going to make a break from being governor early enough in his life to go earn some money as head of a big law firm, as he has, that was the time to do it. But yeah, we would talk about those things and bring in the pollsters and look through how things stood.

DePue: Was he the kind of person who had groomed some successors, had mentored some other people along? And I'm obviously thinking of Edgar in particular, but others as well?

Reilly: One of his great talents was drawing talented, relatively young people into government and helping them go off to eventually do whatever they wanted. In terms of his successor as governor, though, I think Edgar just so early—or relatively early—came into the administration. Thompson liked him, appointed him as secretary of state, and Edgar was elected to one and then a second term in his own right. I just think by then it was so obvious that Edgar was the guy, I don't think Thompson necessarily thought about anybody else.

DePue: So did you know that at the time Thompson made that decision, I think one of the first calls he made was to Edgar, to say, "It's yours now"?

Reilly: Yeah.

DePue: That gets us into 1989, and as usual, there are budgetary issues that are involved here. The temporary tax increase—I wonder if you can talk about the temporary surcharge?

Reilly: Yeah. The whole political dynamic changed in '89 because Rich Daley was elected mayor. First place, he and Thompson were close, but also, here you have a new mayor who's the first regular Democratic mayor since his dad had died a long time before.

DePue: "Regular" meaning what?

Reilly: Meaning the Madigans of the world. Mike Madigan and Rich Daley have always had a somewhat uneasy relationship, but nonetheless, at the end of the day, they are political allies.

DePue: It sounds like what you're suggesting here is that Richard M. Daley, like his legendary father, was a product of the Chicago Democratic machine.

Reilly: Yeah.

DePue: And the others in between that timeframe weren't necessarily products of the Democratic machine?

Reilly: Bilandic was, but then Bilandic lost pretty quickly—short term in office. Jane Byrne and Washington were clearly not from the—even though Jane Byrne had actually been appointed as consumer safety commissioner, or whatever it was, by Richard J. Daley.[30] So you had a new mayor who wanted to make a mark for himself, who needed his own budget taken care of and wanted to do a lot of things. And he and Thompson got along. The mayor's new staff—Ed Bedore, John Schmidt was Daley's first chief of staff, Tim Degnan—they were sort of the trio. Because Thompson had a good relationship with Daley, the four of us developed a good relationship. And a lot of things happened in that session, including the temporary tax. The next McCormick Place expansion, and bringing Navy Pier into the Metropolitan Pier and Exposition Authority, happened in that session—which ultimately was the way I transitioned; I went to the MPEA to run that effort after the session. The temporary tax: we again had proposed an income

[30] Following the death of Richard J. Daley in 1976, Chicago has been served by the following mayors: Michael Bilandic (1976-1979), Jane Byrne (1979-1983), Harold Washington (1983-1987), David Orr (for the week immediately following Washington's death), Eugene Sawyer (1987-1989), and Richard M. Daley (1989-present). Paul M. Green and Melvin G. Holli, eds., *The Mayors: The Chicago Political Tradition*, 3rd ed. (Carbondale: Southern Illinois University Press, 2005).

tax increase, and again, the Speaker had been opposed, not that the Republicans were jumping up and down wanting to do it either.

There's an interesting personal aspect to this. Veronica Lynch—I later married—who I was dating at the time, was Mike Madigan's staff director in charge of appropriations and program for the Speaker. For a lot of obvious reasons, we agreed we'd talk about anything other than what we were doing in the office, because, you know… Both guys knew we were dating—it was fine—but we had to be careful not to pillow talk, as it were. At one point, before the Speaker proposed his temporary tax—it was a temporary tax, and it was only for education, for schools—Mandeville and I had tried to talk Thompson into trying to do essentially the same thing. We weren't especially talking about temporary, but we were saying, Let's just do a half percent for schools. His thought at first was, Oh, that'll never pass; they'll never vote for a tax increase that's just for schools and doesn't help anything else. So we kind of dropped it. But then I later found out that Veronica, on behalf of the Speaker, had put together this half percent proposal for schools, which the Speaker announced in the morning—and again, this is a day you could do things quickly—and the House had passed by nightfall.

At first the governor was not enthused, but we convinced him or he became convinced that this was the best deal he was going to get. It's a lot of things. It's somewhat of an illusion to say that any tax increase is just for schools, because as a practical matter, if there was no tax increase, some extra money would have gone to education. So if you pass a tax increase just for schools—I think it was six hundred million or something like that—then that six hundred million satisfies the schools. Actually, the schools are never satisfied, (laughter) but politically, it satisfies the schools, so three hundred million, or whatever you otherwise would have given to the schools, is really freed up for other budgetary purposes.

DePue: Was there something different about 1989 versus this fight that you had back in 1987, or were Madigan and others in the legislature finally willing to look at tax increases to solve the problems that had always been there?

Reilly: I think it was partly that; I think it was partly Rich Daley. There was now a voice that to some extent the Madigans of the world had to listen to or at least pay some attention to. It became obvious enough years had gone by that the problems weren't going away. That was part of it, but the other part was Daley. It was not the first time that we'd done a temporary tax increase. Part of what happened, if I recall correctly, in '83—

DePue: Yeah, I believe that's correct.

Reilly: —there was a permanent aspect to it, a one percent increase in the sales tax or something of the sort, and then there was a temporary income tax increase—I think it was income tax—which, in fact, expired. Thompson had let it expire in

'85 as he was getting ready to run for reelection in '86—or it might have been '86 that it expired.

DePue: And the dynamics at that time were better: if it's passed in '83 at the height of the recession, and then in '85 when the tax dollars are coming in, then you can…

Reilly: Right.

DePue: Again, this is a timeframe—'87, '88, '89—these are heady economic years. The economy is growing; inflation and unemployment are low throughout that entire timeframe. But I think if you were to explain, you'd go back to that imbalance because you've got the service sector that's not being taxed?

Reilly: That's certainly part of it. You could address that by making the income tax a much bigger portion; that would also have somewhat the same effect. It's partly the fact that we don't tax services; it's partly the fact that we have all these relatively little taxes—liquor tax and cigarette tax and things like that—that just don't grow. They don't grow at all.

DePue: All the fees for licensing for a variety of things.

Reilly: Right. They don't grow at all; so you're okay when you first raise them, but then, even in a low-inflation environment, eventually it catches up with you.

DePue: To be specific about the surcharge, personal income tax goes from 2.5 to 3 percent; corporate income tax goes from 4 to 4.8 percent. Was there any pushback from the Republicans about the increase in corporate income tax?

Reilly: Yeah, there was some. The House was not close. The Senate was a fairly close vote. I remember the night the House passed the bill, and in our mind, as we had strategized for the session, we were going to work on the Senate the next day. I was sitting in my office at the Capitol and the governor was over at the mansion. All of a sudden, Phil Rock calls the bill in the Senate, and we hadn't had time to work on the Republicans in the Senate. So it would have gone down, except it was put on postponed consideration. Yeah, there was pushback. I don't know that it was particularly because of the corporate tax. That ratio is, as you know, ingrained in the state constitution, so I don't know that that was particularly a problem. But just generally, Pate, for example, may have ultimately voted for it—I don't remember—but he was not enthused about any kind of tax increase.

DePue: Why the rationale for just a two-year window? If the economy is booming and you pass an income tax increase for just two years, I'm not sure I understand the logic of that.

Reilly: I don't remember what the Speaker suggested. It may have simply been as big as saying there'll more than likely be a new governor in two years, and we'll find out whether the new governor wants the tax. That was the result, anyway. A fairly big

issue in the Edgar–Hartigan race was, Edgar was for making the tax permanent and Hartigan was against that.

DePue: And why the split between one half of that increase going to education and one half to the local governments?

Reilly: I don't remember exactly, but from the first time there was an Illinois income tax—clear back to Ogilvie—there was some kind of revenue sharing—as as I recall—with local governments, so they got cut in for their share. And why exactly, I don't…

DePue: Was that a bone to Chicago, or is that something that appealed for even the downstate Republicans?

Reilly: It was done, I'm sure, because of Daley and Chicago. I'm sure none of the downstate cities turned it down, though.

DePue: (laughs) I suspect not. A couple other issues that came up toward the end of Thompson's administration. Something of an embarrassment: November 1987, the U.S. education secretary, William Bennett, declared the Chicago school system as the worst urban district in the country. And a couple of years later, you've got a new mayor here. What was Thompson's reaction to that, if any?

Reilly: As part of our push for the income tax increase—I can't remember, it was probably the income tax increase that eventually passed in '89, although it may have been earlier—we pushed, along with a lot of education groups, a Chicago school reform package that started out in one direction and ended up in… In our mind, a lot of the issue was financial control, but also finances—just having enough money. That morphed into a bill that really didn't do much at all about the money, other than the temporary income tax increase, but created a series of school councils up here, which still exist. The notion being that the more you had local parents involved in schools and so on, the better they would be. Whether that's true or not is a different issue. So that was part of the response.

Not right at first when Daley took office, but a couple years later—Edgar may have been governor by then; I can't remember—the mayor was given real control of the Chicago schools. Previously, he had had some influence with the Chicago schools, but not the direct control of naming the superintendent and all that kind of thing that he does now.

DePue: Yeah, all of that is very much part of Jim Edgar's story.

Reilly: Right.

DePue: One other issue that I believe would have caused Thompson some embarrassment towards the tail end of his administration was this ACLU lawsuit on behalf of

neglected children in the state—really kind of an attack on DCFS and how that particular agency was conducting business. Do you recall much about that?[31]

Reilly: I don't recall the details. I know that for most of the time Thompson was governor and for most of the time Edgar was governor, one of the major issues we dealt with in '94 were real or perceived problems at DCFS. In fairness, even when it's well-run, it's a nightmare agency to run. In a sense, there's no winning. If you take kids out of their homes, people get mad at you because you're destroying families; if you leave them in and somebody beats up the kid, then you're denigrated because you didn't protect the kid. It's a lose-lose situation, but over the years, it had been a real headache. I don't remember the detail of the ACLU suit, but the department's always been a problem.

DePue: We're at the point in time when we need to finally transition to the Edgar administration. I definitely appreciate your talking about the Thompson administration in detail, even though this is a project about Edgar. (Reilly laughs) We'll get to Governor Thompson, and we didn't want to miss this opportunity since we were talking to you. What did you do from the timeframe that Governor Thompson steps out of office; that would have been January 1991.

Reilly: Yeah, I had already left, because in August of '89, he appointed me… The way we structured the Metropolitan Pier and Exposition Authority, the governor appoints the chief executive officer with the concurrence of the mayor of Chicago, and the mayor appoints the chairman with the concurrence of the governor. So I had told the governor that it was time for me to move on and asked if he would give me that appointment, and he did. John Schmidt, who was then the mayor's chief of staff, was appointed as the chairman. So I left in '89. With the one-year break to work for Jim Edgar, I was there for ten years; I didn't leave the MPEA until 1999.

DePue: Let's get into the timeframe, then. This was 1993—I think December of '93—that Edgar called you back. What were the circumstances there?

Reilly: Kirk Dillard, who was then his chief of staff, was going off to run for a state Senate seat, and he needed a new chief of staff. He was also coming into the campaign year, so he wanted somebody who was, I think, personally close to him, but also somebody who not only could run the office but understood campaigns and would be helpful in the campaign. And so he asked me. (laughs) I sort of wanted to say no, because I enjoyed what I was doing a lot, and I was making twice as much as what he could pay me as chief of staff. But A, he's a friend, and

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[31] Department of Children and Family Services. In August, 1990, DCFS head Jess McDonald started talks with the various groups that had filed lawsuits against DCFS, seeking to consolidate and settle the suits out of court through a consent decree. The ACLU's suit, filed in 1988, was the most broad ranging, and it was finally settled in August 1991, when U.S. District Judge John Grady gave preliminary approval to the 69-page consent decree that outlined a comprehensive reform of DCFS. *Chicago Tribune* August 13, 1990 and August 30, 1991. Lawrence, April 1, 2009, 30-37; Walters, July 29, 2009, 57-59, and August 13, 2009, 10; Arnold Kanter, interview by Mike Czaplicki, December 29, 2009, 44-45.

B, when you're in government as long as I am, or was at the time, if a governor asks you for something, it's hard to say no. And then you got Brenda into the act, too, of saying, "Oh, we really need you. Won't you do this?" and that was very flattering, so I agreed.

DePue: I want you to take a step back here and think about how you want to describe Jim Edgar at that time. You'd known him for a long time—over a decade, at least. What adjectives would you use to describe the man?

Reilly: Gosh. Smart. Thompson is smart, but other than law, Thompson is not a scholar, in a sense, whereas Jim to some extent is. I could imagine him in another life being a professor or… History especially, he likes and reads a lot. In many ways, with Jim, what you see is what you get. He's pretty straightforward. You can't be as successful as he's been without being able to think in ways that allow you to move forward in a world that's not always so straight. But he's a pretty straight-forward guy.

DePue: Let's start with a little bit more on his personality.

Reilly: Not unlike me in some ways, he's actually a friendly person, but I think to a lot of people, he comes off as cold, or at least not outgoing. Unlike Thompson, who knew or thought he knew everybody on earth and who would say hello to the cleaning lady if she was around, Edgar just isn't that backslapping kind of guy. I think a lot of people who don't know him very well would think that he is sort of cold, but he's really not when you get to know him.

DePue: How would you describe his character?

Reilly: How do you mean?

DePue: In terms of the values that he would embrace and how he would carry himself in business and conducting his work.

Reilly: He's not conservative in a social way, but he's very—some would say "tight"—(laughs) prudent about fiscal matters. Those really matter to him. For some people, it's just, "Yeah, I know, the budget ought to be balanced," but for Jim, that's an internal value. That really matters to him, I think, more than probably to most people—which sort of reflects his general personality. It's consistent with the fact that he's a religious guy, for example. He has internal values that matter to him and that he will bring into his public life.

DePue: This might sound like a peculiar question, but how would a party in the Jim Thompson mansion compare with a party in the Jim Edgar mansion?

Reilly: Oh, it was terrible (laughs) if you're looking for parties… Partly because—I believe it was Brenda—but they don't drink, and so they decided, This is our house for the next four years or eight years, and we're not going to serve alcohol. That was their prerogative, but if you don't serve alcohol at parties—especially

parties that involve members of the legislature—you may as well not have the party.[32] (laughter)

DePue: So a lot of differences in that respect. How were the two men similar, though?

Reilly: I think they had similar political views. To some extent I think they might deny that. At least Edgar, I think, sees himself as being quite different from Thompson; certainly personality and that sort of thing, he is. But they were both pro-choice; they both courted minority groups; they both were very moderate—even to some extent liberal—Republicans, but fiscally conservative. I think in many ways, their public views were a lot the same.

DePue: How about Edgar as a politician? Was he a student of politics? Was he astute in that respect?

Reilly: I think so. He wasn't the campaigner that Thompson was, but I think by the end of Thompson's years, Edgar may have been a nice contrast. It may have been true that by the end of Thompson's years, the sort of flamboyance had worn off or at least wasn't as new and refreshing to the public as it had been earlier. So Jim Edgar came along and was every bit as astute about issues and how campaigns work and that kind of thing, but was much quieter. And I think that was a good thing from his point of view. I think he was kind of a contrast to his predecessor without really being all that different politically.

DePue: What was the guidance that Edgar gave you when you first came on board, his expectations of you as his chief of staff, especially when he's got this campaign to run that year?

Reilly: For one thing, an anecdote: I came to Springfield for a sort of final conversation with him and Brenda about taking the job. I got down early, so I went over to the Lincoln Library and was just reading—something to do.

DePue: Was that the city library that you're talking about? Because now there are two Lincoln libraries in town.

Reilly: Yeah, right, the city library. And I don't remember who, but somebody who I knew from government came up to me and said something like, "God, what do you think they're going to do about this huge Medicaid deficit?" (laughs) which, of course, Edgar had not mentioned to me before. And so then I went over to meet with him and said, "What's this I hear about a Medicaid deficit?" So that's partly by way of an answer. That was clearly going to be a big budgetary issue but had the potential to be a big campaign issue if we didn't deal with it. It's the basic thing you do in a campaign for a governor to make sure the office doesn't screw up in some way that would create a campaign issue. And he wanted me to work

[32] For another comparison, see Walters, August 13, 2009, 5-6. For Edgar's ban on alcohol at the executive mansion, see Lawrence, April 1, 2009, 50-51; Kanter, December 29, 2009, 67.

with Andy—I can't remember Andy's last name, but the young guy who was the campaign manager.[33]

DePue: So the role would have been similar to what it was under Thompson during a campaign year?

Reilly: Yeah. The difference was that I was sort of parachuting in in the middle of things, so…

DePue: Let's go back to this Medicaid budget crisis. What were the origins of that crisis? Was there a change in Medicaid requirements coming from the federal government?

Reilly: No. There may have been some, but that wasn't a major part of the issue. Under Thompson, at least during the years when we were trying and failing to get more revenue, one of the things we had done is let the—it never was like it is now—Medicaid billing cycle get longer. At the end of the day, it doesn't save you money, but it saves cash in any given year. One of the things Edgar campaigned on in '90 was fixing that problem. So he inherited from Thompson a budget deficit, which he ratcheted down, but once he had done that, he put a lot more money into Medicaid. Not raising the benefits, but just bringing the billing cycle down to—I think he had it down to thirty days or something like that. But that costs a lot of money, and then as things got tight, there was a danger that he was going to have to let the billing cycle get longer, which would have reneged on his campaign; or somehow cut spending on Medicaid without letting the billing cycle get longer; or find more revenue—and in a campaign year, he wasn't going to find more revenue.[34]

DePue: I believe you mentioned that gun control was one of the issues during that timeframe.

Reilly: It was, and I've been trying to remember any detail. Daley pushed gun control, and the administration proposal didn't go as far as Daley's proposal. But as the legislature tends to do, there was a lot of maneuvering because it was a political issue. The NRA was less of a factor maybe than it is now. There was a lot of maneuvering around gun control, but if I recall correctly, nothing ended up passing.

DePue: But again, you mentioned it was primarily coming from the Daley administration?

Reilly: Yeah.

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[33] Andy Foster. [See if Mark is definitely going to interview Andy; would want to cite Andy's discussion of campaign here]

[34] One of the innovations developed by the Edgar administration to bolster Medicaid funding was the Hospital Assessment Program. Kanter, December 29, 2009, 34-38.

DePue: Let's talk about the campaign itself. The candidate: Dawn Clark Netsch. Tell us a little bit about her.

Reilly: Nice lady. Used to be a neighbor. Smart. She was not expected to be the nominee. I forget who was…

DePue: Roland Burris was one of them.

Reilly: Right. Yeah, there were a couple. She won the primary. She was the first woman. She had a good reputation. She was, I guess, comptroller. Before that, she had been chairman of the Economic and Fiscal Commission for quite a while. She had a good reputation. Traditionally, most campaigns, after the primary, had really simmered down till later in the summer or even after Labor Day in terms of any big media buys or anything of the kind. But crime was still—I suppose it still is—a fairly major issue, and Dawn opposed the death penalty in times past. So early on—this was in May or right after; the legislature may have still been in session—one of the critical decisions that Edgar made was to go up with a big TV buy very early on that issue. He was always ahead in the polls, but that TV buy and that issue put her down fairly substantially in the polls, and she never recovered. She ran a fairly good campaign but never really got back into the race. Early in '94, there was no way to know this. As the year went on—that was the Newt Gingrich year—it turned out to be a national Republican landslide, so the decisions that went on in the campaign ultimately may not have mattered as much as we thought at the time.

DePue: That was the Contract for America year.

Reilly: Yeah, the rising tide carries all boats. But I always thought, as kind of a student of campaigns myself, one of the things that happened with Dawn: she won the primary mostly by being herself, and—

DePue: She had that wonderful campaign ad about playing pool and being a straight shooter after she makes the shot.

Reilly: Yeah, and some of the more sophisticated campaign people thought that was corny, but that was Dawn. I mean, not necessarily playing pool, but that's really the way she saw herself, and even though I disagreed with her on a lot of things, I think she really was the straight shooter. Her primary campaign was run by some other women. There were guys involved, too, but her campaign manager during the primary was a woman.[35] She became this surprising nominee, and then the professionals took over. The Madigans of the world thought, Okay, she's the nominee, but we need to bring in the more experienced people. And that was a mistake in my view, because they were more organized than in the primary, but they wouldn't let Dawn be Dawn. Given what happened nationally, she was probably going to lose anyway, but she would have done better, in my opinion, if

[35] Katherine "Kappy" Laing served as Netsch's campaign manager for the primary. *Chicago Sun-Times*, April 18, 1994. Dawn Clark Netsch, interview by Mark DePue, Vol II, pg 126.

she had not been so cautious. She became the conventional candidate for governor, and she was never going to win that race. Edgar was the governor, so why… I just thought as a matter of strategy, that was a mistake; let her do her thing.

DePue: The big issue was income tax again, and whether or not to raise income tax and at the same time reduce property taxes, which was always an issue. If you raised income tax and reduced property tax, the burden of financing education isn't so much on the local property tax districts, with this huge disparity between the school districts. Dawn Clark Netsch came out strongly in favor of that—and Edgar's position?

Reilly: He opposed, although (laughs) there's an irony here because he, in many ways, wanted to support it. By that, go clear back to when he and I were first in the legislature. We had jointly sponsored an optional local school district income tax.[36]

DePue: You jointly sponsored that?

Reilly: Yep. He was probably the chief sponsor, but that was sort of a joint idea that we worked on, the idea being—and it would have appealed especially to rural districts like ours where you would give people the choice. A lot of farmers, for example, at least think they would rather pay an income tax than a property tax.

DePue: The farmers are income-poor but property-rich.

Reilly: Right, although a lot of them are income-rich, too, but they don't… (laughter) That's not the ethos of rural America. But yeah, we sponsored that, and it never went anywhere. So he had for a long time been interested in this idea; I think during the campaign, he knew that as a political matter, raising taxes was not a good thing. And her proposal had some problems, as any specific proposal was going to have. The big problem with that [tax] trade issue has always been, how do you actually make the trade? You raise taxes by a billion dollars, so property taxes go down theoretically by a half-billion dollars or whatever you mandate, but then they go back up. Over time, it's not like the schools are going to be frozen; they're going to need… So there were some legitimate issues, which he made. But as you know, after he was reelected, his very next year, he appointed a commission—

DePue: The Ikenberry Commission.

Reilly: Yeah, to work on the very same idea. I'm sure in his mind, it wasn't the very same idea, because it… But the same concept, let me say.

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[36] For Edgar's discussion of this earlier proposal, see Jim Edgar, interview by Mark DePue, June 9, 2009, 22-28. Also see, Fred Edgar, interview by Mark DePue, April 22, 2009, 54.

DePue: I haven't gotten to the point of talking to Governor Edgar about that, but it would be fascinating to hear his explanation about what I'm sure most political opponents would call a huge flip-flop on his part, or some hypocrisy, perhaps. Is that how it was viewed within the administration?

Reilly: No. We're in the midst of the campaign, and it was clear the way we wanted to go. I think a lot of us knew that if the details were different, he'd… A lot of us knew he thought that tradeoff was ultimately a good policy idea, but no, no one… I think frankly, the worry more with somebody like Andy, the campaign manager, was that the governor would wake up some morning and sort of say, Yeah, that's not a bad idea.

DePue: What was Edgar like as a campaigner? Compare him to Thompson.

DePue: Not nearly as flamboyant, but he probably in some sense worked harder than Thompson had in the last years. Edgar was diligent. He wasn't the happy warrior; you didn't see him necessarily enjoying campaigning, but he knew it had to happen, and he worked very hard at it. In the '90 campaign—not the '94 campaign—when he was accusing Neil Hartigan of flip-flopping on some issue, Jim Skilbeck convinced him to do this stunt where he was waving this—I don't know if it was an actual pancake, but it was something floppy. And Thompson would have looked great doing that. Jim looked kind of strange doing that, (DePue laughs) I always thought. You could just tell it wasn't him.

DePue: Edgar had a reputation of not necessarily being the best stump speaker as well. How was he at this point in his career?

Reilly: He loved teleprompters. He and Barack Obama--(laughs) in that sense at least—would get along very well. Yeah, he was okay. It wasn't as bad as some said he was, but yeah, if there was an event and he could have a teleprompter so he didn't have to… And the few speeches I've given at that kind of level, I liked them too. You can relax more because you don't have to be thinking what you're going to say next. (laughs) You can sort of relax and get into what you're saying.

DePue: I assume Thompson didn't need teleprompters or didn't want them?

Reilly: For big speeches like the State of the State or something like that, he did. (laughs) You remember anecdotes more than you remember details of policy, I suppose. There was one State of the State he was famous for. Gilbert and others would work hard on speeches, and he'd say yes, and he'd even rehearse with that speech. But fairly often, at the last minute—literally at the last minute—he'd decide that he wanted to rewrite the speech or write a whole new speech. And there was one year with the State of the State where he did this; literally, the speech was being typed, and Skilbeck was literally lying on the podium behind Thompson; people were handing him sheets, (laughter) and he was putting them up for Thompson to read. He used teleprompters for things like that. That's a technology that's developed over time. Teleprompters used to be real clunky things that had rolls of

paper going around inside. Now you've got those nearly invisible Plexiglas screens that a camera can look right through and not even know that you're reading the speech.

DePue: Do you recall any other issues that kind of were percolating up during this campaign year?

Reilly: Of course, nobody ever made it an issue, but his heart problem—

DePue: He had that heart attack in July of '94.

Reilly: Right. Actually, another anecdote about that: The legislature was in overtime because we hadn't finalized the budget, so there was a meeting of the four leaders and Mark Boozell, who was the legislative liaison, and I, and Edgar was off campaigning. So this meeting went on and on and on. I was scheduled to get on a state plane—I live in Chicago—so I was running late for the plane when the meeting finally got over, and somebody said, "The governor called." I (laughs) just assumed that what he wanted was a reprise of what had happened in the meeting, so I said, "Mark, you call him; I'm late for my plane." It turned out—I found out later—he was calling to tell me he was going to have open-heart surgery. But at the time, I just thought, well… So I flew to Chicago, went out to dinner. Very few people knew about it. By then he was in the hospital, so he didn't try again to get hold of me, nor had he left any message. About 9:00, 9:30, I got back from dinner, and Bob Kustra, the lieutenant governor, called and said, "How's the governor?" And I said, "Huh?" That was the first I knew that this had happened.

Then I called Mike Lawrence, who knew, but Mike was tied up—his mother-in-law was dying or very sick; I don't know if she was dying, but he couldn't be here. So I got back in the car and drove out to the—I forget the name of the hospital—because we figured somebody needed to be there to find out what was going on. Also, Gary Mack, one of the press people, was there, but Mike and I agreed that if somebody needed to make a statement, it was better to have somebody like me there than just the press guy.

So I went out. He was still being operated on when I got there, but pretty soon after I got there, the operation was over. The surgeon came—or I went to find the surgeon, one of the two—who showed me this scary film of the governor's heart and this very little raggedy—this last little piece that if it had broken, it would have been all over. But, of course, the operation went very well. Obviously, the press was very interested, so the next morning, we held a press conference. I opened the press conference and expressed assurance that the governor was going to fully recover—which is what the doctor said and is what happened—and then introduced the doctor, who talked about the procedure.

We were still in these budget discussions, so I then had to go back to Springfield for some more meetings. So we had the four leaders and Boozell and

me in the governor's office, and—I knew he was going to do this—he just insisted on calling in. This is the next day. He had to be in intense pain. The pain isn't your heart; it's all these ribs and stuff that have to be cut open. But we put him on the speakerphone, he talked to them, and they were—as they should have been—touched and we then fairly quickly came to an agreement. Beyond that, it wasn't like Dawn said, "Don't reelect Edgar because he might have another heart attack," but that was out there anyway. But he was still pretty young—he looks young even now—and did recover quickly, and got back out and did all the things he was supposed to do. So the issue kind of went away. But it was an issue for a while.

DePue: Where was Brenda, as far as his going out and getting back on the campaign trail again?

Reilly: I don't know. I think she was supportive. Sure, she cautioned and made him… The irony of him having the heart problem is he was pretty religious about his health to begin with. He seemed to be careful what he ate, he worked out—he did all those things. And that's what he had to do after that. I'm sure she cautioned him on that, but I don't remember there being any—at least any discussion I was part of—where she said, Oh, no, you've got to quit, or anything like that.

DePue: A couple of the issues that were percolating at the time: some welfare reform initiatives?

Reilly: There were, but I must admit I don't…

DePue: That might be a little bit before your time, too; I may have gotten the timeframe wrong with that. How about problems with DCFS and bringing in Anne Burke?

Reilly: Yeah. Again, there were just huge problems with the department that, whether fair or unfair, became a big media issue. I forget who the director was. Edgar may remember. Of course, now Anne's a Supreme Court judge, but she had always been involved with children's issues. So at first we brought her in not as director, but somebody to look at the department and make recommendations as to what they were doing wrong, what they ought to do. Eventually, the director left, and she became the director. And, of course, Dawn could not be blamed for this. She's the opposition candidate; she did talk about this issue, and it was a big press issue. We put some more money into the department, which sometimes helps. And Anne Burke helped in many ways. She was a good administrator, had a good grasp of the issues, but just politically, she helped, too. And this was a Democrat, a prominent Democrat; not only did she improve the department, but it hopefully made it harder politically to make it a partisan issue when a prominent Democrat was part of the solution.

DePue: That suggests again that Edgar was astute politically to put her in that position.

Reilly: Yes.

DePue: How about his relationship with Mayor Daley?

Reilly: (laughs) That was interesting. They didn't get along well. As a practical matter, it wasn't that they fought about so many things; they're just different people. I know both of them and like both of them. Edgar and I talked about this at the time. It was almost like they needed a translator. They'd be saying things, and they're just different personalities; they just communicate in different ways, and they'd end up disagreeing more because they weren't understanding each other. I don't mean literally, but they weren't really communicating with each other.

I tried to take that on in '94 because I had good working relationships with the mayor and his staff, and we did do some things together. We even jointly sponsored a bill to allow casino gambling in Chicago. It didn't end up going anywhere—and actually, that was an example. The mayor's people and I sort of agreed the one thing we didn't especially want to have happening was the mayor and the governor meeting, because they would create friction where there didn't need to be friction, just because they were different sort of people. So it mostly worked better to have us, the staff guys, meet and try to form some agreement, and then the mayor's staff people go back to brief him and me go back to brief Edgar. Often there could be agreement that way, but we were always afraid that if they got together and tried to explain it to each other, they'd get mad somehow.

He didn't dislike the Daleys. He didn't go into the governorship disliking the Daleys. One of the things he did as secretary of state, fairly late in his tenure, I think: I forget what the occasion was, but there's a bust of the first Mayor Daley at the Capitol. Edgar, as the secretary of state, was the custodian of the Capitol. I don't know if it was his idea or not, but he invited the whole Daley clan. Sis Daley was still alive then, and Rich, Bill—they were all there.[37] I wasn't there, but everybody described it as being a very nice affair. Then when he became governor, it was just, in my opinion, more a difference of outlook.

It wasn't that there were so many issues they fought about. One of the issues—this is before '94—the mayor wanted to build a new airport at Lake Calumet. Edgar came to support that, although if you asked the mayor, he would swear that Edgar never really was for it. But Edgar was for it.[38] It passed the House all right, and went over to the Senate. It was called, and it didn't have enough votes; it was put on postponed consideration. Kirk Dillard and the governor swear to this day that if the mayor had just remained calm, they believe they would have passed the bill the next day. But the mayor blew up and said, "Republicans don't care about…" I don't know what all he said. "I don't want it anymore," and so it never happened.

DePue: You know both men pretty well. I'll put you on the spot here. Where would you fault the breakdown of communication, the inability of the two to communicate?

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[37] Eleanor "Sis" Daley was Richard J. Daley's wife and Richard M. Daley's mother.

[38] See Kanter, December 29, 2009, 45-51 and Kirk Brown, interview by Mike Czaplicki, December 22, 2009, 101-110, for the third airport issue and Edgar's desire to keep Meigs Field open.

Reilly: It was both of them. I don't know that I can explain it. They just have different ways of saying things, and sort of a different outlook. I haven't talked to him about it in a long while, but at least at the time it seemed to me Edgar pretty much agreed with that; that they just talked differently, so they might be conceptually saying somewhat the same thing, but…

DePue: How were their outlooks different?

Reilly: Just their whole life. One's a big-city Democrat; his family had been in power a long time. The other's a guy—

DePue: They both hit the political scene about the same time. Daley got there a couple years earlier because he was a part of the convention in 1970.

Reilly: Right, but it was just a difference in outlook. What caused it, I don't know. One's a guy from Charleston, with a whole set of values that might have been hard for the mayor to understand and vice versa. I don't know how to explain it better than that.

DePue: I also had a question about a dome stadium at McCormick Place.

Reilly: Oh yeah, I got caught in the middle on that because it continued during '94, but it started earlier, when I was the CEO at Metropolitan Pier and Exposition Authority. The Bears, for a long time, were looking for a new home. For a while, they talked to the Wirtz clan about building a new stadium out by what is now the United Center. The mayor had talked to them a long time about some major rehab of Soldier's Field, which ultimately happened several years later.

The master plan for the expanded McCormick place ultimately resulted in our building the huge south building, the third major building at McCormick Place. But as we were putting that plan together we had a master plan that included yet a fourth building, which eventually was built, but also included a domed stadium, because we thought we could solve two problems at once. We could answer this perceived need for the Bears to have a new home, but also there are a lot of big association meetings that can happen in a domed stadium, which McCormick Place has no facility to handle. So we had proposed that early on, even when Thompson was still governor, and of course Daley was the mayor, but nothing happened on that. The mayor then sort of got it into his head that he wanted to rebuild Soldier Field.

I think the mayor thought I must have talked the governor into it; actually I didn't, although he knew that I thought it was a good idea. But at some point, Edgar decided that this was a good thing to do, and he started talking about, Don't rehab Soldier field; build a domed stadium at McCormick Place. Running the MPEA, which is sort of a hybrid city–state agency, I was caught in the middle, with the mayor thinking I was plotting with the governor. So that was touchy. Then, when I became chief of staff, the issue was still unsettled, and there were considerable negotiations with the Bears. At one point we came very close,

between Daley and Edgar and the Bears, to build the domed stadium. In fact, there was an agreement to do that. But '94—everyone had sort of proclaimed that to be the year of education, or something to that effect. There were some education reform proposals; there was what turned out to be the temporary income tax for schools. So the political decision by both guys was, We can't do something like the domed stadium until we've done the education stuff. The education stuff eventually happened, but it was like the last day of session, so that was the end of the idea of the domed stadium.

DePue: Let's talk about the end of your term, then, as the chief of staff. Was that determined at the very beginning, that you would only be there for that year?

Reilly: Yeah. I think he would have liked me to stay, but yeah, that was our deal because we were close to the end of the redevelopment of Navy Pier, and we were in the midst of construction of the south building [at McCormick Place]. And aside from the financial aspect, I'd been there, done that as the governor's chief of staff; I wanted to get back to that part of my life.

DePue: Why don't you take just a couple of minutes, then, to get us from 1995 up to the present in terms of what you've been doing since that time?

Reilly: Until the middle of '99 I continued as the CEO at McCormick Place-Navy Pier. In '99 I left there and became the CEO of the Chicago Convention and Tourism Bureau, and I was there for five years. I left in 2004. Since then, I have some consulting clients. And then a year later, I became chairman of the RTA—the chairman, not the executive director—so I have a series of part-time jobs, is sort of what it amounts to now.

DePue: And we're sitting in your office as the chairman.

Reilly: Right.

DePue: Let's close things up, then, with some general reflections, looking back at a pretty long career, and a successful career by anybody's measure. Your overall assessment of the Thompson administration and of Jim Thompson personally?

Reilly: I think overall it was a good administration, and I think both administrations were good. Good in the sense that nobody's perfect, and no one over that length of time is going to—you're always going to make some mistakes—but during that whole time, state government worked. It was relatively sound fiscally. School aid went up. Became much more active over time in the environmental area. Thompson was a good governor, relatively even-keeled through that time.

DePue: Any particular accomplishments during the time you were serving as chief of staff, of which you're really proud?

Reilly: Of course, I have a bias towards the Navy Pier–McCormick Place decisions. I think that was important. I think Build Illinois, while it wasn't perfect. Then there

was a later capital program towards the end of the administration that I think was important. Some of the reorganizations, I think, were important. I think the Human Rights Act was important. I don't know.

DePue: How about things that were disappointments or that you would put in the column of failure?

Reilly: I don't mean to harp on it, because I keep talking about it, but ultimately, while we more or less kept pace with inflation and more or less kept things on an even fiscal path, we were never able to finally solve that problem, partly because times changed. In the '70s and even into the early '80s, tax increases were not evil. (laughs) Politically, nobody ever campaigned on, "Got to have a tax increase," but I think generally people maybe had more faith in government and had more of a sense that taxes are sort of a necessary evil, something you pay for the price of having the kind of things you want. Maybe we're cycling back a little bit, but since then, there's increasingly this just visceral reaction that no matter what you're going to use tax revenues for, you shouldn't raise taxes; and this goofy Laffer Curve, that the lower you make taxes, the more money you're going to make.

DePue: That was all part of the supply-side economics that Reagan brought in.

Reilly: That may be true within a very narrow band, but at the end of the day, and as a country, we're clearly going to face that we're either going to go bankrupt or we're going to substantially raise taxes over the next decade.

DePue: You don't see a reduction in services, then, as part of the equation?

Reilly: No, because that's part of the problem. People will say, "Cut government." "Okay, so we should cut Social Security?" "Oh my God, no, we shouldn't cut Social Security payments." "Oh, we should cut the Army." "Oh, well, no, you can't do that." You go through 95 percent of the federal budget, and the same people who will say, "Cut," will say, "Oh, no, you can't cut that." Obama's facing this now with Medicare, or with the whole healthcare issue. He's right, but nobody wants to buy into it. The basic reason that health care costs are so outrageously high in this country compared with others is because of the system we have, but if you even talk about changing it, people get all angry.

DePue: And they certainly are right now.

Reilly: Yeah.

DePue: Let's move on to the Edgar administration, and the overall assessment of the Edgar administration, particularly your year that you spent with him.

Reilly: I guess my overall assessment is the same: it was a good, pragmatic administration that was fiscally prudent and dealt with the problems that it faced in a professional manner. Speaking of health care, many of the reforms we tried to

implement in terms of Medicaid failed; we passed them through the legislature, but the necessary waivers from the federal government were never forthcoming. A lot of those ideas were in the basic healthcare debate that was occurring then, with the president's wife, and are still there.[39] That could have been an important achievement, except it never happened. The lack of waiver, and then times got better and Medicaid was affordable, at least for a while, and so…

DePue: Is there anything during your timeframe with him that you were especially proud of?

Reilly: The very fact that it was an election year, I think, kept us from—there weren't any huge initiatives other than—

DePue: It's kind of an unfair comparison, one year with Edgar versus so many with Thompson.

Reilly: Right.

DePue: How about failures?

Reilly: (pause) No one in particular stands out. I think he really would have liked—in an overall sense—to have reformed the state tax system and the property tax system, and that didn't happen.

DePue: I'm going to really put you on the spot here now. Comparing the two administrations, which one do you believe was most successful?

Reilly: I guess I'm going to punt, because I just think that times were different. I think they were both successful with most of the challenges they faced. One of the things that's remarkable, and to some extent, for both parties: the governors' names have changed, but an awful lot of the people who were involved haven't changed much in twenty-five to thirty years. Madigan stands out, but for that matter, John Cullerton in the Senate was a fairly important leader then. You had a pretty complete change among Republican legislative leaders. The mayor has been (DePue laughs) the mayor all that time. And a lot of the sub-players, including me, I guess, have. It's amazing, in a sense, how stable government has been. Some people would say that's good, and some people would say that's bad, that you should have had more—

DePue: Kirk Dillard is going to be running for governor.

Reilly: Right. And Edgar might have ended up as governor anyway, but certainly Thompson's naming him secretary of state was a big step towards that.[40]

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[39] In 1993, President Clinton created the Task Force on National Health Care Reform, chaired by Hillary Clinton.

[40] Something Thompson realized at the time, and may have even intended. See Fred Edgar, April 22, 2009, 59.

DePue: You've obviously been a student of Illinois politics since the time you've been out of the limelight, so to speak. Your reflections on the last two governorships?

Reilly: (laughs) Blagojevich, aside from all the sort of corrupt things that he apparently did, just didn't care about government. He just didn't care at all. He liked being governor, but he never really was involved, nor did he ever put someone else in charge. We've had other leaders who didn't enjoy the nitty-gritty of government, but some of them at least would delegate that to somebody who would. He never did either one; the government just sort of went from bad to worse. On the revenue side, it's just a disaster. He proposed the—what was his tax?

DePue: I know what you're thinking of, because there was another issue that was dead on arrival. Value-added tax.

Reilly: No, it wasn't. Well, sort of; it would have hit corporations a lot. He made that one attempt, and the legislature knew the state needed more revenue. If he had treated that as his stalking horse—Okay, I made this proposal and everybody hates it; if I get off this proposal, what will you do?—I think a broadening of the sales tax or an income tax could have easily passed. But he stuck to it and refused to consider anything else, and then nothing happened.

And his way of dealing with that, or his Bureau of the Budget's way of dealing with that, was simply to keep cutting, especially in personnel. While you can do that for a while, you do need people to run departments. (DePue laughs) Whether you need quite as many as at one time you had, I don't know. And actually, it started with George Ryan. George Ryan did an early retirement program right at the end of his administration to save money, and it probably did save some money, I suppose. But the result was the whole middle management level of government left. Because Thompson was governor for so long, and Edgar in many ways continued with a lot of the same kinds of people, you had this whole group of people who actually made things work and who knew each other because they'd all grown up together.

A lot of them were legislative interns or had come to Springfield together, and they sort of knew each other over the years and had interacted in a variety of positions. So for example, somebody at DCFS or one of the departments would know somebody at the Bureau of the Budget. They'd know them personally, and so they could call up and say, "What's going on?" Or, "We really have a problem here." The early retirement system really got… A lot of those people had been around for a long time, so they were at the point, with early retirement, where they could retire with a great pension and go out and find some other job. And then Blagojevich came along and made that worse, because he had this big thing first in his administration, that there were all these political hacks around. Well, some of them were, and some of them were just longtime public servants. But he whacked a lot of them, and then over time, really gutted departments to make the budget balance.

Quinn? The verdict's still out. He cares about government. That's a plus. Whether he'll be more successful, I don't know.

DePue: August 2009: The budget finally passed after long and excruciating negotiations that kind of led in a circular pattern, and we ended up with no real tax increase. The conventional wisdom is that once Mike Madigan feels comfortable with who in his House caucus are going to have opponents in the upcoming election and who are not going to have opponents, that maybe by the end of this calendar year, we might take up the issue of a tax increase of some type. Would you generally agree?

Reilly: I don't think it will happen before that. In fact, Cullerton's probably right: it wouldn't happen—get back to January, then you could pass it with a simple majority, which is easier. But whether Madigan intends to do that or not, I don't know. He's a very complicated guy.

DePue: But essentially, we've got the same problems we had in the mid-'80s, then.

Reilly: Yeah, although much worse. Proportionately, much worse. We almost never had an occasion where revenue actually went down. We had a lot of occasions where revenue was flat and the cost of living went up, but in the last few years, especially this year, revenue is really down. And while we did not have a great record on pensions—part of the pension problem now started growing then—it's just gotten worse. The so-called solution to this session was to borrow three and a half billion dollars so you could skip all the pension payments.

DePue: And the constitution requires that you have a balanced budget.

Reilly: Right, and it isn't balanced. The revenue problems are ongoing, but I believe, proportionately, the scope of them is far greater now than it ever has been.

DePue: We've been at this for close to two and a half hours today, and I think we're at the point in time when we can wrap things up. So I'll offer you this opportunity for any final reflections on your life and your career in Illinois politics and government.

Reilly: I think I'm talked out.

DePue: Well then, thank you very much, Jim. It's been a real pleasure and insightful to talk to people like yourself, and very helpful to me as well. So thank you again.

Reilly: You're welcome.

(end of interview)