ORAL HISTORY SERIES

PIERRE S. DU PONT IV

GOVERNOR OF DELAWARE, 1977-1985

BY LARRY NAGENGAST

DELAWARE HERITAGE COMMISSION

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Governor of Delaware, 1977-1985

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We the People

Delaware

Freedom's First

Delaware Heritage Press

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About the Oral History Series

An oral history is different from a biography, but it is a biography of sorts.

This volume, at the request of Gov. du Pont, is part historical narrative, part oral history. It is not an autobiography, as some oral histories can be, because this book draws upon interviews with the governor's wife and eleven of his associates, in addition to two interviews with the governor himself.

Reading this history may be a new experience, since it blends the traditional historical narrative form with the responses to interview questions. Those responses will tend to be more conversational than the statements derived from public speeches and newspaper articles, for example. The repetitions and interjections that are part of the interview subjects' speech patterns add a unique color and an element of spontaneity to the story.

This book is not the whole story of Pete du Pont's life, nor is it the entire story of his administration. Those have yet to be written. Rather, it focuses on the highlights of his life before he became governor, and on the key issues that dominated his administration and shaped his legacy to the state of Delaware.

This book is based on a series of interviews conducted by Larry Nagengast (LMN) and Maureen Milford (MM) on the dates listed below.

Mike Castle: Nov. 23, 2004 (LMN)
Eleanor Craig: June 2002 (MM)
Elise R. W. du Pont: Nov. 19, 2004 (LMN)
Pete du Pont: Sept. 10, 2002 (MM); June 24, 2004 (LMN)
Richard Evans: June 19, 2002 (MM)
Orlando J. George Jr.: July 15, 2002 (MM)
Nathan Hayward: July 3, 2002 (MM)

Glenn C. Kenton: April 15, 2002 (MM)
Weston E. "Pete" Nellius: July 2002 (MM)
Jeffrey A. Raffel: May 25, 2004 (LMN)
Patricia C. Schramm: Feb. 3, 2005 (LMN)
David Swayze: June 20, 2002 (MM)
Marna Whittington: May 28, 2004 (LMN)

Some of the quotations included in this book were obtained in brief telephone interviews or email exchanges conducted to clarify or expand upon subjects raised in the original interview. Two books that were particularly helpful as the individuals working on this project refreshed their memories of the events of more than two decades ago were Celia Cohen's *Only in Delaware* (2002, Grapevine Publishing LLC) and Dr. Carol E. Hoffecker's *Democracy in Delaware: The Story of the First State's General Assembly* (2004, Cedar Tree Books). Other publications used as references during the preparation of this book include:

The News Journal
A History of Delaware Through Its Governors, by Roger A. Martin (1984, McClafferty Printing)
The Politics of School Desegregation: The Metropolitan Remedy in Delaware, by Jeffrey A. Raffel (1980, Temple University Press)
The Du Pont Family, by John D. Gates (1979, Doubleday)
200 in 2000: A Du Pont Family Reunion, by Roger Rebetsky (Du Pont De Nemours Cemetery Company, 2000)
Du Pont De Nemours: Apostle of Liberty and the Promised Land, by Pierre Jolly (1956, Brandywine Publishing Company)

Tapes of the interviews for this book were transcribed by Bonnie Crews, Rebekka Ericson, Cora Holland Haffner and Denise Leach.

A Word of Thanks

Serving as Delaware's governor for eight years presented plenty of challenges, but none quite like the challenges involved in preparing this book. Indeed, as we worked to solve the state's problems and improve its financial condition, we hardly had time to think about how we would describe our decisions more than two decades later.

I appreciate the efforts of my dedicated aides and allies in preparing for and sitting for the interviews that comprise a substantial portion of this oral history. I am especially grateful to my wife Elise for sharing her unique perspective on my years as governor.

I would like to extend special thanks to my friend and confidante of more than 35 years, Glenn C. Kenton, for his work in keeping this project on track, assisting with the research and helping to set up various interviews.

Maureen Milford made significant contributions in conducting the initial interviews and developing a preliminary outline during her break of service as a business reporter at *The News Journal*.

Larry Nagengast took over where Maureen left off, suggested and conducted valuable interviews and created a text that concisely and accurately tells the story of the du Pont administration.

Finally, I would like to thank Cora Holland Haffner for her efforts in retyping my notes and keeping all the paperwork in order as we worked through revision after revision on the way to creating the finished product.

It was, indeed, a team effort – and I'm grateful for the contributions of everyone who participated.

-Pete du Pont

PREFACE

Change is never easy, particularly in politics and government. It is unsettling and stressful; and, since it is usually threatening to various elements of the status quo, always contentious. Public policy change usually takes a lot of time and a great deal of effort.

This book is about how Delaware changed its government from a system dominated by a network of rural interests to an opportunity society in which economic growth and greater individual choices were the focus.

It took more than a dozen years for Delaware to complete its transformation. It began in the mid-1960s with two lawsuits filed in federal court that successfully challenged the rural-based apportionment in Delaware's General Assembly. Delaware's Constitution of 1897 had divided the legislature on the basis of geography rather than population, with Sussex, Kent and New Castle counties each having ten representatives and five senators, even though they had far from equal populations. Even with the five representatives and two senators allotted for the city of Wilmington, Delaware's two downstate counties had controlled the legislative process.

But with the victory of Richard Sincock — who would become an influential state legislator — in *Roman v. Sincock*, legislative power would move northward, as the courts mandated increased representation for New Castle County, now by far the state's most populous county.

Russell Peterson from suburban Wilmington was elected governor in 1968 and began the governmental transformation process by radically changing the state from a commission to a cabinet form of government. In a commission system, the governor appoints members one at a time — as existing members' terms expire — to the commissions that run the day-to-day operations of government:

the Highway Commission, the Welfare Commission, and so forth. In such a system, the governor has minimal impact on what the commissions decide government policy should be.

In the new cabinet form of government, commissions were abolished and the governor and cabinet secretaries set state policy; someone was in charge. It was an essential step. Without it, Delaware government would never have been able to become an effective force in creating individual opportunity.

Woodrow Wilson once remarked that “if you want to make enemies, try changing something.” Russell Peterson did and suffered the consequences. Worse, a vast expansion of government — state government spending rose by more than triple the rate of inflation in the four Peterson years — and financial mismanagement led to very large income-tax increases and substantial budget deficits.

And so the voters decided in 1972 that they had experienced enough modern thinking. They narrowly threw out Peterson and reverted to the familiar, old-style politics under the leadership of Sherman Tribbitt. Governor Tribbitt was suddenly at the helm of a much larger ship of state powering — as the result of Governor Peterson’s rapid expansion of Delaware’s government — towards the financial reefs. He tried to turn her but, heavy in a sea of deficits, ships of state turn slowly.

By 1976 times weren’t bad; they were awful. Five deficits in seven years had produced the lowest bond rating and the highest income-tax rate — 19.8 percent — of any state in the nation. The high tax rates were a vivid red flag, warning corporations not to expand operations in Delaware, so the state had the second-highest unemployment rate in the nation as well.

So in 1976 the voters changed course again, and in November elected Pete du Pont as their 73rd governor.

What happened next — four years in which a new administration tried to get the state back on its feet followed by four years of steering a course toward prosperity — was painful, and it took a while. But in the end, Delaware had a vibrant, market-driven economy; state government spending that had remained flat for eight years; and top tax rates that were less than half of what they had been. Employment was up, credit ratings were up, deficits had vanished, and budgets were balanced. Most important, the state's Constitution had been amended to make it difficult to return to the economic and spending policies of the bygone days.

It came to pass that the public was willing to give fresh ideas a try because things had been so bad; because the ideas put forward were interesting and workable and produced good results, and because the opposition Democratic party not only signed on to the essential elements of the program, but often took the lead in advocating substantial reforms.

Over eight years Delaware changed itself for the better, and the results have been positive, prosperous and long-lasting. A quarter of a century and three governors later, the du Pont administration's policies are still in place and working successfully.

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Introduction
Who is Pete du Pont?

> ***"My college classmates (at Princeton) said that I constantly argued with them about political issues. I don't really remember that, but I discovered when I was at law school that I had a gift of being able to express myself in ways that people understood. Public speaking had been, from those law school days, one of my great interests, so politics was kind of a natural."*** *-Pete du Pont*

As his life turned out, politics was indeed "kind of a natural" for Pete du Pont — three-term congressman, two-term governor of Delaware, seeker of the Republican nomination for president in 1988.

But it wasn't always that obvious. Not in his youth, growing up in an environment where many of his associates were members of the social elite, hardly representative of typical families in Delaware or elsewhere in the nation. And not even in college, when Pete du Pont majored in engineering, all the better to prepare himself to work in the family business.

Then he would make two crucial choices — first to enlist in the Navy and attend Officer Candidate School, and then to attend law school. Ultimately those choices would direct him away from the business career path followed by so many of his ancestors and toward a significant level of public service in Delaware. Two du Pont family members, cousins T. Coleman du Pont and Henry Algernon du Pont, had been U.S. senators early in the 20th century, but neither had served as governor.

In the history of the United States, seldom has one name been tied as closely to the economic and political fortunes of a single state as du Pont was to Delaware for most of the 20th century.

The du Pont family, headed by Pierre Samuel du Pont de Nemours, departed France on October 2, 1799 and arrived at Newport, Rhode Island on New Year's Day in 1800. Two years later, after stops in New York and New Jersey, the family had settled in Delaware. Pierre's son, Eleuthere Irenee, had a plan for starting a business to make gunpowder, and he found the ideal location — 95 acres on the banks of the Brandywine. With fast-running water, abundant timber and easily accessible outcroppings of granite, this parcel was not only a fine site for a gunpowder mill, but also for establishing the family's homestead. The first du Pont home in Delaware would be named Eleutherian Mills; it stands today on the grounds of what is now the Hagley Museum.

For $6,740, Eleuthere Irenee purchased the land from Wilmington entrepreneur Jacob Broom, who had been one of the signers of the U.S. Constitution. In two years, the powder mills were operating. On May 16, 1804, the company made its first sale — 150 pounds of black powder to a couple of Wilmington businessmen, for $51.

The business grew steadily and was well established by the time of Eleuthere Irenee's death in October 1834. James A. Bidermann, his son-in-law, became director and senior partner. Three years later, he reorganized the firm as a family partnership among Eleuthere Irenee's seven children, with Alfred Victor du Pont as senior partner. The seven and their heirs would manage the company until the turn of the century.

Then the family members who controlled the business, believing there was no longer any family member capable of heading the company, decided to sell the business to the highest bidder.

Alfred I. du Pont, a director but still considered by the family elders as too young to lead the company, nevertheless announced that he would buy the DuPont Company from his elder relatives. Alfred enlisted two cousins, T. Coleman and Pierre, to share in the purchase and management of the company.

Governor and Mrs. Pierre S. du Pont IV
January 18, 1977
Courtesy of the Delaware Public Archives

During the first third of the 20th century, the three cousins would oversee the DuPont Company's transition from gunpowder manufacturer to the nation's leading chemical manufacturer.

And, just as their business acumen modernized the company, the cousins' commitment to public service would propel Delaware into the 20th century as they gave back to their home state their time, their skills and their financial resources.

T. Coleman became best known as a road builder, financing and overseeing construction of the Du Pont Highway, from Claymont to Delmar. Pierre's largesse financed school construction — including new schools for black students who were required to attend separate schools in Delaware's segregated society. And Alfred I. would become best known as a philanthropist who championed the needs of children and the elderly. His greatest legacy is the Alfred I. du Pont Children's Hospital, built on the grounds of his Nemours estate.

Given the contributions of the three cousins to the state in the first half of the 20th century, perhaps it is remarkable that it was not until Pierre S. du Pont IV took the oath of office on January 18, 1977, that a du Pont would lead the state that has been so inextricably linked to his family.

Like so many other du Ponts, Pete did work for half a dozen years in the business founded by his great-great-great grandfather, doing market research, new business development, and finally serving as quality-control supervisor in the company's magnetic tape venture at its pigments plant in Newport.

Born on January 22, 1935, Pete du Pont attended Tower Hill School and Phillips Exeter Academy in Exeter, New Hampshire. He recalls that he wasn't much for hitting the books: "I was a terrible student at first. A graph of my grades, from first grade to law school, would see the line angling upwards because the first nine years at Tower Hill, and the Exeter years, were just not academically very good. I was just a lousy student, and I didn't get many 'A's."

He grew up on Rockland Road, in a home now known as Brantwyn, a few hundred yards south of where he now lives and not far from Alfred I. du Pont's Nemours estate. But Pete doesn't recall much about his youth that would seem very luxurious.

"I was in grade school during the war when there was gasoline rationing and you couldn't go anywhere. There was the school bus that took you back and forth, but your Mom and Dad didn't have any extra gasoline, so it was a very family, quiet, existence. We did get to professional football games though — the Wilmington Clippers of the American Football Association. My Dad and I were there to see them defeat the Richmond Arrows on the afternoon of December 7, 1941. In the second quarter the loudspeaker began calling military officers by name — 'Would Colonel So-and-So please report to the office' — more and more as the game progressed. My Dad couldn't explain it, but of course it was Pearl Harbor."

Pete's parents, Pete and Jane, had a summer home on the Long Island Sound. But during World War II, the shores of Long Island, like the coast of southern Delaware, were not considered a safe place to vacation, at least not as long as the German navy remained a threat. So, during the war years, his parents would send Pete to summer camp, and he vividly recalls one August day when he was 10 years old.

"One day they said there was big news: The war was going to end because they dropped an atomic bomb on Japan. 'What is an atomic bomb?' I asked the camp counselor. 'Well, it is a really big bomb' was the answer."

Exeter taught him about life, and how to write. At Princeton, Pete majored in mechanical engineering, a subject that he figured would be helpful whenever he returned to Wilmington to work for "the Company."

He earned satisfactory grades but did not distinguish himself in the classroom: "I was an engineer because that is what you did (if you expected to work for the DuPont Co.). I took all the electives I could, reading novels and writing papers on them, on one of which the professor wrote back, 'This is an awful paper. You have no understanding of what this novel is about.'"

Sports were big at Princeton, especially since the school, like most of the Ivy League, had not yet gone coeducational. Pete enjoyed organizing and playing for his fraternity ice hockey team, which won the fraternity championship his senior year.

"There were no women at Princeton then, and it wasn't so easy to import your girls for the weekend. So all we really did was work," Pete recalls. But one girl, brought for the weekend by a friend, would become his wife. He met her in a setting quite appropriate for a future politician — during a lively discussion in a smoke-filled room.

"We had a big debate after a football game. You go to the fraternity and you drink and eat and smoke cigars, and there was this big argument going on at 11 at night. By now the cigar smoke had come down from the ceiling so I am sitting on the floor, the only place there was air, and we were arguing about religion. I made some comment and then this voice says from the other side of the room, 'That was a really dumb thing to say.' That was our first conversation, so it couldn't help but get better from there."

The moment must have made a greater impression on Pete than it did on the Bryn Mawr student who had so firmly challenged his views. "I think the first time we met, we argued," she told a *News*

Governor and Mrs. du Pont with their children, summer 1978
Courtesy of the Governor

Journal reporter in 1985. "I don't remember what it was about. But it must have caught his attention."

It certainly did, for Pete soon started dating Elise R. Wood, a descendant of Benjamin Franklin, whose family started and still runs the Wawa convenience-store business. The relationship had grown serious by the time he graduated from Princeton in 1956.

With the Korean War only recently concluded and the Cold War with the Soviet Union at its peak, young American males faced the prospect of being drafted into military service. Figuring there were better options than being a private in the Army, Pete chose the Navy and was accepted into Officer Candidate School.

Pete's naval career began in Newport, Rhode Island with four months of OCS. A day after completing that program in May 1957 and being commissioned an ensign, he headed home, where he and Elise were married. Then came three years of active duty in the Navy at the Brunswick Naval Air Station in Maine. He may have been a junior officer, but he soon had plenty of opportunities to demonstrate his management and leadership abilities.

Pete describes his assignment: "Brunswick was an anti-submarine patrol: base planes continuously patrolled the Atlantic. I began as the snow removal officer at night to keep this air base open 24-7. Civilians plowed by day, but the Navy didn't want to pay them overtime so I had 60 men who plowed by night. We worked from 5 p.m. to 5 a.m., whenever it snowed — and in Maine it snowed a lot. There were only two officers awake in the night — the officer of the day and me. Then from snow removal I was assigned as maintenance and transportation officer. That was real-life experience… Imagine being 24 years old and having 600 people working for you, running an electric generator plant and hundreds of people working with and for me. It was one of my life's extraordinary experiences. I owe a lot to the Navy."

About halfway through his naval career, Pete picked up a new assignment — one that would ultimately change the direction his career would take.

"It got to be the third year (of active duty), 1959, and I was going to get out of the Navy in the spring of 1960. Late in 1959 Elise and I started talking about what I was going to do, and one of the things that I had done in the Navy was defend and prosecute minor legal cases. You don't deal with murder, but you deal with petty theft, assault, fights and minor crimes. So I had a couple of years experience of standing up in front of some captain who was running a court and arguing that the sailor really didn't do it, or really did do it, and the guy on the other side made the opposite argument. I really enjoyed it. Then I went and took the test about what do you want to be for your career, an aptitude test. I took one of those and lawyer came out relatively high."

Three years in the Navy gave the young du Pont more than managerial and leadership experience. It also gave him something he could never acquire at Tower Hill, Phillips Exeter or even at Princeton: the opportunity to escape his sheltered youth and work alongside middle-class, blue-collar men who made up the vast majority of the U S. working population. It also gave Elise and Pete their first two children, Elise and Pierre. (Their two younger children, Ben and There, would be born when they returned to Delaware.)

Pete summarizes his Navy days: "In the Navy you were with real people. You had to manage their work, understand their thinking, and help them with their problems. (You) had to go out to the trailer park and settle an argument, stop a fight or console the wife of an injured man. You learn about life in the Navy because you weren't talking to the elite, you were working with normal Americans. You learned from these people and when you are running the power plants, the transportation system, and base maintenance, you are working with people who fix trucks, with people who pave roads. That's a valuable real-world experience."

After finishing his Navy duty, Pete entered Harvard Law School in the fall of 1960. "I would say the two things that really mattered in my life in terms of development. One was the Navy, and the other was law school, where you go into class with your bare intellect. There were a lot of very smart students there, a lot of people in suspenders and bow ties whose fathers were judges and they knew all the Latin legal words, and what did I know? So succeeding there was a really big thing and it gave me a lot of confidence."

It was an interesting time to be at Harvard — the fall of 1960, as the Kennedy-Nixon race for the White House was drawing to a close. "That is all we talked about outside of class and of course (we had) huge arguments as to whether President Kennedy could — or should — beat him or not," he recalls.

Du Pont was not the typical Harvard Law student, and not because of his name. "Most of the people there were right out of college and most of them had some legal family background. Here I was just out of the Navy, I had two kids, a wife, and l was an engineer."

Nor was he the only student destined to fame and national renown. "We had small study groups at Harvard, to talk through the matters we were being taught. The first one I was in, Janet Reno was also in and she decided after two months with us that she needed a higher-quality class. She of course went on to be the U. S. Attorney General (in the Clinton administration).

"Law school was a lot of fun. Harvard has a very competitive Moot Court competition. Our team won and I was one of our two oral arguers. We got to argue before a U.S. Supreme Court justice, Justice Byron 'Whizzer' White. In fact, I learned I had some speaking ability. So between that and the Navy it all came together. Then I came back here to the family business, because when your family has built such a successful enterprise, well, I thought you ought to be a part of it."

But he would not remain in the family business for long. And soon he too, like the remarkable du Pont cousins two generations his senior, would take to heart the words of his namesake, the family patriarch, Pierre Samuel du Pont de Nemours: "No privilege exists, that is not inseparably bound to a duty."

Pierre Samuel du Pont de Nemours
Founder of the E.I. du Pont de Nemours Co.

Starting Out in Politics

> ***"People care a lot more who their governor is than who they send to Washington because the governor can sign a piece of paper and make something happen."*** *-Pete du Pont*

The road to the governor's mansion isn't a superhighway, even if the mansion is in Delaware and the candidate's name is du Pont.

After graduating from Harvard Law School, Pete du Pont returned to Delaware in 1963 and, like so many of his relatives, went to work in the family business. He also got involved in politics, volunteering with the Republican Party. By 1966 he had become vice chairman for the Republican Party in Brandywine Hundred.

Into the 1960s, Kent and Sussex counties held disproportionate influence in the General Assembly, even though more than half the state's population lived in New Castle County, because of the way legislative districts were drawn. Then, in 1962, the U.S. Supreme Court, ruling on a Tennessee case known as *Baker v. Carr*, declared that state legislative districts had to be based on population, not geography — the "one-person, one-vote" principle. Later in 1962 a lawsuit was filed in U.S. District Court with Richard Sincock, who would eventually become a New Castle County councilman and a highly respected state representative, as the lead plaintiff. The case reached the U.S. Supreme Court in 1964. Sincock won, and new legislative boundary lines were drawn.

One of the first beneficiaries of the new lines would be Pete du Pont. He remembers the situation well: "The judges drew the districts and Brandywine Hundred where I lived went from one representative to six. And, lo and behold there was a district that I lived in where there was no incumbent. I had been working in the

Republican Party since I came back to Delaware and the party said well, why don't you run? I was working at the DuPont Company. My career plan was to be in the legal department, and they sent me out to get some manufacturing experience, working out of a trailer down at the Newport Pigments Plant. 'Well,' my boss had said, 'if you're going to be in the Legal Department of the DuPont Company, a term in the legislature would be a good thing for you because you would understand better what was going on. So go ahead and do it.'"

Brandywine Hundred had long been a Republican bastion, and du Pont faced no Democratic opposition in the 1968 election in the 12th Representative District. Even if he had faced a Democratic opponent, it was a good year to be running as a Republican in Delaware. With Richard Nixon at the head of the national ticket, on November 5 Republicans won races for governor, lieutenant governor, U.S. senator and U.S. representative. They claimed majorities in both houses of the General Assembly as well as the mayor's office in Wilmington, a Democratic stronghold.

Still, the first-time candidate thought his showing was less than perfect, longtime adviser Glenn Kenton recalls. "He once told me that he only got 88 percent of the vote running unopposed, that 12 percent of the people would rather have nobody than have him." Kenton, a Milford native who had just passed the Delaware bar, had been campaign manager in 1968 for Republican Senator Frank Grier of Milford, and made a good impression on Herman Brown, the Kent County Republican chairman. Brown hired Kenton for his Dover law firm, and found him a job as an attorney in the state House of Representatives. It wasn't long before Kenton met du Pont in Legislative Hall and they soon became the best of friends. It was an interesting time to be in Dover, Kenton recalls, largely because of the intriguing and influential cast of characters among the Republicans in the General Assembly.

Pete du Pont receives a word of advice
from Governor Elbert N. Carvel.
Photo by Chuck McGowen

"We connected very closely. I drafted some legislation for him. George Hering was the speaker of the House then. But there were lots of people you know in Delaware politics then. Mike Castle was in that General Assembly. The chief political operative in those days was Mike Harkins. Laird Stabler was in that General Assembly. George Jarvis was in that General Assembly. So there were a lot of the people who later became politically rich and famous, so to speak, most of them not rich, but at least famous in Delaware. In that General Assembly Reyn du Pont (Pete du Pont's uncle) was the Senate president *pro tem*. Don Issacs was a Republican then. And so it was a new year for Republicans in January of 1969. (Russell W.) Peterson had won (election as governor), the (National) Guard had been on the street in 1968. Governor Terry, as a result of that, lost the election. Terry also had a heart attack. Nixon won. I mean it was just a big transition year in America and in Delaware. So there was quite a lot of excitement going into the January session when Pete and I met."

While there was nothing legislatively exceptional about Pete du Pont's two years in the General Assembly, it was obvious that he was already looking ahead. It was no secret that Senator John Williams, the legendary Sussex County Republican respected nationwide for his personal integrity and fiscal stinginess, would not seek another term. Du Pont wasn't thinking about succeeding Williams, but he had begun considering his options.

Kenton picks up the story: "Pete was already thinking, as usual, far beyond the General Assembly session and he invited me up to his house for dinner in April of that year and said that he had been thinking about doing some other things politically already. Turns out, he'd actually run for the General Assembly thinking he was going to run for higher office. 1970 was going to be a big year because it was generally known that Senator Williams was going to retire and Congressman Roth was then going to run for the Senate seat. And I told Pete, I'd seen him one time in the General

Assembly, and I said why don't you think about running for attorney general. You're a lawyer from Harvard. Did very well. And he said, 'Well, I wasn't thinking about attorney general. I was maybe thinking about some other things,' and then he opens this room and it had great big charts and graphs on the board and the whole thing was all laid out."

Kenton was instantly impressed. "He'd already had a consultant who was Ed Golin, of a local ad firm here from Delaware. And he had been thinking about running for this congressional seat before he even ran for the House seat. He had hired Bailey Deardorff as the consulting firm. (Bailey Deardorff was also the advertising firm who later did a lot of work for President George Bush, President Ford and others). He had an organizational chart, I'll never forget it on the flip chart. DuPont people were flip-chart people. He was working for the DuPont Company at the time and there were all these positions, lawyer for the campaign, research director, and there was a campaign manager that was vacant at the top. And he said, I was thinking maybe you would like to do this job. Well, I was stunned... 24-25 years old, I'm asked to run a Congressional campaign?"

Kenton may have been young, but his relationship with Herman Brown proved that he had already learned something about making political connections. Du Pont recognized that Kenton could provide him with valuable links to Republican leaders in Kent and Sussex counties, an absolute necessity for an upstate candidate planning a statewide race.

Kenton explains: "A guy named du Pont definitely needed some downstate support and I'm from Milford: Frank Grier was the number-two person in the Senate. He was a state senator. His daughter (Betty Grier), by the way, was working for Senator Williams and then Senator Boggs in Washington. And so there was a lot of political calculation in the thing as well. I told him, you can't tell Herman this right away. We've got to kind of get Herman pulled around here and he said, your first job is to get Herman Brown to endorse this campaign. I said, 'oh my God.' See, I'd just gone to work for Herman in the fall.

"So I started coming up to secret meetings in Wilmington so that Herman didn't know about it for a while... The people around the table in those days were Pete (and) the Campaign Advisory Committee (which) consisted of Will Redfearn, who is a lawyer in Wilmington now; Charlie Richards, who is a partner in this firm that I'm in now (Richards Layton & Finger), myself, Elise (du Pont) and the key political person was the Brandywine Hundred Republican chairman, Dick Colgate, who was a great political friend of Pete's. So we began calculating how to get Herman Brown on board and there were several other people who were interested in running for this seat, not the least of which was the attorney general, Dave Buckson, and the second one was the lieutenant governor, who was Gene Bookhammer. And, of course, the theory became immediately how do you, as a freshman state legislator, who had run unopposed, vault over the lieutenant governor and the attorney general. No mean feat in those days."

It took a lot of work, a lot of talk, a lot of meetings, but Herman Brown eventually moved into du Pont's corner. "One morning I was driving over the Summit Canal Bridge on my way to Dover," Pete recalls, "and a stunned-sounding WDEL reporter announced that Herman Brown had just conducted a press conference in which he endorsed Pete du Pont. I almost went off the bridge."

At the time, a candidate could force a primary by securing one-third of the delegates at the state convention. Kenton's initial plan was to gain enough delegates to force a primary, and then to out-hustle the Bookhammer or Buckson forces on the campaign trail.

Brown, however, had been at odds with Buckson, so he worked tirelessly to bring the Kent County delegates into du Pont's ranks.

Meanwhile, du Pont went door-to-door, making pre-convention visits to the home of every delegate, and running and winning one five-delegate primary in Wilmington. When Buckson saw what was happening, that he couldn't even count on support from his own county, he backed out of the race, taking a blast at du Pont as he departed. "The name of the direct primary election game is money. I don't have that kind of money," Buckson said.

Du Pont responded with a pointed rebuttal at news conference of his own. "The name of the game," he said, "is organization."

When the roll was called, du Pont's superior organization paid off. He carried New Castle County and Wilmington overwhelmingly, and Brown delivered 20-plus delegates from Kent, giving du Pont the nomination without the need for a primary.

The Democrats, meeting the following week, battled among themselves before and during their convention. New Castle County Councilman John Daniello held a majority of the delegates, but Wilmington advertising man Sam Shipley garnered more than the 35 percent minimum needed to force a primary. There had been talk before the convention of an agreement that whoever came in second at the convention would not insist on a primary. Shipley, however, denied making any deal. Daniello won the primary, but the party paid the price for its internal fracture. In the November election, du Pont won handily, with 54 percent of the vote.

Du Pont began his first term in Congress in January 1971. Kenton went to Washington with him, serving as his legislative assistant: Du Pont hired Dick Evans, who had taken a leave of absence from the Diamond State Telephone Co., to work as field director for the congressional campaign, as his chief of staff. Both would serve du Pont throughout his years in Congress and after he became governor. Although not a member of his Congressional staff, Eleanor Craig, a University of Delaware professor, became du Pont's mentor on economic issues; she too would become a leading adviser when du Pont returned to Delaware as governor.

Du Pont enjoyed his time in the House of Representatives, at least at the start. But the job had its limitations, and more than its share of frustrations. As one of 435 representatives, a Congressman low in seniority has relatively little influence. Members of the minority party — and Republicans had pretty much been the minority party since the 1950s — had even less. And, by 1974, the Watergate investigations were concluding. The House voted to impeach President Nixon, who chose to resign rather than face a trial in the Senate.

Kenton found the years in Washington "exciting," in part because du Pont was one of a large number of new Congressmen elected in 1970. That year's class of freshman lawmakers included Jack Kemp, the former Buffalo Bills quarterback from upstate New York, who would later team with another Delawarean, Senator William V. Roth Jr., in 1981 to sponsor the famous Kemp-Roth (or Roth-Kemp in Delaware) tax-cut legislation during the Reagan administration.

Du Pont would serve three terms in Congress, defeating Newark Mayor Norma Handloff in 1972 and University of Delaware professor James Soles in 1974.

According to Kenton, du Pont was "a very personable guy" in Congress and was elected to the Chowder and Marching Society, a prestigious Congressional club that met weekly to discuss — usually from a conservative perspective — the issues coming before the House.

In at least one instance, however, the du Pont name proved a liability, Evans says. "I believe to this day, Pete ran for chairman of the Republican Congressional Campaign Committee (the group that raises money for Congressional candidates), and he ran against Guy Vander Jagt of Michigan and Vander Jagt beat him and I believe that some of that was just that they saw Vander Jagt as someone who worked his way up and Pete as somebody who had been given stuff."

Du Pont recalls his years in Washington: "The first couple of years it was really interesting. You are working on interesting problems and then you kind of wake up in the middle of your second or third term and you say, you know, this is really kind of fun and it's really interesting and I'm going back to Delaware every night to go to a meeting somewhere, but what am I doing? (After) six years in Washington you had to either say I'm going to do something else or you had to say I'm going to stay here for 20 more years and try to rise up and be the head of something, and, of course, in the 1970s, nobody thought that there would ever be a Republican Congress. So you said, okay, I'm going to be here for 25 years and I'm still going to be the ranking minority member on the such and such subcommittee of the Merchant Marine & Fisheries Committee and you'd say to yourself, do I really want to work like this for all of those years just to be that?"

Several factors severely limited any hope du Pont had of becoming a significant player in the House, Kenton says. "You were in the minority party, you were from a small state… The big states controlled everything. They controlled the Ways & Means Committee, the Appropriations Committee. All (committee positions were) assigned by the number of Congressmen you had in your state. Well, so Pete ends up in the Merchant Marine & Fisheries Committee and the Foreign Affairs Committee, which would be terrific if he were in the Senate. But in the House, the Foreign Affairs Committee was not a big deal because the Senate has the power to confirm treaties and confirm ambassadors. So, he was getting a little frustrated. Frustrated is not the right word, just bored I think is a better word."

With an undergraduate major in engineering to go with his law degree, du Pont realized that he would have to strengthen his understanding of economic and financial issues in order to represent his constituents effectively. For advice, he turned to a University of Delaware faculty member, Eleanor Craig.

She recalls: "When Pete was in Congress, he wanted to learn more about economics and he said he wanted me to give him private economics lessons. So I said that a lot of people had asked me to do that, that I didn't want to do that, but that he was welcome to come to my classes. He said he really didn't have time to come to my classes so he just arranged a couple of Saturdays to come over and we went through some basic economics and demand and supply analysis and gross national product and measurements and some graphics. Then he would work on them and come back and we'd go over the little projects that he was planning and how they would set up in terms of graphs and we had maybe three or four sessions like that."

In Congress, du Pont did his best to take care of any issues that had special importance to Delaware. On larger national issues, he acknowledges, "I kind of went along" with the Republican leadership. He recalls: "Remember the '70s were Republican minority years, and no one thought that would ever change. So our Republican leadership told us we must 'go along to get along. Don't argue with the Democrats too strongly or you will never get anywhere.'"

In 1973, he did vote against the president on one key issue — the override of Nixon's veto of the War Powers Act, which curtailed the president's war-making powers. Du Pont had worked on the bill in the Foreign Affairs Committee. In his second term, the greatest issue facing the Congress was the impeachment of President Nixon, and du Pont was one of the last congressmen in 1974 to abandon his support of the president. "Perhaps my legal training made me look at impeachment more substantively and less politically — not reaching the impeachment conclusion until I had read over all the transcripts and material and listened to the tapes."

While du Pont ultimately came to believe that there were better ways to serve Delaware than as a member of the Republican minority in Congress, it may actually have been a door that didn't open that placed him on the road to the governor's mansion in Dover. Just as Senator John Williams decided he would not seek re-election in 1970, it was widely anticipated that Senator J. Caleb Boggs would not seek a third term two years later. Boggs, as personable and as popular a political figure as anyone in Delaware history, had already served three terms in the House of Representatives and two terms as governor, giving him a remarkable run of seven consecutive victories in statewide elections. But he was generally unenthusiastic about returning to Washington for another six years.

The maneuvering among the Republicans began early. Wilmington Mayor Harry G. Haskell Jr., who had earlier served two years in the House, announced in January 1971 that he'd seek the Republican nomination if Boggs decided not to make another run. It was no secret that du Pont was interested too, but it wouldn't be appropriate to start talking about running for the Senate just days after being sworn in as a member of the House of Representatives. Republican leaders, having survived the threatened three-way battle among du Pont, Buckson and Bookhammer for the 1970 House nomination, and having seen how the Daniello-Shipley primary wounded the Democrats, didn't want to see a Senate primary in 1972. Contributing to their unease was the uncertainty over the gubernatorial race, where incumbent Governor Russell W. Peterson was encountering resistance to the transition to cabinet government and concerns were growing over the state's financial position.

Kenton recalls the situation: "So there was this huge primary lining up and everybody in the party said oh my gosh we can't have a primary. We'll get Boggs to run one more time, he can't lose. And Pete you will just have to wait another four to six years. So we said mumble, mumble okay. We begrudgingly accepted it and everybody rallied around Cale Boggs, who couldn't lose."

Boggs' position on the ticket was virtually assured in October 1971, when Nixon came to a campaign fundraiser at the Greenville estate of John W. Rollins Sr., the prominent businessman, major Republican donor and former lieutenant governor. Boggs, Senator Bill Roth and Pete du Pont were among the delegation that flew in with Nixon on the presidential helicopter. And, after the event, Rollins made clear in talks to reporters that Nixon wanted Boggs to run for a third term.

So there would be no Senate race in 1972 for Pete du Pont.

"We really didn't have much of a choice. We would have had to have taken on the whole party, but nobody thought that Boggs was going to lose," Kenton recalls.

As it turned out, the Democrats would look to the chambers of the New Castle County Council to find their Senate candidate, a first-term lawmaker named Joseph R. Biden Jr. Boggs' campaign got off to a slow start, and Biden picked up steam at the end.

Cale Boggs, who had never lost an election before and who was considered unbeatable, had been beaten. And Pete du Pont was deprived of his best chance to win a seat in the U.S. Senate.

But it was hardly the end of the world. Kenton wraps up the story:

"Here Pete had kind of been excited about running for the Senate and (the) Senate option was taken away.... But, things happen in life and to this day, he will tell you it is the best thing that ever happened to him, because he never would have been governor. He'll tell you that he had more fun, and made more of a difference to Delaware being governor than he thinks he ever would have being in the Senate."

Governor du Pont takes the oath of office from Chief Justice Daniel Herrmann with wife, Elise, looking on. January 18, 1977
Photo by John Flanagan

Government… Headed for the Rocks

> ***"If you remember back to 1976, the biggest problem that Delaware government had wasn't finances, it wasn't potholes in the roads, it wasn't overcrowded prisons, it wasn't the pending desegregation order. It was an enormous lack of confidence by the people of Delaware in that government… When we came on the scene most people believed, or a lot of people believed, that Delaware government really was terribly political, nonprofessional, and didn't have a lot of people with ability in it, and they didn't have much confidence that government would make the right decision when the moment came to make the right decision."*** *-Pete du Pont*

The challenges Pete du Pont would encounter as governor did not suddenly appear. They were, in many cases, the result of decisions made by Delaware's political leaders in the previous eight to ten years. And, given the questionable judgments made in the previous administrations, Delawareans couldn't help but wonder whether the next one would be any better.

Du Pont would take office following a decade of turmoil, both in Delaware and throughout the nation.

In 1968, the rising public dissent over the war in Vietnam prompted President Lyndon B. Johnson to announce in March that he would not seek re-election. The assassinations of the Reverend Dr. Martin Luther King Jr. in April and Senator Robert F. Kennedy, a candidate for the Democratic presidential nomination, in June prompted waves of riots in cities across America. Protests by antiwar demonstrators in Chicago during the Democratic National Convention in August turned violent, helping Republican Richard M. Nixon win the presidential election. The Nixon years would become known for the resignation of Vice President Spiro T. Agnew, the Watergate break-in and cover-up, and the impeachment and resignation of the president.

The violence that ripped the nation apart in 1968 had its effect on Delaware too. Rioting in Wilmington prompted Governor Charles Terry to call out the National Guard to occupy the city. Even after the violence had subsided, Terry resisted repeated requests to remove the National Guard from Wilmington. Ultimately, this contributed to his defeat by Russell W. Peterson, a liberal Republican and a DuPont Co. chemist, the first governor of any state to hold a Ph.D. I think. Within hours of taking office in January 1969, Peterson would order removal of the troops from the city.

Earlier in 1968, members of the General Assembly debated, and passed, legislation that they believed would make the state's public school systems better organized and more efficient. The law, called the Educational Advancement Act, gave the State Board of Education the authority, for a one-year period, to consolidate and reorganize school districts. As a result of this law, the State Board of Education reduced the number of school districts from 49 to 26. The provisions for consolidation required that any new districts created would have no more than 12,000 students. The law also required that Wilmington's school system must have the same boundaries as the city itself. A few years later those provisions would come back to haunt Delaware's governmental and educational leaders, for they would become the basis of a lawsuit that would result in an even more dramatic realignment of schools in New Castle County.

The transition from Terry to Peterson prompted a major reorganization of state government as well. Through the Terry administration, the day-to-day responsibility for running Delaware's government had been in the hands of dozens of commissions, their members chosen by the governor. An appointment to one of these commissions was a political plum. And, since members served staggered terms, a governor could not easily pack the commission boards with his allies. These part-time citizens' boards were in charge of just about everything — from

Five Governors
Left to right: J. Caleb Boggs, Sherman W. Tribbitt,
Russell W. Peterson, Pete du Pont, Elbert N. Carvel
Photo by Kevin Fleming

barbers' licenses to prisons and highways. The commissions wielded tremendous power; the governor relatively little.

By April 1969, Peterson had begun to modernize state government. He established a Task Force on Government Reorganization, which soon recommended that the powers vested in some 140 boards and commissions be transferred to 10 cabinet-level departments, each headed by a secretary appointed by the governor. Peterson soothed many members of the commissions by placing them on new advisory boards as he persuaded the General Assembly to approve separate pieces of legislation creating each new cabinet department. By August 1970 that task was virtually complete, and Delaware had, on paper at least, a 20th-century form of government, with full-time administrators named by the governor managing each department. The one significant exception to this reorganization was the Department of Public Instruction, which would remain under the control of the State Board of Education into the Carper administration.

In 1971, Peterson succeeded in getting the General Assembly to pass the Coastal Zone Act, one of the most far-reaching pieces of environmental legislation ever approved by a state government. The law banned all heavy industry from locating along Delaware's coastline — from Claymont to Fenwick Island. The Shell Oil Company had been planning to build a refinery near the Bombay Hook National Wildlife Refuge; other oil companies had designs on Delaware too: "To hell with Shell" became Peterson's rallying cry, and the legislation survived attacks from the Delaware State Chamber of Commerce, leaders of major businesses and even the Nixon administration.

While the long-term legacy of the Coastal Zone Act was to preserve Delaware's shoreline from industrial development, its short-term impact was to persuade corporate leaders — locally,

Governor Sherman Tribbitt and Pete du Pont meet in the governor's office for the first time, November 1976.
Photo by Kevin Fleming

nationally and internationally — that Delaware was no longer friendly to business.

Within hours of the signing of the Coastal Zone Act the morning of June 28, 1971, Governor Peterson's political fortunes turned from gold to dust. He addressed the General Assembly that afternoon, and acknowledged that lagging revenues from the franchise tax had turned the budget surplus he had promised into a deficit. His pledge not to raise state taxes would have to be broken.

An hour or so later, in a meeting with his fellow Democratic legislators, Sherman W. Tribbitt would exult, "I just got elected governor." Little did he know what would await him.

No matter how forgiving Delawareans might be of other failings in government, they would not tolerate fiscal mismanagement. So, in November 1972, they voted out Peterson, the liberal Republican corporate executive, and replaced him with Tribbitt, a moderate Democrat, hardware-store manager and career politician, but hardly an expert in government finance.

Tribbitt had held elective office for all but two years from 1958 until he defeated Peterson, serving in the House (including a stint as speaker) and a term as lieutenant governor.

The mild-mannered Tribbitt, the only Delaware governor since World War II elected directly from the legislature, was far more comfortable dealing in the House chamber on the first floor of Legislative Hall than he seemed to be guiding the state from the Governor's Office upstairs. And it didn't help that these were not the best of times.

In the summer of 1971, some 18 months before the end of Peterson's term, five parents of Wilmington school children had filed suit in U.S. District Court. Citing the provisions of the 1968 Educational Advancement Act, they claimed that the actions of state officials had created unconstitutionally segregated school systems in New Castle County — predominantly black in the city of Wilmington and predominantly white in the suburbs.

During Tribbitt's administration, the panel of three federal judges hearing the suit in U.S. District Court issued two significant rulings. The first, issued July 12, 1974, concluded that Wilmington's schools had not been desegregated. The judges directed the State Board of Education to prepare Wilmington-only and city-suburb desegregation plans. The second decision, on March 27, 1975, concluded that public schools in New Castle County were unconstitutionally segregated. The State Board of Education was given until August 1975 to submit desegregation plans to the court for review. Pending the outcome of appeals, it appeared that busing students between city and suburban neighborhoods was all but inevitable. In November 1975, the U.S. Supreme Court issued a blunt one-line ruling on the state's appeal: "The judgment is affirmed." In January 1976, the high court refused the state's request for a rehearing. State education officials pledged to implement whatever desegregation plan the court would eventually approve. The General Assembly, sensitive to the growing power of a vocal suburban anti-busing organization called the Positive Action Committee, explored options to minimize the extent of desegregation, but never went so far as to approve legislation intended to block the court order.

Governor Tribbitt did criticize the federal judges who heard the case, and also urged the National Governors Association to support a constitutional amendment that would ban busing. Despite his personal opposition to busing, Tribbitt did issue an executive order in 1975 that made the Committee on the School Decision, a diverse panel created by New Castle County Executive Melvin A. Slawik, a statewide advisory group.

But by 1976, Slawik would put Tribbitt in another situation he wished he could have avoided. Federal investigators had been looking into questions about whether Slawik, when he served in the state Senate, had cast votes that might have benefited the social services agency he ran. Later, they focused on a trip he took to Puerto Rico in 1972 with three contractors. The federal investigators concluded the trip was a bribe, because Slawik was to help the contractor who paid for the trip to secure a county landfill permit.

A federal jury found Slawik guilty of perjury charges in March 1976. Separate charges of obstruction of justice were pending. Slawik refused to resign as county executive. That left it up to Tribbitt, who had supported Slawik at benefits to raise money to cover his legal fees, to follow the requirement of the state constitution to remove from office elected officials convicted of "misbehavior in office or infamous crime." Tribbitt met his constitutional obligation, and Slawik was gone.

But the discomfort Tribbitt faced in confronting desegregation and the removal of Mel Slawik paled in significance to his woes in handling the state's thorny financial problems.

The 1974-75 school year opened with a one-day teachers' strike, led by the Delaware State Education Association, that shut schools in 14 of 26 districts. The union was seeking a pay raise but, with the General Assembly out of session, the best Tribbitt could do was promise to take the matter up in January, When the legislature reconvened, some sort of tax increase would be needed, not only to satisfy the disgruntled teachers but also to shore up the still-sagging state treasury.

Tribbitt and the Democrats in the General Assembly settled on a plan to impose a tax on oil refined in the state. There was only one refinery in the state, operated by the Getty Oil Co. near Delaware City. In his budget address on January 28, 1975, Tribbitt called for a tax of one-third of a cent per gallon. Getty officials were concerned, saying it would cost them about $6 million a year.

Pete du Pont and Sherman Tribbitt
debate the issues, October 1976.
Photo by Pat Crowe

Within 48 hours, the Democrats had decided to raise the stakes. They tripled the tax to a penny a gallon. The bill passed, over the objections of Republicans who claimed the new tax would demonstrate once more that Delaware was truly hostile to business. Getty officials then threatened to shut down the refinery if Tribbitt signed the legislation. J. Paul Getty himself, the reclusive billionaire owner of the oil company, got on the phone from his estate near London and called Tribbitt.

The legislation sat on Tribbitt's desk, unsigned. Legislators, uncertain whether Getty was bluffing and fearful of the wrath of refinery workers whose jobs were now threatened, began having second thoughts. A week later, they voted to rescind the tax.

The Getty fiasco may have gotten Tribbitt off to a terrible start in 1975, but a more shattering revelation made 1976 even worse. On January 30, Tribbitt announced that the Farmers Bank of the State of Delaware, the official state bank, was losing money and needed $10 million to $20 million from the state to stay afloat. Week after week, the reports kept getting worse. By spring, the state had managed to bail out the bank — through a $20 million bond issue and an agreement to have the Federal Deposit Insurance Commission buy $40 million of problem loans for $32 million.

Eventually, the state would get out of the banking business. But the near failure of the Farmers Bank was the last in a series of disasters that ensured that Sherman Tribbitt would be a one-term governor.

The campaign itself would prove uneventful. Tribbitt had dug a huge hole for himself and had no way out. Du Pont would win with 57 percent of the vote, the largest margin of victory for any candidate in Delaware's statewide races that year.

"I was quite confident we could win the election," du Pont said. "The question was, once you're there and you take the oath of office, are we going to be able to fix this?"

And there was plenty that needed fixing. The new governor had truly inherited a state in crisis. State finances were a mess, the legal battle over desegregation had put New Castle County's public school system in turmoil, prisons were crowded, and a disastrous effort to run a professional football lottery had made the state a national laughingstock. The Slawik scandal in New Castle County government reinforced the notion that government officials were as lacking in integrity as they were in decision-making skills. On the national level, a recession, high unemployment and soaring oil prices made conditions even worse.

While du Pont believed that restoring integrity in government was the number one issue facing his new administration, he recognized that restoring fiscal order had to rank a very close second.

Orlando J. "Lonnie" George Jr., one of the "Watergate class" of state legislators elected in 1974 and speaker of the House for most of du Pont's tenure, states the issue succinctly: "Pete inherited a deficit; that's the fact of the matter, and it's a big part of why the voters gave him the kind of mandate they did. I think Delawareans are generally forgiving of a lot of things at the state level, but not deficit spending. They want the budget balanced and strong financial management. They're most unforgiving on mismanagement or lack of ability to manage."

Du Pont understood the situation. "We knew it was serious all right… I mean, five deficit years out of seven? Sherman Tribbitt, the poor guy, I have some sympathy for him. He inherited this terrible fiscal situation from Governor Peterson who had had to raise the taxes all the way up to the 18 percent level and poor Governor Tribbitt tried to turn it all around. Couldn't do it. Tried a tax on oil. Mr. (J. Paul) Getty called apparently and said you do that and we're not going to make any oil here. So he had to veto the bill and cancel the teachers' pay raise as a result. I mean, he had real difficulties because of the fiscal situation. So yes, we knew how serious the problem was and we knew that the first thing we had to do was stop spending so much money and the first couple of years were budget problem years."

Weston E. "Pete" Nellius, recruited from Illinois to become du Pont's secretary of finance, clearly remembers his first impressions of the state. Before accepting the job offer, Nellius asked the incoming governor's transition team to air-mail him a copy of the state's most recent bond prospectus "because I figured that was the best way to get a really quick read on everything about state finances."

"I thought it was terrifying. Absolutely, I mean the first thing was the disclosure that the State of Delaware actually owned its bank… called the Farmers Bank. I thought, my gosh, what in the world! But then as I went through the data, went through the numbers, I thought, you know, it's really worse than it even appears in the prospectus… I knew that if they were in that kind of trouble where they were running deficits back to back to back that they were probably doing some other things regarding how they were reporting, recording and shifting payments toward the end of a fiscal year to try to minimize the impact on the current fiscal year and I found out in fact that was true. They would slide the payroll one or two days and then we get to report it in the next year."

Nathan Hayward, a second cousin of the governor who became director of du Pont's Office of Management, Budget and Planning, elaborates on the handling of the state payroll: "We had, as I remember, the equivalent of three and a half payrolls of cash in the bank and Pete's predecessor, Sherm Tribbitt, had been borrowing short. He did what were known as revenue anticipation notes. Basically putting stuff on your credit card and assuming that next month's pay check would take care of the bills, and we had the cost-of-living adjustment which was part of the fabric of government at that point. Every state employee under the existing law got an automatic cost-of-living adjustment, not once a year but twice a year, in April and October."

The spending patterns that made Delaware's financial position so precarious predated the Tribbitt administration, according to Eleanor Craig. For nearly a decade before du Pont took office, going back to at least 1968, the year Republican Russell W. Peterson defeated incumbent Democratic Governor Charles L. Terry Jr., spending by state government accelerated "far in excess of the inflation rate," Craig said. "And it wasn't only general fund spending (the state's operating budget)," she said, "it was capital fund spending as well."

In Craig's view, the state's financial problems weren't the result of recklessness within the Tribbitt administration. Rather, she suggested, it was a lack of sophistication, "A lot of the people that were in state government at that time were really nice people but they were not very well trained," she said. And Tribbitt, she added, "just had no background in finances."

There was little indication in 1977 of how remarkable the fourth quarter of the 20th century would be for Delaware. But a new era was about to begin. It would be an era in which bipartisan cooperation would largely succeed political dogfights in Dover, an era in which professional managers replaced the good old boys in charge of state agencies, an era in which the financial services industry would replace chemicals as the most prominent in the state.

During the du Pont administration, the state would reverse its course, transforming itself from an economic disaster into a model of prosperity that most other states could only hope to emulate, and restoring citizen confidence in the integrity and professionalism of the government's key leaders.

du Pont's successors, Republican Mike Castle and Democrat Tom Carper, would build on his achievements, giving Delawareans a full generation of common-sense fiscal management and reliable leadership from the executive branch. The successes of nearly three decades blur the memory of how difficult conditions were when Pete du Pont took office.

New Kid on the Block

> ***"One might question whether this is a good time to become governor of Delaware. Our finances border on bankruptcy; too many of us do not have jobs; the courts confront us with difficult and unpopular mandates. But every new governor is confronted with seemingly insurmountable problems. Each can only begin with what he is given — the fortunes and the misfortunes, the abilities and the liabilities delivered to him by his heritage and his circumstances. Each must address the problems at hand with the full measure of his energies and each must start afresh, as I do today."*** *-Governor du Pont's Inaugural Address, January 1977*

Voted into office two months earlier with the backing of 57 percent of the electorate, Pete du Pont had little time to savor his victory. His inaugural address, delivered on a bitterly cold January day, made clear to all Delawareans that extraordinary actions would be essential for the state government to regain respect and Delaware to regain prosperity. Failings in the previous four years had cost the state dearly. Questionable decisions by the previous governor, Sherman W. Tribbitt, and by the members of the General Assembly left the public wondering whether they could have any confidence in how their elected officials were guiding the state. A bloated state government and a series of dubious financial decisions imperiled the state's fiscal integrity.

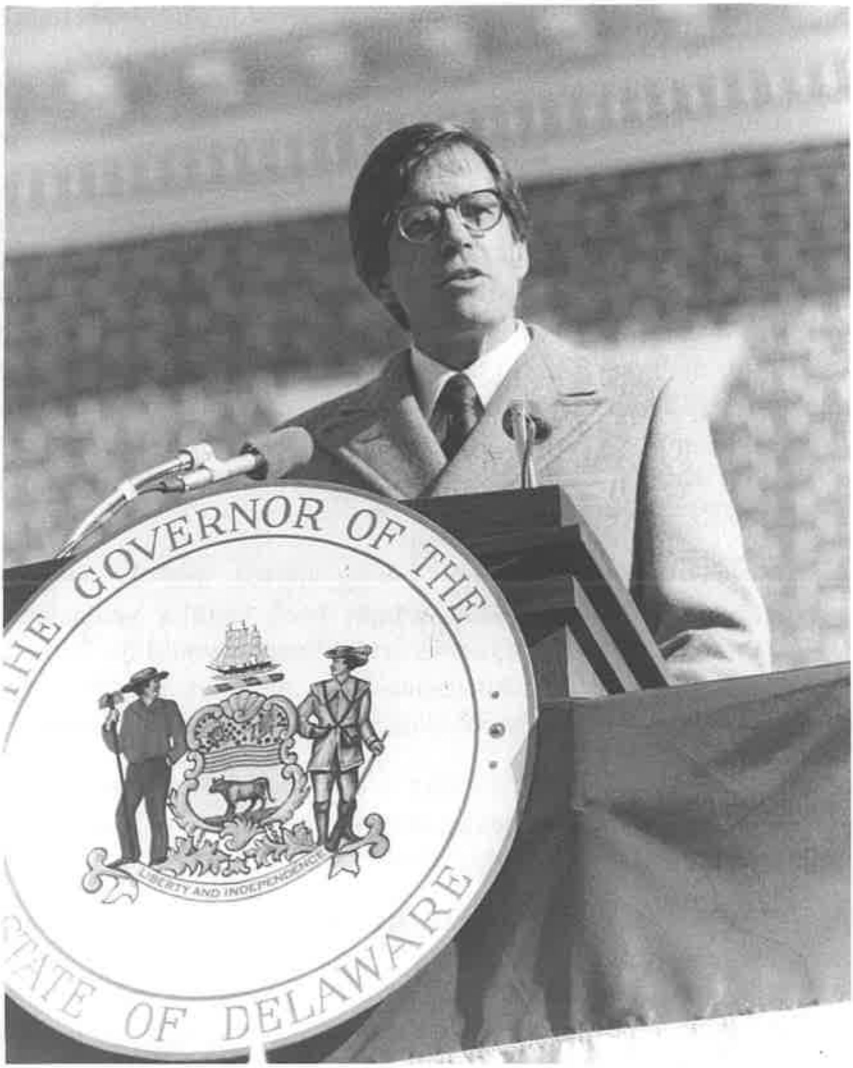
Du Pont stated in his address: "The challenge, then, will be to recognize our limitations, establish our priorities and live within our means. It will require personal discipline from each of us, and political discipline from all of us. It will be painful, but not fatal, for a careful pruning of the shoots and branches of government will lead to a new prosperity, founded on economic growth, unencumbered by the luxury of non-essential services or the dead weight of a non-productive bureaucracy."

As he promised to work with "the full measure of his energies," du Pont set out a challenge to the members of the General Assembly. "The midnight follies, the personal gamesmanship, and the political chicanery too often seen in the past, must be replaced with an effective legislative process that will earn the respect of our citizenry," he asserted. "The executive and legislative branches of government are constitutionally co-equal; they must also be co-equal in integrity, sincerity and responsibility."

Du Pont's inaugural address carefully avoided any detailed references to the myriad problems he would now have to address. Instead, he emphasized his commitment and dedication to move the state forward and exhorted the legislators to work with him.

"Together the executive and legislative branches of government can reach these goals. We can and must improve both the ability and the accountability of Delaware government. For my part, I pledge my support and cooperation in behalf of these efforts; I know I will find a comparable commitment in Legislative Hall. Together we can succeed, individually we will fail, and to fail is to doom us to continuing erosion of public confidence in Delaware government, and the continued undermining of our government's ability to serve our people."

It's easy for a governor to call for cooperation from the legislative branch. It's difficult to actually receive it, especially considering the circumstances that existed in early 1977. First, the new governor was a Republican, and Democrats controlled both the House and the Senate. Second, the Republican legislators, as members of the minority, often had a greater interest in preserving their own perks and privileges than they had in advancing the interests of the governor. In addition, although du Pont had some inside knowledge of how the General Assembly worked from his two years in the Delaware Sate House in the late 1960s, he had spent the last six years in the United States Congress. So, as the



Delivering the inauguration speech, January 18, 1977
Photo by Nelson Brooks

new Governor arrived in Dover bearing Delaware's most noble surname and with the experience gained from representing the state in the nation's capital, du Pont would find that many lawmakers in Dover would consider him a blueblood, patrician outsider who would have to be watched carefully and quite quickly taken down a notch or two.

Democratic legislator Lonnie George elaborates on the differences between du Pont and Tribbitt: "Sherman had been a legislator for a lot of years and he had been speaker of the House... Sherman knew what made legislators tick. Pete spent one term in the (state) House of Representatives and then went on to Congress... He didn't have the benefit of all of those years of figuring out how the Delaware legislature worked and personalities and so forth. But on the other hand, Sherman had an understanding of how the legislature worked, but he still ran into a lot of financial difficulties."

Du Pont would waste no time getting started, and the veteran lawmakers in Legislative Hall fought back with a vengeance. Behind the scenes, however, some new alliances would be formed, setting the stage for an intriguing first 90 days for the new administration and a bloody conclusion to the legislative session.

Nathan Hayward, du Pont's director of management, budget and planning, offered a devastatingly accurate one-sentence summation: "It was a horrible, horrible six months."

"Pete ousted a popular Democrat in Sherman Tribbitt, and there was a lot of acrimony over that... There was this sense of wrong that this young scion of the du Pont family was bumping a very popular Democrat," said David S. Swayze, the Democratic lawyer from Wilmington who served as du Pont's legal counsel during his first term.

Swayze recalled a conversation with Senator Harris B. McDowell III, a Wilmington Democrat whom Swayze knew quite well:

"Harris had a piece of legislation which he felt strongly about. I can't remember what his bill was or what our bill was, but the governor asked if I would go down and tell Harris that if our bill didn't come out of the Senate, his bill would be vetoed. Expletives deleted, but Harris made clear what his view of that strategy was."

While veteran lawmakers like McDowell insisted on playing the political game the old-fashioned way, a significant new bloc in the General Assembly was willing to try a different approach. They were known as the "Watergate Class" because they were elected in 1974, three months after the resignation of President Nixon, and they "really felt good government was good politics," said George, one of the bloc's most prominent members. Their philosophy stood in marked contrast to the group George described as "the old timers who loved lobbing the grenades."

While the veterans maintained considerable influence in the General Assembly in the first weeks of 1977, George and one of his colleagues in the House took a unique step that would serve as a precursor to a new level of cooperation. Here's what the governor recalls: "The most encouraging thing that happened was that on inauguration evening, at the dinner, Democratic legislators Gerry Cain and Lonnie George took me aside and said, 'You know, there are some of us who are Democrats in the legislature who want to make sure that we fix the problems that we have.' He said, 'I'm a Democrat and I'm going to have to be a partisan person from time to time, but I want you to know that we'd like to get it fixed too. So, keep talking to us.' That was very encouraging. Did he always agree with us? Absolutely not. Sometimes did he politically blow his stack? Sure, but sometimes I did too. But there was a good working relationship there that made it possible. Lonnie George had that discussion with me: I mean, I'd been governor for seven hours. And you contrast that with the person who says, everything the governor does is wrong because I'm a Democrat and he's a Republican. Lonnie George is somebody who within the limits of getting re-elected and being a leader in the Democratic Party was willing to help get things done. I have a much better memory and respect for him than I do for some of the partisan people in the legislature who just were against anything because of the governor himself."

But cooperation wasn't going to come automatically. Du Pont and his aides had much to learn. Dick Evans, du Pont's chief of staff, acknowledges that the governor's team bears some responsibility for the hard feelings of the first six months. "Like most things, our hands weren't completely clean either. We came down from Washington and, I'll speak for myself here, I thought I was a hell of a lot better than those people."

The animosity persisted as the governor figured out how to make the best use of his staff. Initially, du Pont assigned Glenn Kenton, the secretary of state and his top adviser both in Congress and in Dover, as the primary liaison with the General Assembly. Kenton, however, was far more effective as a strategist than in negotiating with legislators.

Lonnie George puts it this way: "Legislators all have different personalities. There's not just one personality, there's a whole bunch of them. It's like trying to smooth out a waterbed. You smooth out this part, and another part bumps up. And that was not a strength of Glenn's. But Glenn had a lot of other strengths, and he had the confidence of the governor. He was very loyal to the governor. He was bright and good at strategy. Glenn's idea was 'let me tell you what it is and what I think it should be.' Legislators don't respond to that; they want to feel like there's some give and take. He had a lot of strategies, but sitting down and negotiating with a bunch of legislators was not one of them. So that caused a bumpy start for the governor."

It would prove somewhat ironic, however, that the administration would find its success in dealing with the legislature's entrenched power structure improving after Kenton recognized his own shortcomings and turned to one of the governor's out-of-state imports, Pete Nellius.

Nellius recalls what happened: "Glenn is not dumb. He is one of the brightest people I've ever met and Glenn saw that I've met the enemy in the eyes kind of thing, to quote Pogo, but, he withdrew. He backed off. He didn't withdraw from the policies. Glenn was always right in there with the policy stuff but he was learning the same way. He found out that I had strong legislative liaison skills."

Whether it was negotiating or simply schmoozing, Nellius had a way of making good things happen. "Pete Nellius played poker with the legislators and I guess he lost just enough money that they felt good," du Pont says.

Lonnie George explains how Nellius played a critical role in developing harmony between the governor's office and the individual legislators: "Every governor comes in with a certain amount of talent with words, and they just get better and better at it, but Pete Nellius was a wonderful extension of the governor. He would come into a legislator's office, shut the door and sit on the desk. He was relaxed, not threatening, and would ask how can we work through this together. The more you do of that and the more you get to know people like Nellius, like the governor, like Nathan, the less inclined you are to lob grenades at them."

While it took du Pont some time to learn the political ropes, he didn't delay in letting the public know where he stood.

The first order of business, a mere 30 minutes after taking the oath of office, was to issue Executive Order No. 1, requiring financial disclosure for all of the governor's cabinet secretaries and senior staff. By issuing the executive order, du Pont served notice that he would tolerate none of the improprieties like those that had been uncovered in Washington as part of the Nixon impeachment proceedings or in New Castle County, where County Executive Melvin A. Slawik had been removed from office after being convicted of perjury. “We wanted to have from day one the idea that we weren’t going to have shady people participating, and that was a big thing for Delaware,” du Pont says.

Not only was du Pont establishing higher ethical standards for his administration, he also demonstrated a willingness to reach beyond the smoke-filled rooms of Dover, beyond the Republican establishment, and well beyond state lines to select his cabinet.

While retaining one of Tribbitt’s cabinet secretaries, James T. Vaughn of the Correction Department, and choosing Lydia R. Boyer, the sister-in-law of Republican Senator William V. Roth Jr., to head Administrative Services, du Pont also filled two key positions with top aides to former Wilmington Mayor Thomas C. Maloney, a Democrat, by naming Swayze as legal counsel and Patricia Schramm as secretary of health and social services.

But the most significant choices proved to be the top aides recruited from out of state. The work began shortly after the election, when du Pont, Kenton, Evans and a few other top campaign aides went to a conference in North Carolina for newly elected governors, sponsored by the National Governors Association.

Kenton continues the story: “We immediately set about a nationwide search and talking with the other governors about people to do these things. We found Pete Nellius as a recommendation from an Illinois secretary of finance that we met down there. We found our budget director, Jim Decker, from another recommendation. He had been chief of staff for the governor of South Dakota. We found a guy named Nathan Hayward who is actually from Delaware originally who had been

The governor-elect assembles his cabinet in the House chamber of the Old State House, Dover, January 1977.

at Stanford Business School and had been at JP Morgan. He was in Washington working for the Ford administration in the Office of Management and Budget. We brought him back to Delaware. So we really did do a nationwide talent search and that was really, really important. And, to this day, Pete will tell you (it was) an important outside-the-box decision that he made before he ran. He said this is what we are going to do and we quite frankly were surprised by how well the talent (search) turned out. I think it is interesting that Pete Nellius still lives and works in Delaware. Jim Decker still lives and works in Delaware. Hayward is now king of highways in Delaware (secretary of transportation in the Minner administration until he resigned in February 2006). I'm still in Delaware."

The choices upset some of the Republican old guard, including Herman Brown, the state party chairman. "We get all these resumes from Delaware Republican committee people and other people. I'd like to be head of highways and I'd like to be head of this, and I'd like to be secretary of this and I'd like to be secretary of that. We just shipped those right to file 13," Kenton said.

Predictably, some of the Democrats in the General Assembly weren't too happy either. "We brought people in from out of state," du Pont recalled. "Senator (Richard S.) Cordrey (the Senate president *pro tem*) said, 'what's the matter, we've got 600,000 people in Delaware. There must be a good secretary of finance here.'" (Interestingly, as this book was being written in 2005, Governor Ruth Ann Minner appointed Richard Cordrey as secretary of finance.)

Recruiting cabinet members from out of state and requiring financial disclosure for top staff members exemplified du Pont's commitment to quality and integrity within the executive branch of government. He would also apply the same principles to the judicial branch.

In Delaware, as in other states where judges are appointed, the governor makes the appointment, subject to the approval of the Senate. Delaware, unlike other states, also has a provision in its Constitution requiring a political balance among its judges. If a court has five judges, like the Supreme Court and the Court of Chancery, no more than three can be of the same political party. Further, when all the judges on the Supreme Court, Court of Chancery and Superior Court are taken together, a party may have a majority of only one among that total. Coupling these provisions with the tradition of seeking upstate-downstate balance on both the Supreme Court and the Court of Chancery created an environment conducive to heavy-duty political deal-making. The new governor, Kenton said, strongly believed that "you can't have the judiciary politicized."

Kenton explains: "There came a time to appoint judges. The Senate said, well, now we need to come up and discuss with you who these judges are going to be. Because we have to advise and consent and you don't want to send somebody down here we're going to turn down. Well, if you start doing that you are immediately negotiating with them. Pete and I had talked about it, we said we are not going to negotiate judges. It's too important. So we set up a Judicial Nominating Commission. Ned Carpenter was the head of it. And we said we're not going to negotiate judges with these people. We will make our selection and we will send them down and dare you to vote them down. We absolutely refused to deal on judges. We said you want some roads paved, we'll talk about it. But we're not going to talk about making political decisions on judges. That was another kind of line in the sand. We don't want to get down in the mud of wheeling and dealing for political things in the General Assembly for some judge that some senator wants."

Establishing the Judicial Nominating Commission would become known as one of du Pont's most significant accomplishments. It further strengthened his administration's focus on integrity and, 28 years and three governors later, it is still in place.

Du Pont's executive orders on financial disclosure and judicial appointments may have raised the standards of integrity in state government, but he also had to deal with the issue that ranked first in the minds of most Delawareans — fixing the state's horrendous financial situation. Putting Delaware's financial house in order would require more than just balancing the budget for a year or two. It would require developing a system that would give the state a reliable projection of how much money would be available for each new fiscal year. Du Pont's first step was DEFAC, the Delaware Economic and Financial Advisory Council.

Of the initiatives in du Pont's first 90 days, Kenton considers the creation of DEFAC second in importance only to the financial disclosure rule. He explains: "They'd always balanced the budget by simply inflating the revenue estimate. Then the end of the year came and we had no money. So this idea of an independent financial advisory commission had never been thought about before. Take the estimating process out of the General Assembly. Since, at the state level, unlike the federal level, you can't print money, once you take the money away from them, they've got to live with the money that's on the table and that was a huge, huge deal in doing that. Taking the revenue estimating away from the General Assembly, away from the Joint Finance Committee and (saying) okay, here's the money you've got to live with and they used to always just jack it up. They still do that in many states. As Pete went around the country later on, talking to newer governors, he said the simple, number-one thing you've got to do is get the revenue estimating process out of the General Assembly and get it to an independent private group so they can't juggle the revenue estimates. And even in Washington we see the problems of not being able to get the consensus on revenue estimates. DEFAC turned out to be the core of the whole financial operation."

The Governor with aides and cabinet members.
Left to right: Ronald Mosher, Glenn Kenton,
Weston E. "Pete" Nellius, Governor du Pont, Eleanor Craig,
Nathan Hayward. July 17, 1977
Photo by Donaghey Brown

Eleanor Craig was named the first DEFAC chair. The council included key members of the administration's financial and policy teams — Nellius, Kenton, Budget Director James Decker and Nathan Hayward, director of the Office of Management, Budget and Planning, plus leaders from the General Assembly, experts from the University of Delaware and from the private sector.

Tribbitt did have a team of economic advisors. Craig recalls: "(They) had few sophisticated econometric tools with which to work. They had a very unsophisticated way of figuring out what the tax revenue was, and they'd sit around in a room and just talk about what was going on, rather than having statistical forecasts concerning what was actually happening."

DEFAC, du Pont said, changed the entire process of Delaware's financial planning. "But now, out in the open, 20 people voting in public that the gasoline tax will bring in "x" million dollars next year. All in favor say aye. Well, you had legislators who had to say aye or nay. You had business people. You had academic people. You had the Eleanor Craigs and the business leadership and the legislative leadership and all of a sudden you were getting real revenue estimates, but more importantly legislators had to vote. In front of the press. That was also the change. Instead of everybody kind of sitting in the back room as it had been done under the Peterson and Tribbitt administrations, all of a sudden, now everything was out in the open. And the interesting thing is DEFAC is still there. I mean, 25 years later."

In creating DEFAC, Hayward said, du Pont made the public aware that the process of estimating revenues was "a serious discipline, not just a game of political poker."

"That whole process of putting political leaders, academic leaders, business leaders together at the same table on a regular schedule in a public meeting to thoroughly vent every major line of revenue and to agree on a resolution amongst themselves as to what they thought the number was, was incredibly, incredibly important to the overall health of the state."

In the first months of the du Pont administration, the DEFAC meeting was a major event, Craig recalled. "After many of the DEFAC meetings, several of us would go back to Pete's house and tell him what happened. You know it might be 8 or 9 at night. He had to know and he had to comment on the DEFAC numbers and he had to understand them and he followed it really carefully. DEFAC was sort of a broader group than they are today. Instead of just forecasting expenditures and revenue, they also forecast or they also helped with economic development projects and they spent a lot of time on the general health of the state economy. Our meetings used to be six or seven hours long sometimes and sometimes Pete would come, but the cabinet officers all came. I mean Nathan and Glenn and Nellius, all those people were always there."

In addition to enacting several forward-looking measures in his first 90 days, du Pont also took some dramatic but painful steps to help bring the state's finances back in line. The most significant of those measures was convincing the General Assembly to repeal the semi-annual cost-of-living adjustments for state employees. The governor also imposed a freeze on state hiring and a halt of all construction projects.

Repeal of the cost-of-living adjustments ("COLA"), du Pont said, was "the first big war" with the General Assembly in 1977. The COLA provisions, Hayward and Craig recalled, provided state employees with automatic pay increases in April and October based on the change in the federal government's Consumer Price Increase for the Philadelphia region. "To get spending under control when you've linked salaries to inflation, and that are automatic, it's a problem. The economy wasn't growing, revenues weren't increasing very fast. So, that put the Democrats in a very difficult position. The state workers and the teachers union and (the state police were) very much in favor of COLA."

Du Pont continues: "For the governor to propose that this sacrosanct thing be ended and instead of sitting down with them and saying well, you know, we'll end it next year and we'll modify it this year. Sometimes the thing that legislators like the least is to have to vote. They would much rather make a speech. But when you have to say aye or nay, you're on the record forever and all of a sudden it occurred to them that they are going to have to vote. No doubt they were hearing from some people saying, you know, we can't afford to do this anymore, and others saying I've a right to my COLA increase."

But, as is so often the case in dealing with the General Assembly, the governor had a price to pay. In this instance, however, it was, more precisely, his cabinet members who paid the price.

Cabinet members, like other state employees, can only be paid the amount appropriated in the budget for their position. When du Pont recruited Nellius, Hayward, Decker and others from out of state to join his staff, he promised them that they would receive pay raises. But the Democrats who controlled the General Assembly weren't about to authorize pay hikes for the Republican governor's top aides while they were cutting out automatic boosts for state workers.

"Nellius was telling me… Nathan told me too that Nancy Cook (an influential senator on financial matters, who later chaired the Joint Finance Committee) said okay, we'll approve the COLA repeal but then we needed to freeze the salaries of the Cabinet," du Pont said.

Hayward picks up the story: "At that time, keep in mind, Jimmy Carter was president. The national inflation rate was over 10 percent and we figured that the cost of living adjustment based on the state's payroll would cost us another $20 million in 1977 and we didn't have it. Our first major hurdle was to negotiate with the legislature. The Democrats said we want every Republican in both houses voting for it and we will put enough Democrat votes on it to pass."

"However, each one of those Democrat votes cost us something. We were assigned legislators as I remember, to go out and sort of do deals. I drew Jake Zimmerman, a Democrat senator from Dover here. And the question was, what was Jake's price and as it turned out, it was rebuilding the Port Mahon bulkhead. A project which as I recall cost us about $100,000, which was a lot of money in those days and it seemed like an awful investment of money for a piece of Delaware where nobody lived but nonetheless that's what Jake wanted. I calculated later on that that vote which cost us $100,000 for the bulkhead saved us close to $100 million over the life of the administration in terms of not having to pay those cost of living adjustments. So that was not a bad return on our investment. So, we got over that hurdle. The legislature as you know repealed the cost of living adjustment.

"My good friend, Nancy Cook, reminded me that her price for voting for that bill because she was one of the Democrat senators that did, her price was that the proposed pay increases for Pete's cabinet didn't go through and I was one of those unfortunate souls who had been promised a substantial pay raise because as I recall, my salary in those days was $23,500 or something and I'd left a job in Washington at a whole lot more than that. Nancy reminded me, she said, if you want my vote, you've got it but none of your cabinet is getting a pay raise because if you are taking cost of living away from the state employees, your team isn't going to get a pay raise. So that was her price."

Writing the executive orders for the hiring freeze and the construction halt was the first assignment du Pont gave Hayward, his director of the Office of Management, Budget and Planning. Governor du Pont had created Hayward's office by merging the responsibilities of the formerly separate Budget and Planning offices. Hayward seemed a natural for the job because he had previously worked in the federal Office of Management and Budget (OMB).

"At that point there was a secretary of finance. There was a Budget Office and there was a Planning Office and the Budget Office was just a couple of people who basically added up numbers. The Planning Office had some people who were really pretty good policy analysts and thinkers, and so what the governor was really looking to do was to try to take the best of the thoughtful people who could help analyze finance issues. So Pete's notion was, let's see, we've got to get the best brains we possibly can who are independent of the agencies and who will give us reasonable advice and see if we can't come up with a financial strategy, not only just cut spending initially but to really begin doing smarter things for the state. So, we created what we called the Office of Management, Budget and Planning which really took these two agencies and kind of put them together. His charge to me was figure out how we can manage the budget, how we can change our approach to programs."

Handling the executive orders put Hayward on the firing line. "So, in a brand new administration, being young Republicans, with a Democrat-controlled legislature in both houses and with this dreadful financial situation in front of us, I had the two least popular jobs that you could imagine. Nobody could hire anybody and nobody could spend anything on construction without coming through me and that was where I got the nickname 'Nathan the Terrible' because, unfortunately I had to say no to everybody almost consistently. Yes, we did allow the state hospitals to hire nurses and yes we did have to have an adequate number of prison guards. But almost without exception, we had no resources and we had nowhere to turn but to say no."

Repealing the cost-of-living adjustments and clamping down on state hiring and construction costs had to be considered victories for the new administration. But those first months were hardly smooth.

As perilous as Delaware's financial condition might have been when du Pont took office, it wasn't nearly as bad as the governor portrayed in his budget address to the General Assembly on March 3, 1977. Hoping to shock the lawmakers into action, the governor indulged in some hyperbole. "The state of Delaware is bankrupt," he proclaimed.

That exaggeration, undoubtedly the most serious misstep of his first 90 days and perhaps of the entire du Pont administration, set off a firestorm. The state's bond rating would fall from *A* to *Baa* at Moody's Ratings Services, and du Pont, along with the rest of his financial team, would over the next few months make numerous trips to New York on damage-control missions to assure investment bankers and Wall Street experts that the state's financial condition hadn't hit rock bottom.

Du Pont recalls questioning whether to include the "bankrupt" reference in the speech, and asking his aides for advice. "The answers I got back were, 'well, you know, it's more or less true.' But if I'd been thinking, I'd have said, 'well it may be true, but if you say that, the rating agencies are going to have a fit.' If I had stuck in the word 'nearly,' everything would have been fine."

The speech prompted some dissension within the top ranks of the administration. Nellius was furious, the governor said.

Nellius tells what happened: "There were a number of us that were reviewing drafts of the speech. There was me, there was Ron Mosher who Pete had brought on as the budget director. There was Nathan Hayward. There was Dick Evans who was the executive assistant and there was Glenn Kenton. Glenn, I love

Glenn… to this day Glenn and I are very close friends, but Glenn could just drive you crazy. And, he had an ego as big as the State House. But Glenn took the speech and after I had looked at what I thought was the final draft, went in and wrote that in and I was sitting there listening to the governor, I mean I was down on the floor listening to the governor's speech and he got to that line and I thought, oh my God what is going to happen in the financial markets now? And it did… And I walked up into Pete's office and I said you know, you brought me on as the head of your financial team. I said if this ever happens again, I'm gone."

The governor's reply? "He said there won't be any more financial speeches if you don't get to approve them," Nellius said.

The "Delaware is bankrupt" episode has become one of the unforgettable moments of Delaware political history. And it set the stage for a monumental confrontation of powerful wills on the state's most pressing issue — the 1977 Battle of the Budget.

The Battle of the Budget

> ***"By the time we vetoed the whole budget in July, things were really awful. But in retrospect, vetoing the budget may have won the war because for the first time, people said you know, these people are serious. Then the legislature overrode the veto. They argued that the revenue estimates we were using were too pessimistic, but we said with these revenue estimates, the budget is going to be in deficit. Turned out the Democrats were right, the revenues came in and so the budget balanced."*** *-Pete du Pont*

Delaware might not have been bankrupt in the spring of 1977, but "nearly bankrupt" would certainly have constituted an accurate description of the state's financial health.

Year after year, under Republican Russell Peterson and Democrat Sherman Tribbitt, Delaware governors would present budgets that called for tax increases or, even worse, they would determine later in the fiscal year that another tax increase was needed because of unexpected spending or poor revenue estimates.

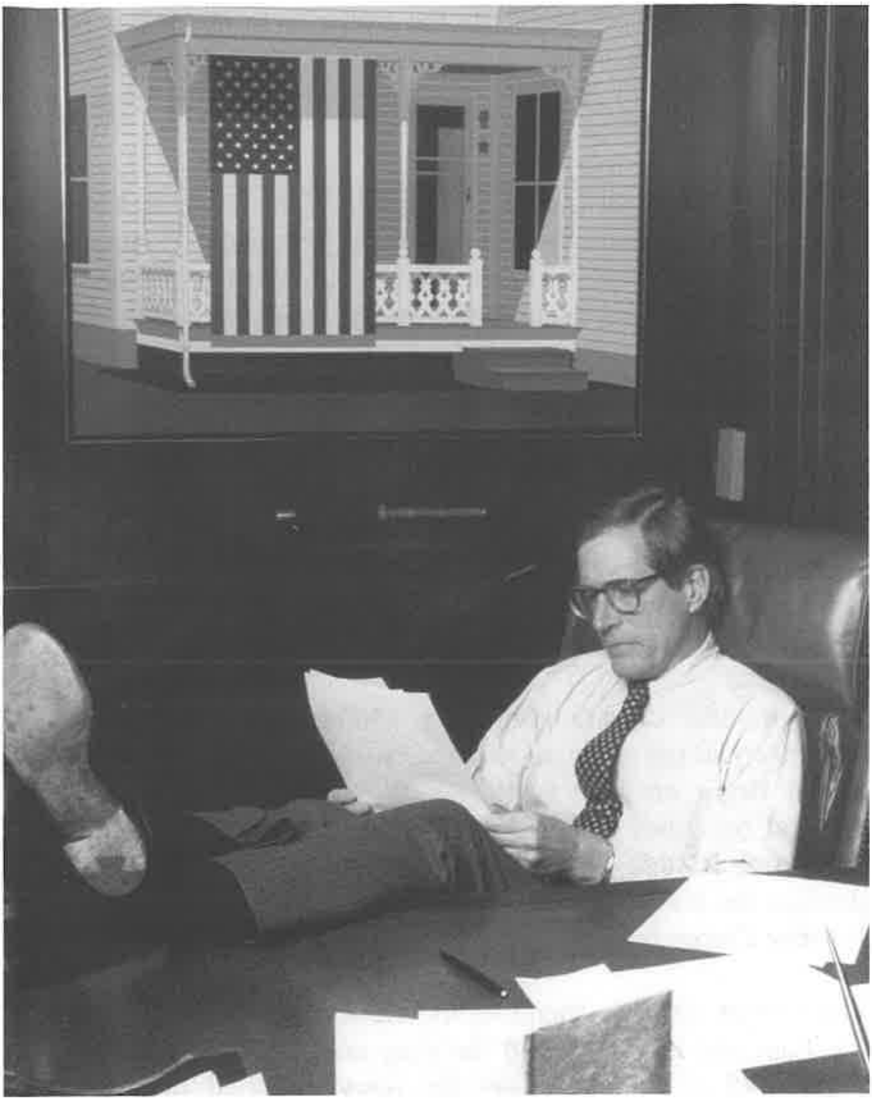
In the Peterson and Tribbitt eras, there was no sophisticated research, no computerized economic models of the state's economy. Revenue estimates were created "on the back of the envelope," said Craig. A lot of that "back-of-the-envelope" estimating was completed by Democratic and Republican legislative leaders over drinks at a couple of popular Dover restaurants, the Gold Key and the Blue Coat Inn, said Nathan Hayward, du Pont's director of management and budget.

Hayward elaborates: "Essentially what they did was, they said, 'Okay, here is what we need to solve people's budget problems. Now we need a revenue estimate that's going to equal that,' rather than saying, 'what is the state really going to take in revenue and how do we manage to live with that?' That had been the problem all along. There had been no linkage between a reliable revenue estimate and a disciplined spending process. So, earlier governors and earlier legislatures had deliberately done things like under-fund the revenue refund line in the budget which you have to pay out when people apply for a tax refund that they have been entitled to. You can't not pay them and have a credible government. So, what would happen in years previous was people would pass a budget which on paper looked as though it was in balance, but in fact, everybody knew was manipulated and so then they would have to come back and pass supplemental appropriations to deal with these big-ticket items like Medicaid, court costs. They would always lowball the costs of running the court system. Things like the bailiffs and deputies and things. They all knew that they had to work overtime. They all knew there were things of that sort.

"Same thing with prison guards. They would always lowball the prison guard line and then of course, they'd run out of salary money for prison guards along about March. Well, what were they going to do? Fire them all? Of course not. So, those sorts of shenanigans, if you will, had been part of the Delaware budget process for eight years under two different governors. Pete saw that it was absolutely essential in order to restore people's faith in the process that you had to get it all up on the table and nobody was hiding issues under the mat."

Craig served as the chairperson of the Delaware Economic and Financial Advisory Council (DEFAC). But DEFAC hadn't been around long by the time the budget battle hit. Furthermore, no matter what the quality of the forecasters, they needed some data as their starting point, and they didn't have much to work with yet.

Craig explains: "We'd go for information about where is this spending, why are we doing that, what's going on here and we'd be given boxes of old *News Journal* articles and there was little centralized information."



In the governor's office
Painting in background by "D.A. Christmas."
Photo by Kevin Fleming

In Delaware, the governor has the authority to propose a budget, but the General Assembly has to pass it. Conversely, the General Assembly can write its own version of the budget, but the governor has the authority to veto it.

In *Democracy in Delaware*, her history of the General Assembly, Carol E. Hoffecker, Delaware's most prominent contemporary historian, called this 1977 test of wills "the most significant battle in modern Delaware political history" and "a major defining moment in the evolution of the General Assembly into a more responsible body."

In all the state's history, journalist Celia Cohen writes in *Only in Delaware*, "There never had been a budget fight that played out with both the governor and the legislature using every constitutional weapon at their disposal."

This would be the time.

After months of wrangling, the administration and legislative leaders could not agree on revenue estimates for fiscal 1978, which would begin on July 1, 1977. With time running out as the General Assembly neared the end of its regular session on June 30, legislative leaders drew up their own budget. The key player in drafting the budget was Rep. Lonnie George, chairman of the Joint Finance Committee.

The budget set state spending for the fiscal year at $454 million. Du Pont and his aides said the state could count on revenues of only $445 million. George, in reply, asserted that increased collections of the state income tax would erase the deficit the administration projected.

On July 2, in a vote along straight party lines, the Democrats, who held the majority in both houses, passed the budget bill written by Lonnie George and his Democratic colleagues on the Joint Finance

Committee. Over the Fourth of July weekend, du Pont vetoed the bill.

In his veto message, du Pont declared that the budget passed by the General Assembly was "inaccurate, unrealistic and detrimental to the future of Delaware."

"I cannot agree with a budget that so seriously distorts our priorities and fails to provide for essential programs to protect state employees, taxpayers and the welfare of our citizens," the governor wrote.

Some miscalculations, both mathematical and political, had gotten the governor and the lawmakers into this predicament, according to Pete Nellius, du Pont's secretary of finance. As the budget was being drafted, Nellius recalled: "There was a task force that included members of the four caucuses and I was meeting with them but at the higher level, Glenn (Kenton) was running things and the mistake, I think, was that the Republican House members had dug in and Pete felt he could not compromise the Republican House members. It was to honor their desire and back them up and that was when Dick Sincock was running the House Republican caucus and Jack McKay was doing the financial and budgeting stuff. Frankly, some of the things that they (the Democrats) were doing and proposing in their redraft of the budget were terrible. They really were. He really believed that he needed to veto the budget."

The veto set the stage for the momentous vote on the override, scheduled for July 6. On paper, the Democrats had the votes. With 13 of 21 senators, they had the three-fifths majority for an override. In the House, they held 26 of 41 seats, one more than needed to hold a three-fifths majority.

Whether it's a political election or a legislative roll call, what ultimately matters is not the majority that is written on paper, but rather who turns out to vote. Hayward recalls the situation: "I remember the Democrats scurrying around trying to find their caucus members all over the country because some of them had gone off on vacations. My recollection was they found Harris McDowell somewhere out in the Midwest and had to get him flown back to get to Dover to vote and another very nice representative from the Newark area, her name was Sandy Worthen, was among the missing and they had to find her and anyway there was a mad scramble and they all came back to Dover and voted to override the veto and they had just exactly enough votes to do it."

Having the Democrats override his veto could have been a crushing defeat for the freshman governor. But du Pont was not about to let that happen.

Legal counsel Swayze recalls du Pont's reaction. "He didn't get angry. He was shocked and surprised at the course that it followed and we thought we had the votes to avoid the override only to find at the last minute that we didn't. Pete simply rolled up his sleeves and said 'let's figure out what we need to do and do it.'"

As it turned out, Lonnie George, whose full-time job was teaching math at Delaware Technical and Community College, demonstrated that he knew a little something about numbers. At the end of the fiscal year, revenues had exceeded expenses by $100,000 — or 0.0002 percent of the budget. Delaware had finished the fiscal year in the black — without having to raise taxes along the way.

But the balanced budget wasn't entirely George's doing. As Rep. Edward Bennett, a Dover Democrat, told Cohen: "If COLA stayed, Pete du Pont would have been right. We would have been bankrupt."

And, Hayward pointed out, "We had to work like hell to make sure that that budget didn't exceed the limit. The State had a gradually improving economy. The national inflation rate began to come down a little bit." Nonetheless, he added, "the Democrats were able to say, see we told you so. We were right, you were wrong. That was a big moral victory for them."

Regardless of who may have won or lost the political battle, the duel over the budget had a crystallizing effect — and it would create an enduring common resolve within the executive and legislative branches to ensure that the state should never go through such a crisis again.

"Vetoing the budget was a very good thing to have done because all of a sudden, all people in Delaware said this administration is serious," du Pont said. Many people couldn't understand the veto, and some complained that it would bring negative attention to the state, Craig said. But, she added, "that veto was really necessary because the spending levels were continuing at a very high level and we had to put a freeze on spending."

In the aftermath of the veto and override, the Democrats — and just about everyone in Delaware — knew for certain that du Pont was serious about controlling state spending, and that he would take every necessary step to achieve that objective. And du Pont recognized that he would need the support of the Democrats in the General Assembly to implement his programs. Each side had learned to respect the other. The next step would be for them to learn to work together.

In the summer of 1977, du Pont began reaching out in earnest to the Democrats. Lonnie George explains: "I think it's a fair assessment that the first session of the legislature was pretty bumpy. Relationships had not yet been built between the key members of the legislature and the governor and his key people. It took that first session for those relationships to come about, and there's no doubt in my mind that by the time we finished and we got to the summer that the governor would make a determined effort to start building bridges with members of the legislature. He did it that summer, he just didn't send his cabinet to do it. He did it himself. Delaware is small and thrives on relationships. Pete began to build those kinds of working relationships with key members of the legislature, especially the leadership. And after that summer, things just started to come together. There was more understanding, mutual respect, give and take — all the things that go into making sure things get done and get done properly. Pete also made sure his cabinet also had those kinds of relationships. There are things that get done once you begin to understand and respect each other.

"He looked for social settings to get people together. I remember going to a ballgame. There is something about building a relationship when you're not asking for anything. It's kind of like, we're just going to go out to a ballgame, have some fun, a few laughs, tell some stories, and get to know each other. I give him a lot of credit for it, for taking this on himself. He was the governor. He could have had his cabinet build these relationships. But he did it in social settings that were not threatening, where nobody had to get on the defensive, and we got to know him as a person. He got to know us."

Kenton offered this assessment of the administration's rocky first six months of dealing with the legislature: "It was important to us to really draw a line in the sand and be tough early and be firm.... But then, after we kind of got through that first session, we reorganized. We took stock of ourselves. There were some members of the administration who were much more comfortable in the General Assembly now that we got the big issues out of the way. We got the money off the table. The judges off the table. The cabinet confirmed. We were now into the nitty-gritty things of running the government every day starting the end of the first year into the second year. Pete Nellius became our chief legislative person down on the floor. Pete got along well with legislators."

Nellius continues: “By then we were beginning to really hang together. Then we started getting a lot more cooperation from all four caucuses. We had established some good legislative relationships. We established relationships with trust. I never knowingly ever lied to a legislator. Never. They knew they could count on that. I mean, there might be times when I’d say, well, I just can’t talk to you and they respected that. But they knew if I told something or if I made a commitment that it would be backed up.”

“Our relationship with the General Assembly as we got to know each other better began to improve,” Hayward said.

Many more challenges remained for the administration and the General Assembly. But the governor’s outreach effort and the lessons learned in the great Battle of the Budget would eventually pay dividends for Delaware.

The du Pont cabinet gathered.
Left to right: Harry Derrickson, Carl S. Oldach,
William J. O'Rourke, William E. McDaniel, Ronald Mosher, Lydia Boyer, Governor du Pont,
James Gilliam Jr., James T. Vaughn, Donald Whiteley, Col. Francis A. Ianni, Glenn C. Kenton.

Desegregation

"Our task is not to fix the blame for the past but to fix the course of the future." *-Pete du Pont, Sept. 11, 1978*

With those words, borrowed from the late President John F. Kennedy, Pete du Pont encouraged New Castle County residents to conduct themselves with calm and deliberation at a crucial, emotion-charged moment when violence could have had unimaginable consequences.

On September 11, 1978, the time for blame had indeed passed. For the students, teachers and administrators in New Castle County's public schools, and for all the residents of New Castle County, September 11 marked the start of a whole new way of life — a life in which children would be bused between city and suburbs so that their schools might be desegregated.

The implementation of the desegregation plan, called the "forced busing plan" by its opponents, ordered by U. S. District Judge Murray M. Schwartz, concluded a legal battle that had begun seven years earlier. The case actually had its roots in the 1950s, before the U.S. Supreme Court's landmark *Brown v. Board of Education* decision declared unconstitutional the "separate but equal" education system that had prevailed in Delaware and throughout the South.

By 1968, just a few months before Pete du Pont would be elected to the General Assembly, the legislators passed a major school reform law known as the Educational Advancement Act. In that law, the General Assembly declared that, as part of a district consolidation process, a school district with more than 12,000 students could not be merged with another. This provision, coupled with another one stating that boundaries for Wilmington's school system must coincide with the city limits, effectively barred the merger of Wilmington and suburban school systems.

In 1971, the parents of five Wilmington students filed suit, charging that the passage of the Educational Advancement Act was part of a pattern of state action that resulted in the unconstitutional racial segregation of the city's public schools. The case came to trial in late 1973 before a panel of three federal judges. The case moved slowly through the courts; the court decisions that would establish the legal basis for desegregation came in 1974 and 1975, during the Tribbitt administration. In its rulings, the court cited, among other things, the impact of the Educational Advancement Act in ensuring that the predominantly black Wilmington schools would be ringed by predominantly white suburban school systems. The case was highly controversial both from a practical and legal perspective. Because the city of Wilmington itself was predominantly black, the only possible remedy was to shift the attendance of students away from their neighborhood schools to other schools farther away from their homes to "racially balance" the schools. Wilmington students would have to be transported to suburban schools and suburban students to Wilmington schools in order to satisfy the court's mandates.

As a legal matter, many noted constitutional scholars vehemently opposed the legal basis for the decision, arguing that it was principally housing patterns, not the Educational Advancement Act, that resulted in the predominantly black city of Wilmington schools.

Nevertheless, in November 1975, in a one-sentence ruling, the U.S. Supreme Court upheld the decision of the three-judge panel in U.S District Court. The State Board of Education was ordered to submit to the court a plan to comply with the order. The judges rejected each of them as inadequate. The court eventually established criteria for the plan and ordered that it would take effect in September 1977 for middle and high schools and the following September for elementary schools. The three-judge panel then disbanded itself and put the remedy phase of the litigation in the hands of Judge Schwartz.

Signing the United Nations Day proclamation flanked by Delaware schoolchildren, October 17, 1978
Courtesy of the Delaware Public Archives

As the case worked its way through the courts, members of the General Assembly were not about to take any action that could be viewed as supporting the forced busing of students away from their neighborhood schools to promote racial balance. The legislature did pass two bills relating to the order. One established a voluntary program allowing Wilmington students to transfer to suburban schools and suburban students to transfer into Wilmington schools.

The voluntary transfer plan took effect in the fall of 1976 but had minimal impact on the racial composition of city and suburban schools.

"The General Assembly's (reaction to the court decisions) was very combative," said Dr. Jeffrey A. Raffel, professor and director of the School of Urban Affairs and Public Policy at the University of Delaware and author of *The Politics of School Desegregation*, an examination of the political, legal and social issues in the Delaware case. Raffel, who served as staff director of the Delaware Committee on the School Decision (DCSD), an organization created by Governor Sherman Tribbitt that consisted of 50 community representatives whose mission was to increase public understanding of issues raised by the courts, understood the importance to community stability of having government leaders who would accept whatever the courts would order, even if it were something they did not favor.

He recalled the conduct and attitude of the legislative branch of government: "The most interesting aspect of that was the number of proposals made by the General Assembly members which were clearly unconstitutional and they didn't know it. They were seeming to show their constituents that they were doing something even though they did not have the wherewithal to change the outcome of the court decision."

Among the proposals, historian Carol E. Hoffecker wrote in her book *Democracy in Delaware,* were a constitutional amendment to prohibit changing school district boundaries, refusing to pay bus drivers to transport children across district lines, and trying to get Judge Schwartz to testify on the case before a legislative committee.

By 1976, several citizens groups that opposed the court's decision, most notably one called the Positive Action Committee, had begun to wield significant political influence. In the 1976 elections, while choosing du Pont as their governor, Delaware voters also elected several representatives who had gained PAC endorsements. As he took office, du Pont realized that, barring a successful appeal to the U.S. Supreme Court, implementation would occur on his watch. The only questions were when and how.

Of the political leaders then serving, Raffel recognized that du Pont would have to take the lead. Not only was he the head of the state government, but also, the mayor of Wilmington and the New Castle County executive were not in positions where they could exert positive influence over suburban parents who strongly opposed overturning the tradition of neighborhood schools for the purpose of achieving a racial balance in public schools. Wilmington Mayor William T. McLaughlin supported interdistrict desegregation; newly elected New Castle County Executive Mary Jornlin was a Wilmington resident who had been opposed by the Positive Action Committee. She and her staff were not familiar with the issues when she took office in January 1977, Raffel wrote in his book. He recalled meeting with the new governor in early 1977, along with several leaders of the Delaware Committee on the School Decision. Raffel said they "asked him (du Pont) to play a more active role and stated that it was time to prepare the community, since a school desegregation court order would come down and was a likely fact."

In July 1977, three weeks after the legislative session ended and the key steps had been taken to restore the state's financial integrity, du Pont issued a statement that left no doubt as to his position on implementation.

Speaking in Dover at a banquet sponsored by Calvary Baptist Church, du Pont stated: "One of the most serious and far-reaching public questions facing us in the next few weeks is that of the state's approach to resolving the long-standing desegregation issue in New Castle County. It seems certain that the court will impose some desegregation plan to be in place when school begins in September. As governor, I am acutely aware that there is no issue more sensitive among our people than this one. Continued rhetoric denying the existence of the court's action is counterproductive.

"The affected school districts and agencies of local government will have my personal support in the efforts they must make to implement whatever plan is finally ordered by the court. Whatever the plan, the people of Delaware must know that responsible state elected officials are prepared to act in the best interest of all our citizens and to work with them in complying with the changes dictated by the court's order as easily and as harmoniously as possible.

"After all, we are dealing with our children, and we have no greater responsibility, and the state has no greater investment, than in securing the continuity of their education for the future. I certainly hope that I can count on your support in helping us to meet this challenge."

However, at that time, the state was hardly prepared to implement desegregation. The Interim Board of Education still had no plan for student assignments, and the General Assembly was not about to create one of its own.

Fortunately, as it turned out, in August 1977, Judge Schwartz issued an order delaying implementation and directing state officials to submit to the court a meaningful plan that would take effect for all grades in September 1978.

The delay gave du Pont the opportunity to craft what he hoped would be a better plan. The court had called for merging 11 school districts — Wilmington plus 10 in the suburbs — into a single district.

Popular sentiment in both suburban New Castle County and in the General Assembly was strongly against eliminating neighborhood schools for the purpose of achieving a racial balance in New Castle County schools, and even more vehemently against merging 11 districts into one. Du Pont and his staff crafted a proposal that they believed would make school governance a little more manageable — dividing the affected area into four separate districts.

Raffel describes sentiments toward the concept of the single school district: "There was a real concern about the single district. Downstate school officials, legislators and members of the public were concerned that if New Castle County or at least the desegregation area became one district they would be the elephant among the chickens and many thought that was not good. There are also people who believed in Delaware's long-standing tradition of having smaller school districts and really did not want to see a larger, more bureaucratic school district that would be more likely to be unresponsive. Over time there was feeling that this idea and this idea of the single district was not the best way to go."

In December 1977, du Pont called a special session of the General Assembly to consider the plan. But he once again ran into a legislature that remained unwilling to consider the issue in any constructive way. Raffel explains: "The attitude of the General Assembly had been they did not want to 'pull the trigger.' Indeed, I actually heard those words spoken. The court gave the state many opportunities to develop their own plan but the General Assembly did not want to take the responsibility. So I think that the members of the General Assembly were very concerned that they would get targeted for helping in any way whatsoever. The attitude was certainly this (desegregation) is the third rail of politics. Anybody who touched it would be electrocuted and executed. That was certainly the mood among the legislators, and sometimes led by some of the anti-busing people and people who were involved with or sponsored or supported by the Positive Action Committee."

Supporters of the court's order did not take a position for or against the four-district plan. Meanwhile, members of the Positive Action Committee postulated that any vote to endorse any sort of desegregation proposal — no matter what its merits — would be a vote to eliminate neighborhood schools and for "forced busing." Their arguments carried the day and the General Assembly voted down the governor's proposal.

In the spring of 1978, after the Interim Board of Education and Delaware's lawmakers had failed to take action on the court's order, Judge Schwartz directed that suburban students spend three years attending schools in what had been the majority-black Wilmington and De La Warr districts. Wilmington and De La Warr students would spend nine years attending schools in majority white suburban areas. A single board of education would oversee school operations in what had once been 11 separate districts.

As the details of the plan fell into place, the planning to enable the implementation of the court's order to occur smoothly kicked into high gear. The governor summarizes his feelings: "But here we not only had the courts telling everybody what they had to do, but we had kids being bused all over the place. I mean, kids were being put on a bus in Newark and bused to schools in Wilmington and *vice versa*. Well, rightfully so, that upset a lot of parents. I thought there was a real chance that there would be disruptions and violence and I put a lot of time into going around and talking to people about how important it was even though a court order didn't make a lot of sense."

While the Delaware Committee on the School Decision worked largely in public to reduce anxiety over this potentially explosive issue, another group worked hard behind the scenes. David Swayze, du Pont's legal counsel and top adviser on desegregation, helped organize what became known as the "Breakfast Group," named for the time of its weekly meetings at a Howard Johnson's restaurant on U.S. 13 south of New Castle. Participants included representatives of the Delaware Chapter of the National Conference of Christians and Jews, educators, representatives of law enforcement and the media.

Swayze recalls: "There were people in that group who were opposed to busing. There were strong advocates of the plan. There were those of us who were trying to be practical about it to figure out a way to make it work. Everybody in the room was dedicated to the proposition that there shouldn't be any violence. We were prepared for the worst."

Preparing for the worst meant being ready for any contingency. While there was talk of mobilizing the Delaware National Guard in the event of violence, successful preparations made that unnecessary. State police received extensive training in the months before the start of desegregation. Workers from state and local governments and school districts manned phone banks at an information center, answering questions about student assignments, bus schedules, tax rates and virtually any other issue that might concern parents. Five days before implementation, the 17 governmental agencies involved in planning successfully conducted a surprise simulation involving nine school incidents, two problems with buses and rumor control. A detention center, outfitted to hold up to 300 people at a time, was set up at the New Castle County Airport.

In addition to taking virtually every step imaginable to ensure that officials were prepared for implementation, du Pont called on some high-profile leaders and celebrities for support. Three weeks before implementation, he established the Effective Transition Committee, a blue-ribbon group whose diverse membership ranged from J. Caleb Boggs, the former governor and U.S. senator, to Philadelphia Eagles linebacker Bill Bergey. The committee, informally known as the "monitoring commission," was more symbolic than substantive. Raffel said, "They didn't do much, but again it is somewhat reassuring to know that these people were interested in this and were saying, 'Hey, we've got to do the right thing here.'"

"We got all these people to come to Delaware and talk to the high school people and say now this is a good thing to do and we can't let this hurt our state and it took," du Pont said.

September 11 came and went — with only minor incidents in several schools. The implementation of the court's order had begun without violence — a significant accomplishment.

The auspiciously peaceful start did not mean that implementation would continue smoothly. By October, one of the major unresolved issues from the planning process would become a full-fledged crisis.

Before the implementation of the court's order, each of the 11 school districts had a different pay scale. Now that all the teachers were working for a single school district, there would have to be a single pay scale. State law called for salary equalization in reorganization situations, and the teachers expected that the equalized scale would be the one that paid the highest salaries, the one that had been in effect in the former Wilmington school system. On average, Wilmington teachers were earning $2,200 a year more than teachers in suburban schools who had similar experience and education. If pay scales for suburban teachers were raised to Wilmington levels, the total cost would have been about $22 million, and would have practically doubled the property tax rate in suburban areas.

While most preparations for the implementation of the court's order were completed successfully, the New Castle County Board of Education was unable to reach a contract agreement with the teachers' union, the New Castle County Education Association. The "leveling up" of salaries was the major unresolved issue. The union saw this as an critical opportunity to gain major salary increases for its members.

Teachers participated in special in-service training the week before implementation began and worked without a contract in the crucial first days. By October, however, they had become frustrated with the slow progress of negotiations, and requested intervention by a federal mediator. They also asked a group of parents to sit in on the talks.

On October 15, negotiations stalled. Teachers said they would be willing to wait until the start of the 1979-80 school year for "leveling up" to begin. The school board said it was willing to equalize salaries at the end of a three-year contract. Neither side would budge and the teachers voted to go on strike.

Delaware law prohibits teacher strikes, but there had been several earlier in the 1970s, including a statewide work stoppage and a 27-day strike by Wilmington teachers in 1975.

Raffel recalls what happened as the parents sat in on negotiations: "We also know that there were pressures from the teachers' union to try to level up the teachers' salary. The union wanted 'the community' involved in the contract negotiations, thinking that they would then support the teachers union and would be a wedge for the union. Before they went on strike they had some of us watch some of the negotiations, talk to both sides. They had caucuses with us. They really did tell us what the proposals were, and they really did involve the parents. Unfortunately, I guess for the teachers' union, but the more they involved the parents, the more the community representatives disagreed with the union. Then they started to sympathize with the (school district) administration and not the teachers and this started to backfire on the union."

In his book, Raffel recounts the governor's intervention. One week into the strike, he assigned his secretary of labor, Donald Whiteley, to represent him in the negotiations. Rather than call the General Assembly back into session to vote on funding for "leveling up" salaries, as the teachers union and school board desired, he directed his financial advisers to check the school district's books, to see how much money was available for salary increases.

By November, the pressures on the striking teachers had mounted. Du Pont's aides announced that the school board's latest offer — "leveling up" salaries after two and a half years — would result in a $20 million deficit. The governor sent a letter to the teachers, urging them to face up to the financial realities. He then called a meeting with more than 100 parent leaders to restate his position. Parent groups united against the teachers' demands.

On November 16, Raffel wrote, "the governor gave the screw a final twist." He told the union and the school board that, unless an agreement was reached by November 20, he would not support the use of state monies saved by not paying teachers during the strike for use in a settlement. The next day, the school board revised its offer, proposing to "level up" salaries in 18 months.

As it turned out, the firm positions taken by parents and by the governor forced the school board to revise its final offer and the teachers union to accept it. And, Raffel pointed out, "the money that was used to end the teachers' strike was basically money that had been saved from the teachers going on strike."

In one important respect, the evolution of the implementation of the court's order for the school system in New Castle County provided another example of du Pont stepping out ahead of educational and political interests in the state. In late 1977, the governor proposed dividing northern New Castle County into four separate school districts, but the General Assembly voted down the plan. Four years later, the legislators heeded the governor's suggestion, and the four districts have continued in operation for more than 20 years.

As the author of the only book on this case, Raffel is most qualified to assess du Pont's handling of this controversial issue: "Well, I think that he could have dealt with desegregation in a number of different ways. The governor could have said, 'I am going to stand in the schoolhouse door'; could have said, 'We're going to fight this tooth and nail'; could have been the leader of the opposition to it, and could have therefore swayed the public. I think we were very fortunate that Pete du Pont did not take that kind of position, but took the position that this is the law and we will try to maintain our public schools and put things in motion to do that. You might criticize it as, well, down the middle, but down the middle was hard to do. This was a volatile issue to say the least, but it was also a public safety issue and I think the governor and his administration realized that and ultimately accomplished that goal.

"Delaware could have been destroyed. It really could have. Not too many people realize that. Thanks to people like Pete du Pont and some of the others like Bill McLaughlin, we avoided incredible destruction that other communities had or what might have happened."

The wisdom and legal basis of the court's order abolishing neighborhood schools in northern New Castle County in order to deal with the predominantly black schools in the city of Wilmington are still being argued today. In 1995, the state prevailed in its petition to eliminate the oversight by the court of the education system in the affected areas. In the meantime, certainly the effects have not been insignificant.

In the years immediately before and after implementation of the court order, public school enrollments in northern New Castle County began to decline, while private school enrollments increased, and so did public school enrollments in nearby Cecil County, Md., and southern Chester County, Pa. Soon after, families with school-age children began moving into the rural Appoquinimink School District, south of the C&D Canal, triggering a two-decade building boom in the Middletown area. In their 1995 book, *Selling Cities*, Raffel and David Varady attribute the overall population growth, and the related public school enrollment growth in areas near northern New Castle County more to the availability of cheaper land and large building lots than to whites fleeing public schools because of the court order. More significant, they wrote, was the increase in enrollment of white pupils in non-public schools. In 1975, they wrote, about 17 percent of the white pupils in New Castle County attended non-public schools; by 1980 this figure had risen to nearly 30 percent.

Northern New Castle County continues to have one of the highest percentages of students attending non-public schools in the nation, and the percentage of minority students in northern New Castle County's public schools has steadily risen, in part because of public school flight by families with greater educational options and because of changing housing patterns and higher birth rates among minority populations. In 2003-2004, 22 percent of the school-age children in New Castle County — and nearly one-third of the white school-age children — were attending non-public schools.

But, as Governor du Pont said, "Our task is not to fix the blame." With his leadership, the implementation of one of the most unpopular court decisions in the history of Delaware was achieved smoothly and peacefully.

Michael N. Castle
Lieutenant Governor, 1981-1985
Governor, 1985-1993
U.S. Congressman, 1993-

Delaware is Anti-Business

> ***"Well, if you're at 19.8 percent, you're going to have trouble recruiting anybody."*** *-Mike Castle*

After overstating the state's perilous financial condition with his "Delaware is bankrupt" remark and losing the battle of the budget veto in June 1977, Pete du Pont started a political turnaround, building positive relationships with Democrats in the General Assembly who shared his commitment to stabilizing the state financially.

Building those bridges would lead to some significant accomplishments during the remaining three and a half years of du Pont's first term. Nathan Hayward III, du Pont's management and budget director, summarizes: "In the first four years, we got the budget process more or less under control. We got the legislature to agree to the spending limits, the 98 percent limit, what we called the 'Rainy Day Fund,' and the restriction on new taxes. Both of which said if you are going to spend beyond 98 percent of your available revenue or if you want to increase your revenue, you are going to need a super-majority of the legislature to agree to it. That allows for major emergencies. It certainly allows for both parties to say yes, here is an extraordinary circumstance and we don't want to put the welfare of the people in jeopardy. But, as a day-to-day matter, those two disciplines, which are now a part of our Constitution in which the legislature was cooperative in making happen, those were absolutely essential.

"So we got through those sorts of humps in the first couple of years. We had frozen capital spending. We had no bond bill in June of 1977. I went and I completely restructured the state's capital finance program. In 1978, we actually had two bond bills back to back. We were gradually beginning to see some successes. Our relationship with the General Assembly was improving."

But placing the state on a sound financial footing involved much more than creating a balanced budget and learning to live with it. The state's finances were heavily dependent on the personal income tax — which provided 44 percent of Delaware's general fund revenue. And the income-tax rate was the highest in the nation. During the Peterson administration, the top rate was boosted to 18 percent of income in excess of $100,000. As the state's financial woes grew during the Tribbitt administration, a 10 percent surcharge was added, making the top rate 19.8 percent. The state's history of financial mismanagement had lowered its bond rating, weakened its business climate, and resulted in a continued loss of jobs.

Du Pont's initiatives in early 1977, climaxing with the budget veto and subsequent override by the General Assembly, convinced Delawareans that this governor was serious about managing state finances. From the summer of 1977 into the start of 1978, du Pont labored mightily to build positive working relationships with leaders of the General Assembly. It was too early to tell whether those efforts would actually lead to genuine fiscal discipline, but there were signs of hope.

Soon the state's political leaders would get a nudge — actually, a shove — from a powerful but unexpected source. After monitoring Delaware's negative business trends for years, corporate leaders finally began to speak out.

It started in April 1978 with Alexander Giacco, president of Hercules Inc., then the state's second-largest employer. In a luncheon speech to the Wilmington Rotary Club, Giacco asserted that Delaware's government was just too fat, and that Hercules might consider taking its headquarters to some other state.

Governor du Pont with a group of travel writers, September 1977.
Courtesy of the Delaware Public Archives

"Delaware's got too much government. The income tax is just the end result. Why are taxes so high? Because we have such a high amount of government services," Giacco told a friendly and supportive audience.

Two days after Giacco fired the first salvo, the chairman of the DuPont Co., Irving Shapiro, delivered another broadside. While the governor was in California, trying to recruit new businesses for the state, a front-page article in the *Wall Street Journal* quoted Shapiro as saying he couldn't encourage leaders of other businesses to move to Delaware because the state's income-tax rate was so high.

The statements from Giacco and Shapiro focused public attention on how "dysfunctional" Delaware had become in the previous decade. Not only were the governor and the General Assembly unable to work together, but the state's business leaders had little confidence in the government. And the government, most notably the elected members of the General Assembly, had little respect for the leaders within the business community.

Democratic legislative leader Lonnie George succinctly summarized the situation: "Irv Shapiro was giving speeches recommending to his fellow CEOs not to come to Delaware. Al Giacco was talking about moving Hercules out of state, (Senate President *Pro Tem* Richard S.) Cordrey and I and others felt a real responsibility to not only work with our governor, but also to try to reach out to the business community. Up until then, there was no relationship between the business community and the legislature. Talk about a wall. It was terrible. If the business community wanted something, the legislators would automatically be opposed to it."

The double-barreled attack by Giacco and Shapiro stunned both the governor and the General Assembly. The implications were crystal clear. With Hercules threatening to move out and no new businesses likely to come to the state, it wouldn't matter how high the state income tax might be. If Delaware's business climate continued to stagnate or, even worse, deteriorate, there wouldn't be enough workers, let alone well-paid corporate executives, left to pay the taxes needed to keep the government running at its current levels.

While some may have wondered whether the statements — especially Giacco's — weren't just some attention-grabbing bluster, the government leaders who took the most careful readings of the business pulse recognized that Giacco and Shapiro could not be ignored. George explains; "I've been in enough meetings with Shapiro and Giacco to know that these men had a presence. Shapiro never said he'd move DuPont out, only Giacco said that, but I wasn't willing to call his bluff. On the other hand, the way we approached it was that we can work together on that; we're both interested. We've got to find some common ground here; we can't just lob grenades at each other. So we felt that, in return for certain incentives, we could tie things to job growth. That would help Delawareans and would get away from (the idea that) well, this is a give-away program for the corporations. If we could create more jobs, then there seemed to be some equity in the system. But, these men had a very, very real presence, and even in the back of your mind if you didn't feel that Giacco would move, you didn't want to take that chance. There was another issue, and that is, here you have at the time two of the highest-ranking CEOs in Delaware saying to other business leaders 'don't come to Delaware.'"

Hayward, then director of the office of management and budget, offers his perspective: "Al Giacco and Irv Shapiro, who were of course two of Delaware's major corporate leaders, kept reminding us that the state's income tax was 19.8 percent for incomes over $100,000. They said, look, Delaware is not a competitive place to do business. Delaware is certainly not a competitive place to try to attract business when you have rates of taxation which are such red flags. And, in fact, Al Giacco at Hercules said we have a lease which is due to expire on our headquarters building in downtown Wilmington in a couple of years and we've been heavily courted by other states and asked if we would like to move to Connecticut and Texas and South Carolina or wherever. If we don't see some major improvement in Delaware, we might just do that. Well, that put the fear of God into everyone. Some people said that's political blackmail. Most responsible people said it's important stewardship to the taxpayers, but it's also important stewardship to the shareholders of Hercules and to the employees of Hercules."

As it turned out, there was a little bit of bluff in Giacco's threat to move Hercules out of Delaware. As he recounts in his book, *Maverick Management,* Hercules had been courted by business recruiters from Fort Worth, Texas, but the company had concluded it wouldn't be a good fit in Texas, and it didn't relish the thought of leaving behind much of its workforce.

However, by accepting an invitation to speak on economic issues at the annual luncheon of the Fort Worth Chamber of Commerce, Giacco did nothing to dampen speculation of a possible move. *The News Journal*, in fact, sent a reporter to Texas to report on the speech and monitor Giacco's activities.

"The so-called plot to tempt us to move to Fort Worth was perhaps the most important factor in keeping the pressure on the state to cut taxes," Giacco wrote in his book. "You can't threaten unless you are ready to carry out the threat. I couldn't threaten to move to Texas at the same time that I promised I wouldn't abandon our people." But there was nothing to stop Giacco from mentioning, to almost any Delawarean who would listen, that the low income-tax rates in Texas were far more palatable to business executives than Delaware's top rate of 19.8 percent.

Although Giacco never said so publicly at the time, if Hercules were to leave Delaware, it would make only a short move, to a site on U.S. 202 in Pennsylvania not far from the Delaware state line. Hercules engaged in intensive negotiations with Pennsylvania officials, winning favorable responses from just about everyone, Giacco wrote, until they reached the office of the Governor Richard Thornburgh. While those negotiations were in progress, Giacco did meet with du Pont, and he explained his thinking and the company's position. Even if moving to Pennsylvania would benefit Hercules, Giacco told du Pont, "I would continue to live in Delaware and pay taxes to prove that this wasn't a personal ploy to reduce my own taxes."

Delaware, of course, was in no position to cut taxes. In the spring of 1978, the state was in the final quarter of the fiscal year under the controversial $454 million budget that became law when the General Assembly had overridden the governor's veto.

Although the governor understood the position Shapiro and Giacco were taking, he wasn't pleased at first with the timing of their statements.

Du Pont recalls his conversation with Shapiro: "I called Irv and said 'Come on, give me a break here, we're trying to get this state turned around. We're trying to get some jobs and here you are on the front page of the *Wall Street Journal*?'"

Shapiro's reply, in the governor's words, was, "You won't believe it, but I was doing you a favor."

Du Pont continues: "I'd prefer that he hadn't said it, but it was true and again it turned out in vetoing the budget category of things, it was a good thing because here was a very prominent Democrat, the CEO of the biggest company (in the state) and he says Delaware's a lousy place to do business. Well, what does every Democrat in the legislature think when he reads that? He or she thinks, geez, it's not Pete du Pont telling me this. It's a guy who gave me $200 to run, a guy who helped run the Democrat Party. So, it was a good thing."

Du Pont saw the opportunity to employ the corporate leaders' tax-cut advocacy as a supplement to the improved relationship he had developed with key legislators. He could now move to institutionalize some restrictions on spending before acting on the calls to cut taxes.

Working with the General Assembly, and with the support of James D. McGinnis, the Democratic lieutenant governor, the du Pont administration won approval of two pieces of legislation that would restore a sense of financial stability and responsibility.

One bill mandated a spending limit — at 98 percent of revenues for the fiscal year — and created a new account where the remaining 2 percent of revenues would be stashed. Officially, it was the "Budgetary Reserve Fund," but just about everyone still refers to it by its colloquial name, the "Rainy Day Fund." The other established the requirement of a three-fifths vote in each house of the General Assembly in order to raise taxes.

The legislation requiring the three-fifths supermajority evolved logically from fears that Delaware's lawmakers could revert to their prior budgetary ways. After all, some skeptics wondered, when the 98 percent requirement was enacted, if actual revenues were to fall short of 98 percent of budgeted income, what would stop the governor and the General Assembly from passing another tax increase? The solution, recalled Eleanor Craig, was the supermajority legislation.

Both the Rainy Day Fund and supermajority legislation were enacted as amendments to the state constitution, winning approval of the General Assembly in two successive sessions — in 1978 and in 1980. Significantly, as evidence of the new cooperation and resolve on the state's finances, there were no attempts at political gamesmanship in 1979 — when lawmakers would have had one last chance to manipulate the budget or raise taxes before the new rules would take effect.

On the legislative side, Cordrey in the Senate and George and Gerry Cain in the House took charge and shepherded the legislation to its successful passage. Within the administration, much of the credit goes to Pete Nellius, who had replaced Kenton as the governor's point man with the General Assembly and quickly won the legislators' respect. Nellius offers his perspective: "It wasn't simply passing a couple of budgets that were lower or getting some more revenue moving. There had to be some fundamental structural changes in state finance. (There were) two constitutional amendments: one was to restrict state spending and also to create what we called the 'Rainy Day Fund' and the other was the one that changed the voting requirements to pass a revenue bill from a simple majority to a supermajority (three-fifths) to raise taxes. And those went hand in hand. We came to agreement with the legislature on them. I will give them a lot of credit because, before they ever became constitutional amendments, they started living by them. (We received) a tremendous amount of support from Senator Cordrey and then later from Kenny Boulden (the Democrat who was speaker of the House from 1977 through 1978). We'd have our fights and knock-down drag-outs, but when it came to that, they honored it. They said we're going to live with it. We're going to live within these bounds and when we went to Wall Street to pitch the bond sales and so forth, we took them with us and they gave their pledge that things were fundamentally different in Delaware finance now."

The leadership of Cordrey, who headed the Senate Democrats, was instrumental in passing the supermajority bill. Cordrey, Craig says, "was very helpful through a lot of this. He understood the problems and he understood the solutions that we were suggesting and that there really weren't other solutions."

Having Cordrey's support would pave the way for other accomplishments. Not only was he a Democrat, but he was from Millsboro, in agriculture-dominated Sussex County, making him the political antithesis of the Republican governor.

"All of a sudden," Craig said, "somebody in the Democratic Party agreed with what we were trying to do, it was kind of a meeting of the minds."

By early 1979, with the state's budget showing a surplus of about $20 million, the governor could put tax-cut legislation at the top of his agenda. He reached out to George and Cain, the young House Democrats who had taken an early interest in abandoning the old politics and developing a bipartisan approach to restoring the state's financial stability. They sponsored the administration's first tax-cut legislation, a bill that reduced the top rate from 19.8 percent down to 13.5 percent. The bill passed easily.

Finally, the governor felt confident that he was doing well, and he had the results to show it. It just took a little longer than he had expected. He explains: "It's not as if we were a band of zealots that came into the governorship and said if we just do A and B and C, everything will be fine. We learned as we went along and in fact I think our biggest weakness was we didn't have all these ideas in our heads in 1977. It took until '78, '79 before we kind of got it."

In November 1979, a special election was held to fill the seat held by Rep. Daniel Kelly, an Elsmere Democrat whose death in September had left the House deadlocked, with 20 Democrats and 20 Republicans. Republican candidate Donald VanSciver handily won the hotly contested election in the predominantly Democratic district, giving the governor's party control of the House. No longer would du Pont have to deal with Democratic majorities in both the House and Senate.

Van Sciver's election prompted the elevation of one of the governor's most powerful legislative allies. Milford Republican John M. Burris, elected minority leader in January 1979, became majority leader when the Republicans gained control of the House and continued in that role through 1984, when he ran unsuccessfully for the U.S. Senate. In du Pont's words: "John Burris was a very effective legislative leader: But more important to us, he was an excellent strategist, helping us develop a legislative plan, getting our bills through the House. Without John, it all would have been much more difficult."

In May 1980, the General Assembly passed the second leg of the constitutional amendments to establish the 98 percent spending limit, the Rainy Day Fund and the supermajority requirement for tax-increase legislation. With the constitutional amendments approved and the first tax cut enacted, the du Pont administration could now deal from a position of strength as it took additional steps to improve Delaware's financial status.

Some of the most crucial measures involved some of the state's major employers. The most significant concerned Hercules, Inc. When Al Giacco started talking in 1978 about Hercules possibly leaving Delaware because of the state's high tax rates, he had other issues on his mind as well.

At the time Hercules had only three years left on its lease in the Delaware Trust Building at Ninth and Market streets in Wilmington. For an international chemical company the size of Hercules, with more than 24,000 employees and net sales of nearly $2 billion in 1978, it didn't seem right for its headquarters to be in an aging high-rise that didn't even bear the company's name.

Hercules' dissatisfaction with its downtown headquarters was hardly a secret, and that gave all the more credibility to rumors that Hercules was ready to pack up and head for Texas, Connecticut or any other state. While Giacco would later acknowledge that he had always wanted to keep the headquarters in Delaware, there was no certainty that the main office would have to be in Wilmington. Keeping Hercules in Wilmington, however, would have significance as an economic development initiative, because it would strengthen the city financially and enhance its stature as businesses from outside Delaware considered relocating into the state.

Hayward explains: "Once we got that (tax-cut) bill passed … we then set about working on the project to try to save Hercules' location downtown. That was the first sort of major economic development initiative that we had in Pete's administration. We did that as a joint partnership, Republicans and Democrats, because the Wilmington mayor, Bill McLaughlin, was a Democrat and his key people in the legislature were all Democrats. So we had a bipartisan effort to keep Hercules in Wilmington. Frank Biondi helped us put together a strategy to deal with financing to buy some land for Hercules and to give them a place to build their new corporate headquarters. That was a very complicated deal, both financially and politically. But we were successful and that was really the turning point because it came on the heels of this major initiative to begin to cut taxes. The recognition that Delaware needed a much better image, a much better, if you will, environment for the business community. And here we had a major employer who had been a longtime resident of the state saying, okay, we'll trust you. While we are not satisfied with the changes that have been made to date, we believe that you are moving in the right direction and that you will continue moving in that direction."

It marked a watershed, Hayward said, that someone outside state government, in this case Hercules, was willing to assert that they believed the governor and General Assembly were headed in the right direction.

"Apart from its obvious size and its economic consequence, (the Hercules project) had much more profound meaning outside of Delaware because others looking at us from beyond the state's borders really wanted to see a bell cow and Hercules was the bell cow. Hercules created the beginning of the momentum that was necessary."

According to Kenton, the effort to keep Hercules in Wilmington began because of Giacco's remarks about Delaware's high taxes, but the early planning was done without any involvement by Hercules officials. The administration, he said, assembled an internal task force that included Hayward and James H. Gilliam Jr., du Pont's secretary of community affairs and economic development and the state's first African-American cabinet officer. The task force located a real-estate development firm in Houston, an architectural firm in New York and, with the help of some Wilmington officials, land at 14th and Market streets, the site of the old Fletcher Brown vocational high school.

Kenton continues: "We called Giacco one day and we said we'd like to come over and talk to you. He had no clue what it was about. We walked in with this huge presentation, including a big site of the chairman's suite looking out over the Delaware River, and architectural renderings of the building and I think he was quite taken. So we were really working on economic development a lot starting in 1978-79."

The du Pont administration also took the lead in coming to the rescue of one of the nation's best-known businesses. The Chrysler Corp., which had an assembly plant in Newark, opposite the University of Delaware's athletic complex, had been struggling throughout the 1970s. With interest rates soaring, Chrysler believed it needed loans at below-market rates to survive. It sought assistance from states where it had assembly plants.

Secretary of finance Pete Nellius, legal counsel Dave Swayze and

Gilliam were the key players in the state's negotiations with Chrysler. Nellius and Swayze have slightly different recollections of the events, but they remember well how the matter was resolved.

Here's Swayze's summary: "In the summer of 1979, the Chrysler Corporation was on the financial ropes. (Chrysler CEO) Lee Iacocca devised a three-pronged strategy which implicated the lending community to whom Chrysler was heavily indebted, the federal government and, unbeknownst to us at the time, the various states in which Chrysler production facilities were located. To implement this third prong, Iacocca and the governor of Missouri summoned each of the Chrysler facility states to send representatives to a meeting to be held at the annual meeting of the Midwest Governors Conference in Lake of the Ozarks, Missouri. There was no agenda for the meeting, and it was to be held on the morning following the date on which Governor du Pont was notified of the meeting.

"The governor dispatched as his representatives me and Jim Gilliam Jr. The next morning, we walked into the meeting room in the company of our colleagues from the other states amidst a sea of television cameras, klieg lights and reporters. On the table before our assigned seats was a sealed envelope bearing the name of each of the attending states. We were then asked to open and examine the contents of the envelopes and, if possible, respond.

"Our envelope contained a valuation of the Newark Chrysler plant, an analysis of the economic impact of the plant on the Delaware economy, a description of the plan for the state's portion of the bailout, a timetable for committing, and the outline of a financing package including loans and grants that totaled, as I recall, $50 million. Jim and I were flabbergasted by the size of the request, but agreed that we would respond by saying that Delaware was interested in helping Chrysler in any way it might reasonably do so, that we would take the matter under advisement and report to

Governor du Pont, and that every effort would be made to meet the rather daunting timetable proposed by Chrysler.

"Before leaving Lake of the Ozarks, Jim and I briefed Nathan Hayward and Glenn Kenton by telephone. We immediately agreed that the amount of subsidy and loan requested was a non-starter, and that we should apprise the leadership of the General Assembly of developments immediately. One of us — I believe it was Nathan — said that, if we cannot contribute what Chrysler is asking, we at least can be the first among the Chrysler production states to provide financial relief."

Nellius remembers flying to Chrysler headquarters in Michigan to meet with the company's chief financial officer. He recalls: "We came back and we put together a possible deal that we thought would work where we could loan money to Chrysler but we wanted to secure it with real estate which we thought was a pretty good deal because of the appraised value of the real estate, plus it was in Newark."

The collateral Nellius referred was the Chrysler plant itself. "And they were a little reluctant to do that. They wanted more (money) and they didn't want to put up security and all and basically we said tell us what you need first. You need someone to be first. You need one of the states to jump in and say yes. Then you're in a seat where you can begin to line up the other states."

And so it was, Swayze recalled, that the administration and the General Assembly collaborated to write Chrysler a $5 million loan, secured by the Newark plant's assets. It became the first package presented by any of the states to Chrysler.

Iacocca, Swayze said, told the governor by phone that he would not forget that Delaware was the first state in, and he said that he would personally come to Delaware to deliver the payoff check once Chrysler was back on its feet. The loan enabled Chrysler to finance a $60 million modernization of its Newark plant, start building its popular mid-sized K-car line there, and regain its financial stability. The loan was repaid, and Iacocca came to Delaware to present du Pont with a check for $5 million at the assembly plant in Newark.

"That was really neat," Nellius recalled. "We got a lot of national press. So did Chrysler." And Delaware, as the first state to agree to make a loan, started Chrysler on its way to recovery. Keeping Hercules in downtown Wilmington and helping Chrysler stay alive were important to preserving key revenue sources for the state. Another significant action was the completion on Dec 30, 1981, of the sale of the state-owned Farmers Bank to the Girard Company of Philadelphia for $38.6 million, a move that finally took the state out of the banking business. The sale had other benefits as well. When Governor Tribbitt made a deal with the Federal Deposit Insurance Corporation in 1976 to keep the sagging bank from collapsing, one of the requirements was that the state keep all its deposits in the bank, rather than invest them elsewhere at higher rates of return. With the sale of the bank, another $180 million was freed up for investment, The governor and General Assembly created a special Cash Management Policy Board to oversee future investments.

Another of the administration's initiatives to strengthen the state's financial well-being was the creation of the Delaware Economic Development Office. Hayward, who would serve as the first director of economic development, recalls how the office evolved: "Well, there were offices of tourism, there were various other kinds of offices, but from a standpoint of having a statewide development initiative, what we had in mind was certainly on the cutting edge in 1980. And a group of us had been meeting from time to time — business developers and some legislators and what have you. Frank Biondi was in the middle of it all and I sat down with Frank and I said okay, we need an authorizing statute to do this and we worked together on what the office should be able to do and wrote a bill to create one which was introduced in the General Assembly in January of 1981, right after Pete was sworn in. It was structured to be a professional office where its employees were outside the merit system and where people would be hired and fired based on their productivity and where you could pay competitive wages. It was a hell of a novel idea for the General Assembly but John Burris, who was House majority leader at the time, said this is absolutely what we need and it passed the House with strong support of the business community, the Chamber of Commerce, the (Delaware Business) Roundtable and what have you."

Not only was the Economic Development Office instrumental in identifying businesses that would relocate to Delaware, but it also served as a broker to ensure that the needs of these businesses were met. If a manufacturer needed trained welders, for example, economic development officials would coordinate training programs with Delaware Technical and Community College.

By cutting taxes, reforming state finances and creating the Economic Development Office, the du Pont administration and the General Assembly transformed Delaware from a state with a fading economy and an anti-business image into a well-managed operation that was responsive to corporate leaders and to the entire workforce.

While the entire nation endured a recession in 1982, Delaware showed a 3 percent gain in employment. When the U.S. unemployment rate was 9.5 percent, Delaware's was 7.6 percent. From 1977 through the end of the du Pont administration, Delaware's credit rating improved each year — a record no other state could match. Starting with the fiscal 1978 budget, Delaware balanced its budget every year. The increased reliance on DEFAC for economic forecasts was paying off too. In fiscal 1977, under the final budget of the Tribbitt administration, the state needed 37 supplemental appropriations to pay its bills; by fiscal 1983, the forecasting — and the spending process — had gotten so smooth that not a single supplemental was needed.

But as significant as those developments were to Delaware's fiscal stability, they all pale in significance to a single piece of legislation that would bring jobs and revenue to the state at levels far beyond anyone's wildest dreams.

The governor signs proclamation for the Shriners, June 18, 1977.
The Shriners from left to right: John R. Fisher,
Charles "Pete" Hughes, and Thurman Adams.
Courtesy of the Delaware Public Archives

The Financial Center Development Act
Delaware's Golden Egg

"We wanted 500 jobs... not 40,000." -Eleanor Craig

Since the early years of the 20th century, when cousins T. Coleman, Pierre S. and Alfred I. du Pont modernized first the DuPont Co. and then the state, Delaware's economy had been tied inextricably to the "Three C's" — chemicals, chickens and Chancery, the state's renowned business and equity court.

The "Fourth C" — credit cards — would arrive at the start of Pete du Pont's second term as governor. At the time, as Eleanor Craig indicated, no one knew how significant the credit-card industry might become. By the end of the century, the answer was obvious: Credit cards were bigger than chickens, bigger than chemicals. Credit cards had become the single most powerful force in the state's economy, a goose that laid golden egg after golden egg.

While Pete du Pont had done much to restore the state's financial well-being in his first term, conditions throughout the nation were anything but pleasant. "Inflation" was a nasty word, and "double-digit" was its constant modifier. One of the industries that suffered most from inflation was the banking industry, especially those banks that relied heavily on revenue from loans to turn a profit. As the inflation rate soared, banks had to pay more for deposits, but many states had laws that capped the interest rates that banks could charge on the credit cards they issued.

The nation's biggest banks, including many of the biggest credit card issuers, were based in New York. Not only were the interest-rate ceilings set by New York State's usury laws a problem for the banks, but they also had to pay some of the highest state corporate taxes in the nation.

They would find a solution — and relief — in Delaware, thanks to innovative legislation titled the Financial Center Development Act. No one is quite sure exactly when the legislation was conceived, or who had the idea first. What is true is that the idea was nurtured through an extraordinary collaboration that involved New York bankers, Delaware business leaders and lawyers, key figures in the du Pont administration and the leadership of the General Assembly.

According to Nathan Hayward: "There are many different versions of who actually created it. The (banking) industry itself was looking for solutions. Jerry Shea, who was then chairman of the Bank of Delaware, introduced us to some banking friends of his in New York who were thinking about this. Henry Beckler, who was also at the Bank of Delaware, had some friends. Some lawyers in town had clients, people who were sort of all thinking about this. But it was actually Chase Bank who came to us and said, you know, is this an idea that would possibly sell in Delaware? And that was in the spring of 1980 and we looked at it and started thinking about it. They wanted us to pass it by June of 1980 and we said there's no way. That just isn't the way things are going to work here. So we put a little task force together of some state and city people to look at it and came up with the final strategy and the final recommendations for the General Assembly in January 1981."

Actually, Delaware wasn't the first state to open its doors to the credit-card banks. That distinction goes to South Dakota, which passed its legislation first and welcomed Citicorp. However, the labor market in South Dakota wasn't particularly satisfying to the banks, and, in the pre-Internet era, most of them had qualms about locating a major segment of their operations in a state nearly 2,000 miles from their headquarters.

Although the legislation was quietly drafted in 1980, Glenn Kenton contends that the organizational framework that put the unique bill together was actually established in 1977, when du Pont created the Intergovernmental Task Force. The top priorities of the task force were to study the possibility of merging the Wilmington and New Castle County governments, and to reduce overlaps between services provided by the local and state governments.

Kenton explains: "That was really important for a couple of reasons. Debbie Donovan (of du Pont's staff) became the director. The city, the county and the state government participated. And we created another commission and the co-chairs of that commission were (prominent Wilmington lawyers) Frank Biondi and Norman Veasey. Staff people on that commission were Glenn Kenton and Nathan Hayward, Dave Singleton from the City of Wilmington and Henry Folsom from New Castle County. (Singleton later became secretary of finance in the Minner administration and then chief administrative officer for New Castle County and Hayward became Minner's secretary of transportation). That Intergovernmental Task Force issued a report that didn't really come to much, but that developed an intensely close working relationship on a daily basis among Nathan for the state, me for the state, David Singleton for the city, Frank Biondi (for the private sector). That became the axis of a group of people, the staff for the Financial Center Development Act. So we worked on kind of economic growth issues with respect to the Intergovernmental Task Force. We used to meet about every two weeks and we all got to know each other very well. That group just kind of became the financial center development task force."

As the du Pont administration battled to stabilize the state's finances in 1977 and 1978, the governor and his key aides came to recognize some hard facts about the businesses that fueled the state government's financial engines. Simply, there was too much reliance on the chemical industry and, to a lesser extent, the other major manufacturers, like the Chrysler and General Motors auto assembly plants. "We couldn't continue to depend on the DuPont

Company and all of its ups and downs and the corporate income tax," Kenton said. "We just desperately needed to diversify the economy."

Fortunately, as it turned out, Delaware's private sector leaders would agree with du Pont and his aides. Irving Shapiro and Alexander Giacco, the CEOs of DuPont and Hercules, respectively, realized that an infusion of other types of businesses could help insulate the state from the serious downturns it inevitably encountered when the manufacturing sector slumped. A more diverse economy, they concluded, would help Delaware and it would help them too. Delaware's bankers understood that any legislation that would lift interest-rate ceilings would benefit their businesses, but they feared the new competition that the bigger out-of-state banks might bring. They would come around, however, and support the legislation once they received assurances that the new arrivals would not be permitted to set up local retail branches and compete against them for deposits.

1980 was, of course, an election year, so any new banking legislation would have to be handled with great sensitivity. With du Pont registering an approval rating of about 80 percent among the state's voters, the outcome of the gubernatorial election would never be in doubt. But Republicans especially were concerned that any unexpected controversy might hurt not only du Pont but any of the party's other candidates on the ticket that year, including presidential nominee Ronald Reagan. And Wilmington Mayor William McLaughlin, another key player, was also running for re-election. Toss the elections for the Delaware General Assembly into the mix, and the possibility that the proposal could be savaged on the campaign trail before getting a full discussion seemed a very real threat to anyone who had worked on the project.

Hayward picks up the story: "I've told people this many times, there is lots of credit to be doled out among those who participated. The one person that I think probably never got the credit that he deserved was Bill Gordy, who was a state representative from Sussex County (Laurel), who was the Democratic candidate for governor in 1980. He was the party's, if you will, 'sacrificial lamb.' Everybody knew that he wasn't going to win. But, we decided early on that if the banking legislation or the proposed banking legislation became an issue in the campaign of 1980, the people would be forced to take a position on it publicly without really understanding it and we would lose the battle before we even got out on the field. So Pete said to his good Democrat friends, Frank Biondi and Chuck Welch, we've got to see if we can talk with Bill Gordy about this and they went down and saw him. They laid out the proposal to him and they said, 'Mr. Gordy, if this becomes an issue in the campaign, Delaware will lose. The bill will never see the light of day in the legislature and Delaware will have lost an opportunity to create some important new jobs.' And to his credit, Bill Gordy said you're right. And if you go back and read *The News Journal* you will not find one mention of it in the press in the campaign season running up to November of 1980. That was a very courageous thing for Bill to do, but he was a statesman and he could have been a spoiler. He could have used that as an issue. He wouldn't have been elected, regardless of what he said. But he understood the value (of the proposed legislation) and Frank and Chuck Welch are responsible for helping him understand. So, anyway, we got the banking legislation passed in January of 1981."

As simple as Hayward's summary seems, there was a lot more to passing the Financial Center Development Act than persuading Bill Gordy not to make it a campaign issue. It starts with convincing the big-city bankers that moving to Delaware would be good for them and their businesses.

Eleanor Craig recalls: "Glenn, Pete and Nathan, and I to a lesser extent, negotiated with those banks, with Morgan and Chase. I probably went to New York 20 times. I will bet they went to New

York, I don't know, 50 times each to talk to bankers. Morgan wanted Nathan and me to come up and talk about labor supply in Delaware. So we did a little study on labor supply in Delaware and wages, and the next time they wanted to know about the languages that the average Delaware person spoke. They were interested in figuring out, you know, so many of the low-level bankers in New York spoke Spanish and they wanted English-speaking. So we had to go and figure out what the language capabilities of the average Delawarean were."

And, du Pont admits, the banks weren't an easy sell. "When the banks would come down and say now if we come, if Morgan comes here and builds this, are you guys, meaning the government, you're not going to cut us off at the knees here? You're going to help us get established. We have to have 100 people within a year and we have to do this, we have to do that. But, this is going to go, right?

"I used to say to them, talking about the State Office Building conference room here, if you've got a problem, you come on in and around this one table, we can put all the people we need to solve your problem, whatever it may turn out to be. And we'll talk about it. We're small enough. We can move fast. We can get things done."

Although the negotiations involved frequent meetings, few details leaked out to the news media. Celia Cohen, author of *Only in Delaware*, a history of Delaware politics from World War II through the end of the 20th century, writes that both the *New York Times* and the *News Journal* reported on the discussions, but the stories did not attract significant attention. Kenton marvels that the veil of secrecy was barely lifted.

"A key person in helping us on the Democrat side of the aisle was Frank Biondi and the other person was Chuck Welch, who was the number-two person over at DuPont for Irving Shapiro. And, we had all of these major bankers in Delaware through the whole summer. Nobody ever knew about it. Jim McGinnis, who was lieutenant governor, a Democrat, was a great help to us. We had dinners every night either at the governor's mansion or out at Winterthur. We had Walter Wriston, CEO of Citibank, in here. We had the CEO of Manufacturers Hanover in here. Tom LaBreque, the COO and president of Chase, was down here several times. We met with everybody from the phone company. Joe Houlihan (of Diamond State Telephone Co.) played a big part. Nobody found out about it. It's just an amazing thing. Nobody had any clue what was going on other than people in the public sector. You know, you tell two or three politicians this story and it almost gets out, but we had Richard Cordrey involved in it. We had Thurman Adams involved in it. We had Jim McGinnis involved in it. We had all of our team involved in it and it lasted for months while we negotiated all of this out."

Of all the important meetings on the issue, the most significant occurred on June 11, 1980, when Chase Manhattan officials and state government leaders agreed to move ahead. The bankers wanted immediate action — passage before the General Assembly ended its session on June 30. The administration, aware of the political risks of trying to railroad major legislation in less than three weeks, prevailed on Chase Manhattan, then the nation's third-largest bank, to wait until after the elections. During the summer, Morgan Guaranty Trust, the fifth-largest bank in the nation, committed to moving its large operations to Delaware because of a change in the tax rate on large banks. Others, including Citicorp and Manufacturers Hanover, participated in the talks.

Here's Kenton's summary of the negotiations: "First of all we negotiated basically with Chase and with Citicorp and Hans Anguemuller, who was the number-two person at Citicorp. Bill Butcher, (the CEO) of Chase, was a critical person who (Hercules CEO Al) Giacco really talked to. Giacco really worked with him a lot because Citicorp had gone to South Dakota and Chase said we're not going to the same place Citicorp is going. And then Citicorp and Hans Anguemuller and Walter Wriston later came and said we're out in South Dakota only because we had to go someplace. But if you are going to open up, count us in too, but Chase was going to take the lead on the legislation. That was basically to remove the interest-rate limitations on credit cards. Then we were thinking about it and kept brainstorming and we said listen, let's go talk to Morgan. We said, well, they don't issue credit cards. And we — Nathan, Singleton, Biondi and I — went up to see Morgan and we said what do you want? And they said we're just getting the heck taxed out of us up here and we need to have a low-tax environment. The state corporation tax was 10.7 percent, I think. And the bank tax in New York was 24 or 25 percent on top of federal tax because they couldn't leave under the law. (Federal law prohibited banks from moving their headquarters to another state without prior approval of that state.) Of course, no state had ever done that because the state's local banks wouldn't let that happen, but then we met with all the state's local banks. Tyler McConnell (of Delaware Trust) really led the way, Barney Taylor of Wilmington Trust Company was terrific after Shapiro had a little talk with them. They were the biggest bank; he had a right to be concerned. Taylor was terrific. The local bankers downstate were terrific. Bob Hoyt of Sussex Trust, David Jones from the Harrington Bank was the president of the Delaware Bankers Association. He was a big help. We sprung it all right after the election publicly. We made a big public announcement and said this thing has got to pass in January in a special session. I guess it was November or December of '80."

Coming on board to the du Pont team late in the process was Michael N. Castle, the Wilmington lawyer who had served 10 years in the legislature, from 1966 to 1976. When John Burris, the House majority leader, declined du Pont's invitation to become his running mate, du Pont offered Castle the opportunity to join him on the ticket.

One of Castle's first memories after handily winning election in November 1980 was his participation in a meeting later that year at the Hotel du Pont.

"I was the lieutenant governor-elect although I'm not sure about the date. And to this day it's still the highest level meeting I've ever attended in Delaware in terms of both the rankings of the people involved but also the substance of what was discussed and the solutions. It was a question of trying to refine it, what direction to go or whatever, but I remember Al Giacco and Irv Shapiro, Pete, I'm sure Glenn was there, Frank Biondi, and a series of other people. I can remember a good 10 to a dozen people in that room and I was sort of the new kid on the block. It was really fascinating because it was truly bipartisan. It was all for the interest of the state. I mean there was nothing really in it for Hercules and DuPont (Co.). It just involved thinking at an incredibly high level for government in the integration of business community thinking. It was from that meeting that basically sprung the finalization of the Financial Center Development Act. That particular meeting just captured the essence of what you could do in a small state."

When all the closed-door meetings were done, the administration was almost ready to announce the proposal. All it needed was a name. The draft had an 18-line title; everyone wanted something shorter. Leave it to Nathan Hayward, the state's economic development director, to come up with the four-word title, Financial Center Development Act.

On January 14, 1981, the administration held a news conference to outline the proposal. And it gave the General Assembly the deadline that the banks had demanded: Pass the bill by February 4 or the deal was off.

In essence, here's what the Financial Center Development Act did: Delaware eliminated its legislatively set interest-rate ceilings and agreed to tax bank profits at a lower rate than they were taxed in New York. In return, each bank agreed to create at least 100 new jobs in Delaware within a year. Existing Delaware banks benefited from two protective elements of the legislation: they would be taxed at rates lower than the out-of-state banks, and the new banks were barred from competing with existing Delaware banks for deposits.

The legislation had an impressive array of backers — the leaders of the state, Wilmington and New Castle County governments, bankers and lawyers and the heads of Delaware's largest businesses, the DuPont Co. and Hercules. Lawmakers quickly realized that the Financial Center Development Act was favored by almost everybody in the state's power structure — and by the powers most likely to contribute significantly to their future election campaigns.

Within eight days, Burris had the House Republican majority well under control. And Democrats supported the measure too. The bill passed 33-3, with four abstentions and one legislator absent.

The Senate vote was scheduled for February 3, one day before the deadline.

The lieutenant governor presides over the Senate, and Castle vividly recalls his marching orders from the governor: "So he got me in there and he said, 'Castle, your job is to stay in that Senate, stay in that seat and don't move, make sure it's nice and orderly, and if there's a tie you've got to break the tie.' And I sat in that damn seat for I think 11 hours. I didn't go to the men's room, I didn't do anything, just sat right in that chair when they had the whole debate going in the state Senate and we got it done."

In the days before the Senate vote, national consumer groups had taken notice of the legislation. Consumer advocate Ralph Nader, whose report, "The Corporate State," a decade earlier had strongly criticized the close links between business and government in Delaware, declared that the proposal, if enacted, would have dire consequences for consumers. More local opposition developed.

According to Cohen, the debate lasted seven hours, not the 11 that Castle recalled. All the proposed amendments failed, and Castle never did have to break the tie. The final tally was 14-7 in favor of the legislation, which du Pont signed two weeks later.

Starting June 1, 1981, the banks could set up credit card operations in Delaware. Fourteen established offices in Delaware by the end of the du Pont administration. That total would eventually grow to 35, before a wave of consolidations reduced their numbers.

The arrival of the banks changed the skyline and streetscape of Wilmington and fueled the construction of office parks in its suburbs.

By the end of the century, MBNA, arriving from Maryland, would become the state's largest private employer. Chase Manhattan, Citibank, Bank One and J.P. Morgan would become significant contributors to the state's economy.

From the passage of the legislation to the end of the century, employment within Delaware's banking industry increased tenfold, to more than 43,000 jobs, about 10 percent of the state's workforce. Tax revenues from the credit-card banks provided state government with about 5 percent of its revenue.

The issues involved in the passage of the Financial Center Development Act remain worthy of discussion among students and government finance specialists more than two decades after its passage.

While the legislation would rebalance Delaware's economy by diminishing its reliance on manufacturing, especially the chemical industry, that balance would not remain indefinitely. Within two decades, the incredible growth of the credit-card business prompted some to think the state should move again in a new direction.

Here's what Eleanor Craig had to say about that issue in 2002: "It is difficult to answer but some people argue very strongly that the Financial Center Development Act right now has made us a very unbalanced state. We have such a heavy dependence on the financial sector. They are easily mobile businesses, so they could pick up and go someplace else. Because we have I guess about 20 percent of our employment now in the financial sector, and because it's mobile, we are overly dependent on them."

In the first years of the 21st century, new partnerships among business, government and higher education interests prompted the development of a growing biotechnology industry in the state. At the same time, MBNA streamlined its operations and transformed itself into an attractive takeover target. In June 2005, Bank of America announced its intention to acquire MBNA. The transaction became official on January 1, 2006.

Time will tell whether the advent of biotechnology and the demise of MBNA as an independent entity would be harbingers of the rebalancing of the state's economy that Craig suggested. For now, however, no matter what the degree of dependence on the credit-card banks, hardly anyone would challenge the assertion that credit-card banks fueled Delaware's economy for more than a generation, and that the sophistication and creativity of the du Pont administration made it possible.

There's More to Government than Finances

> ***"When the governor called and asked me to talk to him about the position, in the interview I asked him what he wanted to accomplish, what were his goals for the department and he told me first of all he wanted to be sure that it wasn't in the newspaper every day, crises all the time."***
>
> *-Patricia C. Schramm,*
> *Secretary of Health and Social Services*

Whether it was cutting spending, balancing the budget, reducing personal income-tax rates, empowering a council of financial advisers, creating a new economic development office or spearheading the passage of the Financial Center Development Act, there always seemed to be a financial issue at the top of the du Pont administration's priority list. During Pete du Pont's eight years as governor, the desegregation of schools in New Castle County was the one issue that would prove sufficiently compelling to draw the administration's — and the public's — focus away from dollars-and-cents matters for a prolonged period of time.

While the non-economic issues his administration confronted were hardly insignificant, most of du Pont's cabinet secretaries managed their departments the way he told Pat Schramm he wanted it done — smoothly and without the crises that would bring negative headlines in the daily news.

While working in a relatively low-key fashion, du Pont and his staff were responsible for stabilizing state government, achieving significant reforms in social services, and for taking the first steps in a process of public school reform that would remain incomplete more than 20 years later.

One of the problems du Pont inherited was a lack of continuity in key positions. Delaware's cabinet system of government was instituted during the Peterson administration, from 1969 to 1973.

So the departments were all relatively new during the Tribbitt administration, and strong managerial standards had not yet been put into place.

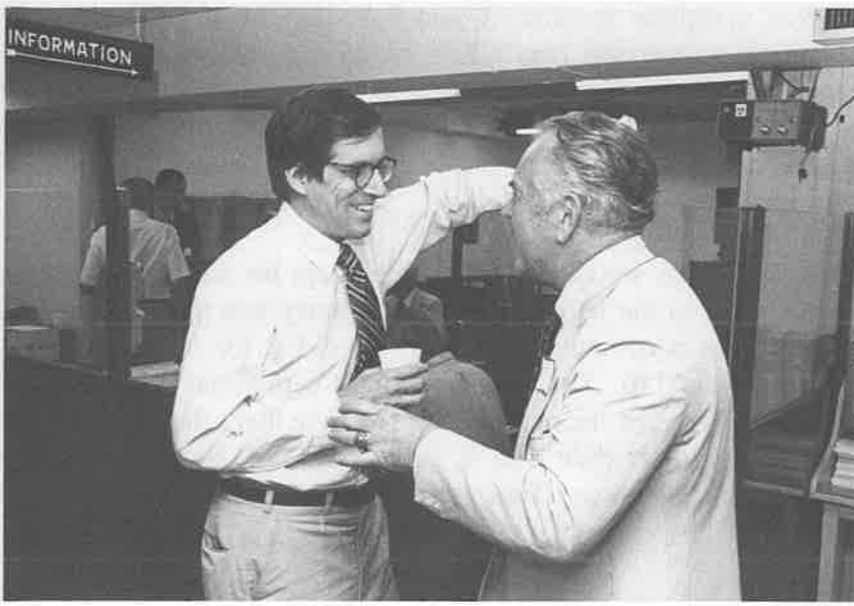
Pat Schramm recalls her first day on the job as Secretary of the Department of Health and Social Services: "The first day I walked in the office, that was before I was sworn in, the cabinet secretary's executive secretary, who had been there for several years, showed me the office and I said, 'OK, I'll see you tomorrow afternoon.' She said, 'No, you won't.' I said, 'why not?' 'Well, you have the swearing in.' I said, 'Yes but that's in the morning.' And she said, 'Well, you won't be here in the afternoon.' I said, 'Well, it's a half-day, why won't I be here?' 'Because none of the other secretaries have been here.' I said, 'None of the other secretaries?' She said, 'Yes, you're the seventh secretary in seven years.' There was no continuity in their department's leadership."

The lack of continuity at the top of the department was compounded by a similar shortcoming at the division director level. The department, Schramm found, had capable personnel, but they weren't getting good leadership.

"One of the first things that needed to be done was to fill the several vacant division director positions. We had to get good professionals in those positions. There was no sense of continuity, a sense that someone was going to be there long enough to get something done."

Schramm did find the governor was responsive to her department's needs. As an example, she cites her request for a new computer system so the department could process welfare and food-stamp payments more accurately and efficiently.

"When I would go to Pete for something it would be because someone who was a professional in that area had recommended it very strongly to me and had presented to me a credible case for it.



Governor du Pont chats with former Governor Sherman Tribbitt at the Emergency Planning and Operations facility, Delaware City, July 13, 1977.
Courtesy of the Delaware Public Archives

This department was dealing with millions of dollars and thousands and thousands of clients and had computer systems that went back almost to the punch-card-type computer systems. To make a long story short, I had tried very hard to get computer services out of this centralized computer department and simply could not get it. So I went to the governor and said you're asking me to get the welfare errors down, food stamp errors down, serve people more quickly and all this kind of stuff. We can't do this with these hundreds of thousands of transactions unless we have a modern computer system. I said I would like to have our own computer system and here's how much it would cost. He said I can't do that because I would have to let everybody else do it, but he said, I'll tell you what, I will tell them to serve your needs, to do it now, and if they haven't done it in one year, you will have your own system.

"One year later, we had nothing, so he kept his word. He and his people went to the legislature for the money and the authority for us to set up a computer system. We did it for very little cost, because we had to. I'm sure Pete didn't care about that computer system, but he saw the need for it. He gave them the chance to do their job and they didn't do it, so he said, OK, do it. We had it done in six months. That's the kind of thing that would be typical."

Replacing a computer system helped the state develop what Schramm called "some of the best-run welfare, food-stamp and Medicaid programs in the nation."

One troublesome issue for the administration was the quality of oversight in the Division of Child Protective Services, which was responsible for monitoring the status of children living in troubled home environments. In 1982 and 1983, six children died while under the supervision of the division, sparking calls for reform from the public, *The News Journal* and members of the General Assembly.

The situation, Schramm said, was "horrible. There is no question that if any child loses his life it's a serious matter and we were really concerned about that." She pointed out, however, that, in the mid-1970s, many people were unaware of the magnitude of child-abuse problems. Coming into the department, she said she was very disillusioned to learn "the degree to which people abused and neglected their children. I don't think most people are aware how big a problem this is."

The response from Schramm and the governor was to improve management and controls within the Division of Child Protective Services. But it was quite a challenge to find leaders who possessed the proper mix of management skill and social-worker sensitivity.

Schramm explains: "There was some mismanagement on the social worker side of things but I sat down and talked with the social workers and they were really trying. I think as far as the management issues are concerned social workers at that time were not accustomed to many modern management techniques. Social workers were taught to do good and not taught how to manage and the way you got to be a leader was by being a good social worker. That didn't mean you had ever had any management training or knew anything about information systems, so there were some very major shortcomings in that area. We had developed some computer systems and they didn't want to use them."

The administration's response didn't satisfy the General Assembly. In 1982, Rep. Myrna L. Bair, a Republican, sponsored legislation to create a separate cabinet-level department that would be responsible exclusively for services to children. Creating such departments was part of an emerging national trend, Schramm said.

Du Pont opposed the measure, Lt. Governor Mike Castle said, because "he felt that it was an expansion of the bureaucracy," and since all the functions of the new department were being taken from Health and Social Services "it was probably unnecessary."

Schramm elaborates: "We felt that it wasn't the solution and that it was going to cost a lot, extra management type money and bureaucracy to set up a separate department, and it wasn't necessarily going to cause it to function any better. At some point the environment kind of creates itself and it gets worse and worse even if it isn't worse and so at some point it was going to happen. I don't know whether it was the right thing to do or not."

Bair's legislation passed in 1982, but du Pont vetoed it. At the end of that year's legislative session, a compromise measure that reorganized portions of the Department of Health and Social Services was passed and became law.

Then, in 1983, after the death of another child, du Pont, recognizing that the legislature would renew its call, drafted his own legislation to create a separate children's department. With questions over the management of Child Protective Services entering a second year, there seemed little benefit to battling against the inevitable. Creating the new department would, if nothing else, defuse the controversy. The bill passed.

By serving as Secretary of Health and Social Services for the entire du Pont administration, Schramm was able to give the largest department in state government the continuity it was lacking under the two previous governors. That continuity would continue for another eight years, as Thomas P. Eichler succeeded Schramm and held the position throughout the Castle administration.

Yet another problem facing the du Pont administration when it took office was the state prison system, which was over capacity and not meeting the basic human needs of the inmates. "The prisons were near disaster from the very beginning of Pete's first term," legal counsel Dave Swayze recalls. The Community Legal

Aid Society had sued the state during the Tribbitt administration, alleging that overcrowding at the Delaware Correctional Center near Smyrna violated the rights of prisoners under the U.S. Constitution and their rights under Delaware law, which at that time mandated fair and humane prison conditions. U.S. District Judge Murray M. Schwartz found that prison conditions violated prisoners' rights under state law. He placed a cap on the number of prisoners that could be housed at the Delaware Correctional Center, but the cap was quickly exceeded, Swayze says. Attorneys from Legal Aid filed a motion to have the state held in contempt of court.

Swayze continues: "One of the very first things I had to do was to come in and develop a master plan and convince Judge Schwartz that we needed a substantial additional amount of time to begin to put that master plan in place. I worked closely with John Parkins, then chief appellate counsel for the attorney general. Some of the things we could do relatively quickly, like accelerated parole, where we could increase the parole populations. But other things required a great deal more time and Judge Schwartz gave it to us. Jim Vaughn was the commissioner, of course, in those days, the only holdover from the Tribbitt cabinet. I remember Vaughn sitting in the witness stand testifying about these additional policies and plans and saying basically, 'You know, Judge Schwartz, I just want you to understand that if it doesn't work, and I'm in contempt, I'm going to jail before I start releasing prisoners.' He felt strongly about it. He understood who should get out and who shouldn't get out in his own mind and of course he was very close to his wardens and he was going to take the jail time before he would violate what he believed to be a sworn oath to protect the public safety."

Interestingly, Swayze said, the administration's response to the prison issue was not what the governor had in mind when he was campaigning for office in 1976.

"If you go back to the campaign, you'll see that the governor's visceral reaction to the prison problem was that we were putting too many people in jail. And then, he got on the inside and discovered that we had a lot of "crazy-quilt" programs that would put people on the street over the weekends when the inmate counts would occur. And there were some terrible crimes committed by some of the inmates who were out on these furlough programs and it hardened him. And you add to that the fact that this was the takeoff stage for mandatory sentences. All that was happening at the same time. And the demography, the crime-prone population was just hitting its stride. Put all those factors together and Pete concluded that we had to start building new prisons and adding onto the ones we have. Gander Hill of course was the principal addition, but he also added to DCC (the Delaware Correctional Center near Smyrna), Sussex Correctional Institution and converted KCI (Kent Correctional Institution) to an adult facility."

As it turned out, in his eight years as governor, du Pont would add more beds to the state prison system than any of his predecessors. But Swayze realized that adding beds year after year wasn't going to solve the problem. The state had to look at sentencing standards, alternatives to prison and treatment programs for inmates. In preparing part of the governor's January 1981 State of the State address, Swayze added a paragraph announcing the creation of a 35-member Sentencing Reform Commission that he would chair.

The commission eventually recommended a multi-level sentencing process, with increasing levels of punishment based on an offender's prior record. The new system drew attention to the state, and Swayze recalls that du Pont was even invited to deliver the keynote address at the annual meeting of the National Institute of Justice in 1983. The following year, du Pont signed legislation making a Sentencing Accountability Commission the permanent overseer of the sentencing process. More than a generation later, the commission continues to operate.

By 1979, du Pont had concluded that Vaughn had become too much of a liability — that he was too protective of the prison organization to help guide the administration's efforts to reform it. Du Pont would give Vaughn a choice: resign or be fired. Vaughn chose the latter, but their meeting had a comical aspect.

The governor recalls: "I called him into my office and asked him to resign. I had two letters prepared. In one pocket, I had a letter which read, 'I hereby accept your resignation.' In the other pocket, I had a letter which read, 'Your job is terminated, effective immediately.' Our conversation went on, and he refused to resign, and for a moment I couldn't remember which letter was in which pocket. But I did hand him the right one."

During his struggles to straighten out the prison system, du Pont also relied on Pete Nellius, his Secretary of Finance, because, before starting college, he worked for several years as a prison guard in Huntsville, Texas.

Nellius recalls his role in picking Vaughn's successor: "Pete tried to get Jim Vaughn to resign. Jim didn't want to resign of course and of course Pete fired him. Well, at that time, John Sullivan was working for me as my revenue director. Pete asked me about Sullivan. I said, man, he's tough enough. He could handle it. He's got good organizational skills, I said, but the thing you have to watch about John is once you pull the trigger, you'd better have him pointed in the right direction because he's like a cannon. He goes off and charges straight ahead. So, just be sure you've managed him well."

While prisons and child protective services posed problems for du Pont on and off throughout his administration, he did have someone to call on who could be counted on to manage well and steer clear of major controversy — Marna Whittington.

Whittington, who worked as Deputy Secretary of Education for Pennsylvania Governor Dick Thornburgh before joining the du Pont team early in his second term, became what the governor called his "utility infielder." Whittington joined the cabinet as Secretary of Administrative Services, taking command of a department that had come under attack for poor management of the state's computer system. She then moved over to direct the Budget Office, and finished out du Pont's term as his Secretary of Finance.

Whittington explains: "Pete was having terrible trouble with his computer system. He had a 70 percent up-time and 30 percent down-time with the computer system, and needed somebody with computer experience to come in and rectify the situation. The computer center which was over in the old Highway Department Building in Dover was on raised floors and totally jumbled with wires and the computers kept shutting down. So in a state that was pretty constrained in terms of finance we needed a new building, so in my first year there I proposed a new computer center, a new building, and we got it through the legislature."

Whittington wondered whether she'd be hired for the job, even after making a good impression in her first interview with the Governor.

"When he was trying to recruit me it wasn't obvious that I was pregnant yet, but I was. I went to Patterns (du Pont's private residence) during the Christmas season and interviewed with him and about a day or two later they called and said they would like me to join them in the administration and I said before you firm anything up you need to know that I am pregnant. I already had one daughter. About two minutes later, Pete called me himself and said, 'That doesn't make any difference to me.' So I joined the administration in January and I had my second daughter in August."

After the baby was born, Whittington recalls, the governor took special note of her achievement, presenting her with a governor's declaration certifying that her daughter Sarah was the first child born to a cabinet secretary in Delaware. No doubt the governor was also impressed with Whittington's work ethic. The baby was born August 3, and the new mother was back on the job by Labor Day.

When Whittington joined the administration in January 1981, she was part of the heavy turnover that typically occurs when an incumbent governor starts a new term.

Du Pont's original cabinet included: Kenton, secretary of state; Nellius, secretary of finance; Schramm, secretary of health and social services; Hayward, state planning director; Vaughn, commissioner of corrections; William E. McDaniel, secretary of agriculture; Lydia C. Boyer, secretary of administrative services; James H. Gilliam Jr., secretary of community affairs and economic development; George Jarvis, secretary of transportation; Harry E. Derrickson, secretary of natural resources and environmental control; William O'Rourke, secretary of public safety; Donald P. Whiteley, secretary of labor; Ronald Mosher, budget director; and Maj. Gen. Francis A. Ianni, adjutant general.

During du Pont's first term, the only change, other than Sullivan succeeding Vaughn, was H. James Decker replacing Mosher as budget director.

As du Pont's second term began, only Kenton, Schramm, Hayward, O'Rourke and Whiteley remained in their original cabinet assignments. New department heads, in addition to Whittington, included: Donald J. Lynch, secretary of agriculture; Kermit Justice, secretary of transportation; John E. Wilson III, secretary of natural resources and environmental control; T. Dennis Sullivan, secretary of finance; Col. Joseph M. Lank, adjutant general; and William S. Young III, personnel director. By the end of 1981, Hayward would move over to direct the new Economic Development Office and Whittington would succeed Decker as budget director. After Whittington succeeded Sullivan as secretary of finance, Stephen T. Golding replaced her as budget director.

In addition, Swayze, who had moved from legal counsel to chief of staff when Dick Evans resigned in 1979, went into private law practice in 1981. Bill Manning, who followed Swayze as legal counsel, succeeded him as chief of staff at the start of du Pont's second term. Bill Chandler and Tony Flynn would also serve as legal counsel during the second term. (Chandler would later become chancellor of the State of Delaware, presiding in 2004 over the famous "Disney trial" in which luminaries such as Disney Chairman Michael Eisner, director Sidney Poitier, and others all appeared live and in person in Georgetown for the trial. In spite of some harsh words for the Disney board Chandler, in his decision, upheld the important Delaware corporate law principle of the "business judgment rule" under which wide latitude is given to the informed and disinterested decisions of corporate directors managing Delaware corporations.) After Manning returned to private law practice, Decker and Bob Perkins served as chief of staff.

Changes would continue throughout du Pont's second term. O'Rourke stepped down as secretary of public safety and was eventually replaced by Edward J. Steiner. After Whiteley left the Labor Department, Dennis Carey took over as secretary.

Despite the comings and goings within his cabinet, du Pont found clear sailing most of the time as he navigated through his second term. The revenue flow stabilized; taxes were cut; jobs increased in the new banking community; school desegregation had been implemented without civil disorder; and ongoing concerns about crime, prison, welfare and children's services weren't much different than those faced in other states.

In that environment, du Pont had the opportunity to advance some of his education agenda — and start Delaware on a journey into education reform that would continue into the 21st century.

"If you're going to have a better education system, you've got to have some innovation. You've got to have some opportunity to try other things," du Pont said.

In 1979, he created the Governor's School for Excellence, a one-week summer University of Delaware program that brings together academically and artistically talented Delaware high school students who have completed their sophomore year. Students live in residence halls on the campus in Newark and attend either the academic program — consisting of discussions, lectures, debates and films revolving around a specific theme — or the visual and performing arts program. More than 100 students from public and private schools now participate in this program each year.

Another program begun in Delaware would have a national impact. Jobs for Delaware Graduates was organized in 1979 as a private, non-profit corporation designed to prepare at-risk high school seniors to transition from school to work, After du Pont left office, school personnel and the Delaware Private Industry Council encouraged Jobs for Delaware Graduates officials to expand the program to include students in all high-school grades. In 2005, there were 33 Jobs for Delaware Graduates programs in 29 high schools throughout the state and three more in the James H. Groves Adult Education Program.

A year after establishing Jobs for Delaware Graduates, du Pont used it as a model to create Jobs for America's Graduates, which is now operating in 1,000 high schools, alternative schools, community colleges and middle schools nationwide and in the United Kingdom. Like Jobs for Delaware Graduates, the program's mission is to keep young people in school through graduation and provide work-based learning experiences that will lead to career advancement opportunities or to enroll in a postsecondary institution that leads to a rewarding career. The current president of Jobs for America's Graduates is Ken Smith, du Pont's education adviser from 1977 to 1979, who helped create the program in Delaware.

After winning a difficult battle in the General Assembly to get the program established, du Pont is pleased with how Jobs for Delaware Graduates has grown and stabilized.

"Jobs for Delaware graduates was a good step. The teachers' union (the Delaware State Education Association) bitterly fought it because JDG people that had no union connection came into the school systems. They didn't have to quit at 4 p.m. They could work directly with the kids. And it was attacked in the legislature as some kind of employment scam so that people who were supportive of me could get jobs. But, here we are 25 years later; its a national program. It's operating in 20-some states and it is still working here in Delaware."

While Jobs for Delaware Graduates attempted to attack the issues of at-risk high school students dropping out of school or being ill-prepared for work if they did graduate, a second du Pont initiative, called "Basics Plus," attempted to refocus the curriculum in the elementary grades. The concept, du Pont recalls, didn't draw much support, but it did serve as a harbinger of later innovations, notably letting parents choose which school their child would attend, rather than being restricted to attendance zones drawn by school boards, and creating charter schools, which were public schools with special curriculum themes that weren't governed by local school boards.

Du Pont explains: "So we had the Basics Plus idea, which essentially said any school district that would like to try putting in an alternative school which focuses on basics, which is 'there is no talking in the hall,' I think we said we'd give you $25,000. I mean it wasn't a lot of money. So, only a couple of schools tried but Greenwood was the one that tried. I remember the night before the sign-up day, there was a line of chairs, just like people waiting for World Series tickets, of parents waiting to try to sign up their kids because it was first-come, first-serve to get into the Basics Plus program. It had passed the school board there by 3-to-2 vote but parental choice was strongly opposed by teacher unions. At the next school board election, the board's composition was switched to put a majority opposed to Basics Plus on the board."

The major obstacle facing governors who desired education reform — and this included du Pont and his successors — was that the State Board of Education and the Department of Public Instruction had evolved into a powerful governmental body that operated with considerable independence from the governor. Although the governor did appoint the members of the State Board of Education, he could only make those appointments when terms expired or vacancies developed. The board members were responsible for choosing the state school superintendent and his top aides, and many of those aides had previously been administrators within the local school districts. And for the most part, the local school boards (26 when du Pont took office; 19 after desegregation) and district administrations worked hand in hand with the state-level education leadership, exerting considerable influence within the General Assembly.

Marna Whittington, although she did not work directly on education issues for du Pont, nevertheless had a good understanding of them from her earlier work in Pennsylvania. And, as budget director, she could have some influence on school finance decisions. She pointed out that the education bureaucracy was resistant to the type of change the governor would like to see. With the state providing about two-thirds of the revenue for local school districts, the governor did have the potential to impact the education system by making adjustments to the school finance system. That approach, however, would require strong political work, because financing was dictated by a series of intricate formulas spelled out in state law. Whittington explains some of the issues.

"We were interested in tweaking some of the formulas and upping the pay for teachers to make some things happen. We believed at the time that time teachers spent directly with students was important and that we wanted to reduce class size. So we put some of the money across the board to reducing the class size. We put some of the money into the portion of the funding formula known as equalization, which means that the poorer schools would get more help. Poorer schools means the schools in school districts where the average pay was significantly less than it was in New Castle County.

"I believe that State Superintendent Bill Keene wasn't going to be an agent of change. His vested interest was in the status quo. Not that he didn't want better and more, but he wasn't going to be the impetus of change. So you ended up with a governor trying to make change happen with a leader that he did not appoint and who wasn't as committed to change as he was. So one of the ways we did it was to go through the budget process. We adjusted spending to reinforce our intent to do things that we believed that research showed would lead to a better educational experience for our kids."

While du Pont did not implement broad education reforms during his administration, he used his links to the state's business community to start to prod the reluctant school establishment. In June of 1983, he created a 39-member task force, headed by Robert Barnett, chairman of ICI Americas, to assess the quality of the state's school system. The task force's main finding — Delaware's school system is good compared to other states, but it could be much better — wasn't tremendously surprising, but its recommendations served as a launching pad for Mike Castle's education reform efforts when he succeed du Pont as governor in 1985. Castle explains: "When Pete and I discussed what I would do (as lieutenant governor), the two things I asked to get involved in were education and small businesses. He said, that's great. I'm interested in education and I think we need to challenge it. Bob Barnett was head of an outside study. We brought in a bunch of business people and educators. Together we had all sorts of meetings. We were all concerned we should do a better job in education. That was one of the first attempts to look at education in terms of the whole community as opposed to just the educators. What were the business interests? What did they need in terms of education? What principles could be applied to education? And we had all the discussions that you can imagine: A longer school year, which I tried to get done unsuccessfully. Differentiated pay for teachers, merit pay if you will, was a concept that was discussed. A whole variety of things in terms of reducing administration. We did get some of it done, but I can't tell you that there was a great deal of true institutional change in the education system."

Du Pont himself isn't convinced the education reform effort has produced much success. He concludes: "We made some good beginnings in education, but the truth is that Delaware education has not yet been transformed into the kind of individualistic system that would serve all our students well. I would say education has probably had the least reform of all the parts of Delaware government."

As du Pont moved into the final two years of his second term, there was plenty of speculation about the political future. For the first half of 1983, politically aware Delawareans salivated at the prospect of du Pont trying to wrest a seat in the U.S. Senate from Joe Biden.

Marna Whittington was convinced that the political dream match would never happen, largely because du Pont had had his fill of the legislative branch of government during his six years in the U.S. House of Representatives. "Frankly, he was very ambivalent about a Senate race, because he thought once he had been in the legislative branch that was a reactive branch, while once you got into the executive branch of government you could really make a difference and do things. He kept saying why would he want to go back to the legislative branch? So he never did have a high level of enthusiasm or focus from my perspective on running for the Senate." But it was still fun to talk about, Castle recalls: "I felt some of the greatest electricity we've ever had in Delaware was when Pete was considering running against Joe Biden. These are two very skilled politicians and you can say what you want about their achievements or whatever. The truth of the matter is they're both very skilled politicians on anybody's rating system and when they would start parrying with each other, it was great theater and I sort of wanted to see it happen just for the fun of it."

On July 26, 1983, du Pont announced he would not run for the Senate. Biden was relieved and Castle could now see the spotlights focused more closely on him as he began his own campaign for governor. Working closely with du Pont on education issues broadened Castle's grasp of state government, and gave him a better understanding of the diverse uses of executive power. His four years as lieutenant governor provided an opportunity to work under a skilled mentor, whose advice would serve him well as he took over leadership of state government.

"I had four years to study and when I became governor I certainly tried to emulate and follow his role model in terms of finances and (everything else). It gave me the chance perhaps to turn to other things, because I became very concerned with social services, with education, with the environment, including land acquisition, and eventually with the prison system. I think Tom Carper would tell you the same thing quite frankly, I mean he really managed it in the same model."

The First Lady

> ***"The eight years were probably the busiest and most productive years of both of our lives. Although we spent a lot of time apart, we spoke daily on the phone. I believe it is healthy for a marriage for both people to follow their dreams. It's a far healthier thing for a marriage to do that than to be around all the time waiting for the other person to take care of you."*** *-Elise du Pont*

During the eight years of the Pete du Pont administration, Elise du Pont did not fit the traditional mold of first lady. Yes, she was involved in furnishing Woodburn, the governor's mansion in Dover, and in hosting state dinners and social activities there. Yes, she would occasionally join the governor on campaign appearances and at other political events, but not to the extent that she had when he was in Congress.

For most of the time her husband was governor, Elise du Pont was busy creating a life for herself. "Pete's eight years as governor, for me," she says, "were marked by four events: going to law school, passing the bar, working in the Reagan administration, and running for Congress."

"Before Pete decided to run for governor, we discussed where I was in my life. Our four kids were leaving the house, or soon would be, for boarding schools, so I really didn't have anyone left at home. Pete had an active career and it was time for me to have a career of my own. This was my window, and in life, we don't get many windows. If you're 40, you move rapidly because you don't want to miss the opportunity for a career."

Elise du Pont had been a student at Bryn Mawr College, but she left before graduating when she married Pete in May 1957. While Pete was in Congress, Elise picked up the credits she needed to earn her bachelor's degree. She also began her own career in

Governor and Mrs. du Pont toast Lt. Governor James D. McGinnis
during a State Dinner at the Haslet Armory in Dover
Photo by Kevin Fleming

public service. In Delaware, during the administrations of Govs. Russell W. Peterson and Sherman W. Tribbitt, she served as chair of the Governor's Advisory Council on Health. In that role, one of her projects was a look at the quality of life of migrant farm workers in Delaware.

"I went into every migrant labor camp in Delaware and learned a great deal about the situation and studied the regulations and went about correcting the regulations that were in effect. It was a time-consuming process."

She also became involved in politics on the national level. "While Pete was in office (in Congress), I needed to exercise my brain so I founded the Women's Campaign Fund. This was the first group in the country to finance women candidates running for statewide office. Now they're all over the country. I was the first chair and Teresa Heinz (who later married Senator John Kerry) was the second Republican chair behind me. It was a bipartisan group that took a great deal of my time. In those days, women were not involved in anything. There was no Rosalynn Carter, no Hillary Clinton."

Elise applied to three law schools, and supplemented her application by submitting the materials gathered during her investigation into migrant labor conditions. She was accepted at Villanova University and the University of Pennsylvania.

In the fall of 1976, as Pete was wrapping up his successful campaign against Tribbitt, she enrolled at Penn and moved into student housing about a block from the law school building.

"Penn didn't realize that I was married to someone in Congress. I used my own name (Elise du Pont) with no reference," she recalls. "Because of the work I was doing in Washington and in the migrant labor camps, they admitted me. Later, they thought, 'holy smoke, what have we done?'"

Portrait of First Lady Elise Ravenel Wood du Pont in permanent collection of Woodburn, the Governors House, Dover.

Elise continues her story: "I spent my weekdays at law school and my weekends at home. I never went anywhere else. I had too much work to do. I never missed a class in three years of law school. I came to class the morning after Pete got elected and the whole class applauded me. I had no idea they knew he was even running. I was in my own study world.

"After Pete was elected, I was faced with a problem because I had started law school and there were expectations of me in Delaware. I didn't want to drop out of law school because I worried I would never get back to it again. So if I was going to do both I would have to be fast on my feet. And the law school had brought an extra challenge.

"There was a major conflict over law school and the duties of being the governor's wife, but Pete never once asked me to quit law school. My children were all for me going back to school, but others weren't happy about it. At that time, this wasn't what a politician's wife did. I got a lot of pressure against going to law school."

Those were the days when a first-tier law school did not permit its students to work outside of their school work. So Elise faced the challenge of leading a double life — full-time law student in Philadelphia during the week, governor's wife on weekends and special occasions.

It didn't take long for scheduling conflicts to occur. In fact, one of the more memorable came on Pete's first day in office, on the night of his inauguration.

"When you're at law school, you don't get graded until exams and those exams are blind graded. No one knows who you are, and the exams are tough. They're legendary. My first exam week came the week Pete was inaugurated. People had no idea what I was doing. I had a property exam on Monday, Pete's inauguration on

University of Pennsylvania Law School, class of 1979

Tuesday, I had to leave the inaugural ball to study, a civil procedure exam on Wednesday, I had to go to Washington representing Delaware at President Carter's inauguration on Thursday, had another exam on Friday. It was hell week, there was no question about it. Administration staff and people in Dover were asking, who is this nutty woman?"

While law school may have been tops on Elise's priority list, she recognized that she could not ignore the unspoken requirement that the state's first lady maintain some measure of presence in Dover, One of her main interests was making Woodburn, which had been acquired by the state in 1965, not only a home more suitable for a governor, but also a place that Delawareans would enjoy visiting.

Here, Elise describes some of her efforts: "The first thing that happened was Jeanne Tribbitt asked, 'Would you like to come down and see the Governor's House?' I had never been there before, but I didn't have time to go. So I sent my mother. I never set foot in the Governor's House until Pete was elected, so I had some work to do.

"I put a lot of thought into how to do justice to Pete without trashing my own career. I decided I had to do something with the Governor's House. Once I saw the house, I realized that it would be difficult because it is a beautiful house and extraordinarily dignified. It's very small as governor's houses go, but it's really beautiful and only recently restored. What the devil was I going to add to this?

"To make it even more challenging, I had to run the Governor's House on almost no money. Like Pete, I'm a fiscal conservative and never thought of asking the state for additional money to run the house. We were not just talking the talk about running government on a leaner budget, but we were walking the walk as well. So what could I do that didn't cost money? And particularly in a place that was already pretty darn good looking. I did two things, but I had to do them when I had the time.

"We had a state budget of $18,000 for the Governor's House. I never went over budget, and I never in eight years asked for any more money. I'm very proud of that. It's probably the smallest budget by far for any governor's house in the nation. To start, I got some paint. Paint's pretty cheap. I had the two principal rooms in the house painted, the great hall a brilliant yellow, just wake-up-in-the morning yellow. And the dining room the color of tomato soup. The whole house had been safe white and suddenly this woman's coming in — and trashing this house? Then people started to realize that I knew what I was doing. These were the old colors that used to be there originally.

"Next I went into the basement of the state Archives and went through all the state collections with Anne Baker (who subsequently married Henry Horsey, a justice on the state Supreme Court). At the time, she was working for the state Division of Historical and Cultural Affairs. I said, 'I want to see what's there. I know the state has been given things over a 200-year period.' Well, I found amazing things there when I spent the day with her. I found wonderful things, many are still in the Governor's House. I brought up furniture and wonderful old portraits. I found Wollaston portraits plus a portrait of a collateral ancestor of mine (John Hunn) who was governor from 1901 to 1905. (My great-grandmother was a Hunn). So I brought his portrait up, hung it in the stairwell. I found marvelous 18th-century portraits that were museum quality and were just sitting down there waiting."

She found sets of porcelain, including one that depicted the U.S. naval forces defeating the British at Lake Champlain in 1814. That battle had special significance for Delaware because the U.S. naval commander was a native of Odessa, Commodore Thomas Macdonough.

Elise continues: "I found fabulous old silver nobody had wanted to bring out. There was a set with a punch bowl, which was big enough to bathe a baby in (I think it might have been used for christenings). But it had matching silver coffee and tea services attached to it. It had been bought by the school children of Delaware, who contributed pennies to supply it for the USS *Delaware*. It was rather baroque silver wrought in funny-looking ways, and I can see that originally nobody might have been attracted to it. I thought, 'This is fascinating history, let's just bring it up.' So we did. I spent one day going through the basement, pulled up loads of stuff, put it all over the house, then left.

"This was right after my exams were over, and Pete was having this problem with Tom Murray. I didn't know what was going on nor who he was, and I was just doing this stuff and people were standing there saying, What is this woman up to? And nobody's going to like this tomato-soup-colored dining room and hot yellow front hall. Well, at least it put people on notice that I was doing something. So then I went back to law school. I let it all hang out there in Dover to see what would happen."

The "problem with Tom Murray" took root three days before the inauguration, when Senator Jacob Zimmerman, a Dover Democrat, won passage of legislation that moved control of the Division of Facilities Management, including the position of state director of building maintenance and capital security, from the governor to the General Assembly. In one of his final acts in office, Tribbitt signed the bill into law.

Thomas W. Murray, who held the building maintenance job, was an appointee of the Tribbitt administration, and the transfer of jurisdiction protected Murray by putting his job under the control of his Democratic supporters. What's more, his family had owned Woodburn before the state acquired it in 1965. The legislation was clearly a slap at the new governor, for it put Murray in charge of the budget for Woodburn and its staff, and it led to a nonstop stream of complaints as the new first lady tried to improve Woodburn's appearance.

Within days, Legislative Council, the administrative arm of the General Assembly, began monitoring activities at Woodburn very closely, even insisting that it approve every expenditure there. Meanwhile, the bureaucrats tried tossing all sorts of minor issues into Elise du Pont's lap.

She recalls: "The garden had to have work put into it, and there were no resources for that. Tom Murray called at law school and said, 'What do you want to do about the cook? You've got to figure it out. It's your job. And what do you want to do about the garden?' I said, 'It's now mid-winter: Let's wait until spring and why don't you get some compost.' He said, 'We don't have any in Dover.' I said, 'I know where to get some, but you'll have to send a truck to New Castle County.' I had my own sources of hay, so we got the hay and it came down in a truck. That got me in the newspaper because I wanted to bring hay from New Castle County to Kent County. They were plainly out to get me at that point. But they couldn't get through to me again after that. I just turned the phone off and that was it."

The administration fought back against the General Assembly by requesting an advisory opinion from the state Supreme Court asking the justices to find that the transfer of Facilities Management from the executive to the legislative branch was a violation of the separation of powers clause in the Delaware Constitution. The court ruled in the administration's favor and Tom Murray was immediately fired.

As expected, the incident did not sit well with the Democrats in the legislature.

"That's the way du Pont does things," Senate President Pro Tem Richard S. Cordrey told the *Wilmington Morning News*. "Guess what, you worked umpteen years for the state and now you're fired. He just spits in our face every chance he gets."

But the General Assembly did recognize that the first lady needed an aide to help manage Woodburn, and money was appropriated to hire one. Elise's first aide was Nancy Dudrow, who had been the secretary to Betty Ford in the White House and was at the time working at Dover Air Force Base. After a few years, Frankie Miller replaced Dudrow and helped organize all sorts of events at Woodburn.

But hosting social events requires more than just the services of a planner. It takes people to get the work done — but there was no money in the budget to hire them. The solution, Elise recalls, was volunteers — plenty of them.

"I was able to find volunteers to arrange performances whenever we had to entertain at the house, We had a committee that went out and looked for the best local performers on piano, voice, jazz, whatever it was. I had a volunteer committee who arranged flowers. We had volunteers in the kitchen acting as busboys, washing the dishes, every time there was any official entertainment. We had volunteers addressing invitations. I set up a volunteer group to open the house for the public. It had never been opened regularly for the public before. And I had my ups and downs. I asked all the florists in the state, 'Will you help me? We need to have the capacity to buy wholesale for this house.' And they turned me down.

"Every Saturday we opened the house, staffing it with volunteers for anyone to visit and a great many people came to see the house and grounds.

"Once a month we had a large state dinner 30 or so people with overnight out-of-state guests. The out-of-state guests were members of the national press corps, prominent senators, prominent businessmen or academics from other parts of the country. The in-state guest list was bipartisan and included key state legislators and cabinet members and others of prominence. Seating, which I spent time on, was always important as a way to acquaint people with one another.

"Following dinner there was Delaware entertainment in the Great Hall and the next day a large brunch for the overnight guests before taking them for a walking tour of Dover, down the Victorian main street through the 18th century Legislative Hall and concluding at the contemporary Legislative Hall and a visit to the governor's office there.

"We also entertained at several very large annual events. We opened the house and grounds to thousands of people. Senior Citizens Days, Children's Days, Old Dover Days, Halloween and nightly events over the Christmas holidays.

"Each of these events had to be organized by committees and completely staffed by volunteers (remember, there was no money available) featuring all kinds of entertainment, fresh and arranged flowers (which I often picked from the roadsides), wonderful food volunteered by Delaware farmers, crafts by volunteer Delaware craftsmen — everything occurred because of volunteer help.

"In all we estimated there were 20,000 or more people drawn to the Governors House annually. The local Dover merchants came to love us. But we could not have done it without all those volunteers."

The academic requirements of law school kept Elise out of Dover for most of Pete's agonizing first six months in office. While Pete

To Elise du Pont
With best wishes,

Ronald Reagan

staggered through the fallout from his ill-phrased "Delaware is bankrupt" remark, Elise was hard at work on her spring semester courses. While Pete was engaged in the memorable 1977 Battle of the Budget, Elise was taking her final exams. The next two years were controversial, but still a little better for Pete, and Elise saw some improvement on the path she had chosen.

"I made it through law school. I didn't do very well the first year, but I did end up graduating at the top half of my class and winning the law school award for the best thesis — on construction contracts in rehabilitative housing. I went all over Philadelphia interviewing contractors to see what kind of contracts they were using. I won the award for the best fieldwork at the University of Pennsylvania Law School."

In 1980, Elise passed the Pennsylvania bar examination. After Ronald Reagan was elected president, she was named an administrator in the Agency for International Development (AID), which promoted private investment in developing nations.

"I did a start-up program for the Reagan administration that had not been tried before — to privatize the foreign aid program. I had no experience, but neither did anybody else, so I ended up running a huge institution with programs in 40 countries.

"My three years in the foreign aid program were among the most challenging in my life — trying to institute private enterprise into the culture of the foreign aid program. Achieving that within a large and cumbersome bureaucracy wasn't easy.

"I had to fight for an annual budget ($65 million) of my own, independent of the rest of the bureaucracy, find and hire 30 new private enterprise officers from Wall Street and elsewhere in the private sector, set up a series of unique programs in 40 countries, travel to many of them, and report and testify frequently before an adversarial Democrat Congress. With the help of my deputy Ed

Harrell, and good friend John Bolton — who became ambassador to the United Nations, we succeeded.

"A hallmark of my time at AID was a bill I wrote to set up a $100 million revolving fund in order to finance the private enterprise programs independent of the foreign aid program. Getting it through the Congress was quite a challenge.

"It was the House of Representatives, not the Senate (by then just turned Republican), that was the real challenge. Appearing before the governing Foreign Affairs subcommittee, I testified and was hooted down by both parties.

"I asked to go before the full Foreign Affairs Committee in a full-fledged hearing with a final vote. Again I testified before a hostile crowd. But this time I had effectively done my homework. We won overwhelmingly and by the time I got back to my office in the State Department, the chairman of the House Foreign Affairs Committee, Dante Fascell, had called me to offer congratulations.

"Before the private enterprise initiative, foreign aid was measured in dollars spent; after 1983 it was the number of private-sector operations we were assisting in foreign countries.

"When I worked with the Reagan administration, I lived mainly in Washington. The contacts I made when Pete was in Congress were immensely helpful. Not only did I know many of the players in Congress, but I knew from Pete's experience how to make something happen. I learned when to go along and when you need to take a stand."

In 1984, as Pete's second term in Dover came to a close, Elise ran for the seat in Congress that her husband once held. Her campaign was unsuccessful, as she lost to Democrat Tom Carper, who would later become governor and continue the tradition of strong financial management that Pete had established.

Although her studies and her new career kept her away from Dover for much of the year, Elise recognized the importance of keeping up appearances, and she learned how to do so with flair and efficiency.

"I had little to do with Pete's administration; I tried to keep up my end as much as possible. For example, Christmas would come. I would show up. I had a habit, which turned out to be quite effective. I would come in the back door at the Governor's House after the party was in full swing, walk out and shake everybody's hands and leave. It always looked like I was there for the start of the party, but I didn't have the time."

The du Pont children, who ranged from 10 to 18 years of age when Pete took office as governor, grew from teenagers into adults during his administration. Since the family did not live at Woodburn, Elise, Pierre, Benjamin and There seldom found themselves in the spotlight, although all had interesting experiences that are unique to the offspring of leaders in government and politics.

Elise du Pont Zoller graduated from Princeton with a degree in architecture and holds an M.B.A from Columbia University. After some architectural work in Washington state, she moved to Amman, Jordan, working for two years as assistant director of Queen Noor al Hussein's foundation. There she met her husband Preston, who was in the U.S. Foreign Service. She later worked in the financial services industry. While Preston worked in the pharmaceutical industry, Elise took courses in fine arts painting and now has become a full-time painter. The first lady recalls one of her daughter's political experiences during Pete's run for the 1988 Republican presidential nomination:

Governor and Mrs. du Pont, 1981

PIERRE S. DU PONT IV

"Our daughter learned something about politics along the way too. Campaigning for her father in the 1988 Iowa winter, a whiteout engulfed the highway. She was picked up by a farmer and put up in his house during the night-long blizzard. After dinner she took up Pete's campaign cause, trying to explain to her gracious host and his wife that her Dad believed that farm subsidies should be phased out. As Elise will tell you, it was a pretty quiet evening after that."

Pierre is also a Princeton graduate. He majored in computer science and electrical engineering. His engineering career began in our basement as a 15-year-old, when he built a talking computer system.

"The computer didn't have a huge vocabulary, but it was quite an accomplishment for a teenager. It said 'hello' and a few other things, Pierre just shook his head when his Dad said, 'That's it? That's all it says?'"

"After college, Pierre began working for Bolt, Beranek and Newman, the company that in fact — as opposed to Al Gore's fiction — did invent the Internet. He started as an engineer in artificial intelligence and in parallel processing supercomputers, and later became the company's business manager. He spent 10 years starting three companies in the computer sector and is now a management consultant helping large and small companies find technology innovations and bring them to market."

Benjamin du Pont graduated from Tufts University with a degree in mechanical engineering, then worked for the DuPont Co. for 13 years as an engineer, shift supervisor and sales representative. In 1999 he founded Yet2.com, a high-tech company that brokers patents and technology to international companies.

Ben campaigned full-time for his father in Iowa in 1988, driving through rural areas looking for radio towers. He would approach the stations, trying to persuade them that the son of a presidential candidate was worth putting on the air. He often succeeded. But Elise's favorite story about Ben involves a phone call he answered at Patterns one January evening in the early 1980s.

"The caller told Ben that President Reagan wished to speak with Governor du Pont. 'Sorry sir, he's not here,' Ben responded. 'When will he be back? The president needs to talk to him.' Ben didn't know, and that led to another call from the White House about an hour later, leading Ben to conclude that there must be some military threat — incoming missiles or something like that. As Ben called the State Police to tell them they had to find the governor, his Dad walked in. Ben urgently explained the trouble and told his father to call back right away 'Now, Dad. There is a big problem somewhere.' It turned out that President Reagan was calling to wish the governor a happy birthday, something he did almost every January."

There du Pont has a mechanical engineering degree and an M.B.A. from Stanford University. He worked for three years as a product manager for W.L. Gore & Associates. Since 1993 he has been at Wawa Inc. — Elise du Pont's family business — where he served as a store manager, area manager, executive vice president and CFO before becoming president in 2005.

As the youngest of the four du Pont children, There could sometimes exhibit a mischievous streak, and, as a teenager, he could add a personal touch to the reputedly haunted Woodburn at Halloween. His mother recalls: "When his Dad was governor, There sometimes flew paper airplanes in the House gallery of Legislative Hall — yes, those debates could sometimes be boring. He enjoyed joining in at the Halloween parties when Woodburn was decorated as a haunted house, his Dad dressed as Dracula, his

Mom as Dracula's wife. Young There would take advantage of the volunteer makeup artists to transform himself into a ghoulish creature. He would sit motionless on the footpath, letting many people pass by before suddenly grabbing someone's ankle. It was Dover at its best, he thought."

Halloween at Woodburn

The du Pont Legacy

> ***"Pete's the best leader, I think political leader, I've worked for in my life. As a matter of fact, I'd go further and say that even in the corporate sector when I was working in private industry, I've never worked for anyone that was as good a leader."*** *-Pete Nellius*

When Pete du Pont became governor of Delaware in 1977, the state was in precarious financial condition, legislators and business leaders were often at odds with each other, as they had been with du Pont's predecessors.

By the time Pete du Pont left office, state finances were a model of stability. The governor, the legislators and business leaders had learned how to work together, even across party lines, to solve daunting problems. And, from Claymont to Delmar, the state's residents were proud to be Delawareans.

The impact of the du Pont administration was as obvious as the redrawn Wilmington skyline, where the logos of credit-card banks like MBNA claimed airspace that had long been the exclusive domain of the familiar red DuPont Co. oval. Hercules Inc., having decided to stay in Delaware, had a new high-rise headquarters on the northern edge of Wilmington's downtown business district. A loan negotiated by the administration had kept the Chrysler Co. auto assembly plant in Newark.

With the banks came improved fiscal stability for the state and a new prosperity for many Delawareans, as additional jobs were created to support the new workers in the banking industry.

By recruiting cabinet members from out of state, du Pont brought to Delaware creative minds willing to challenge the state's often provincial and insular modes of thought and a heightened level of professionalism within state government.

Leaving the race for President, February 18, 1988.
Left to right: daughter Elise, son Ben and wife Elise
Photo by Jim Graham

There can be no dispute that, in eight years, Pete du Pont transformed not only Delaware government but the entire state as well. More remarkable than this achievement, however, is the fact that the standards of excellence his administration established have become the standards that his three successors have followed for two decades.

Elise du Pont summarizes those accomplishments succinctly, and implicitly challenges future governors to come up with something better: "Pete, more than anybody I can think of, has an analytical mind. He thinks before he speaks and he weighs and assesses the dynamics of situations, people and circumstances. If anything, he's a little slow to react, but it gives him an opportunity to think. Most people get bent out of shape when something happens that they don't like. Pete is able to assess it and think about it. When he finished up at Princeton and got into law school, his motivation really kicked in. He won the moot court competition at Harvard Law and that's all part of an analytical personality."

On his choice of aides: "The other thing with Pete is the quality of people he surrounds himself with. You could see this in the creation of his first cabinet. Pete sat down and said the only way you're going to run this operation is to get quality people, and to do this you've got to go get them — even if they're not Delawareans. And that was an approach that was never tried in any administration before. When Pete came into office, things that had been happening were not remarkably successful. Pete brought in people who made the difference and they were a wonderful group of people and a superb cabinet who institutionalized change. He didn't just do this with the Judicial Nominating Commission. He put together DEFAC and other groups that forever changed how the state ran. The groups gave perspective and perspective makes good management."

On his work ethic: "With Pete, there isn't any choice but to try to do the very best you can. You don't play Scrabble unless you want to win. You certainly don't run a government unless you want to do it well.

"He reorganized the state government in a way which was so powerfully correct that nobody has dared deviate from it since then. I doubt that they will — unless they make it better, which is always possible."

In assessing du Pont's achievements, his close associates invariably point to his revitalization of Delaware's finances as his most tangible success, but they also salute him for raising the intellectual and ethical standards for service to the state.

To Nathan Hayward, first du Pont's management and budget director and later his development director, the governor's greatest legacy was his restoration of financial discipline. Without that accomplishment, Hayward believes, the Financial Center Development Act would never have seen the light of day.

"FCDA certainly made a huge change in the state's business climate and produced a lot of prosperity in Delaware. We never could have gotten there had it not been for the fundamental change in the way in which the state does its financial business. And think about the fact that today (in 2002), in the wake of a very soft economy, our sister states all over the country are in real trouble. Tennessee is closed down this week because they don't have a budget and they can't figure out how to close almost a billion dollar budget deficit. New Jersey, California, Illinois, wherever you look, workers are being laid off. We're looking here at DelDOT to hire people because we have critical vacancies and we're saying maybe we can find some good people who've been with New Jersey or Maryland or other states. Well, Delaware is in the position it is today with a AAA credit rating from all three rating agencies and having suffered the economic softness that the rest of the nation has, but we are in so much better shape than any of our sister states principally because we have the financial process and the financial discipline needed to see it coming and to be able to react to it in a timely and bipartisan manner. I think that is Pete's most important legacy to the state and then I would certainly say our efforts to bring a whole new industry to Delaware. But I'd put them in that order."

Lonnie George, the Democrat who was speaker of the House for part of du Pont's administration, shares Hayward's assessment but points to an important intangible as well: "When you look at Pete's legacy 25 years out, the Financial Center Development Act, a better tax rate structure, all the financial management controls that we put in, are still there. Then there's the whole issue of values in government. That was important for Pete. It was always clear to me and others that some people don't place the same value on how they conduct themselves and how they treat others. I always thought personal integrity was very important to Pete. And to this day it continues to be, and I admire him for that. So while you talk about the legacy on the financial matters, I still think there is something to be said in this day and age for people who can rise to the highest levels and still maintain their sense of morality, ethics and integrity. I think those values are important."

Eleanor Craig also points to du Pont's honesty and candor: "I think his honesty in dealing with (financial issues). Everybody knew what was going on. It wasn't this backroom kind of stuff and DEFAC is a good example of that. It was open to the public and it wasn't always pleasant that it was open to the public."

Such openness doesn't come naturally to every politician, but du Pont recognized its value early in his political career.

"That was something we did in the congressional campaign. We broke some ground there. When I ran for Congress the first time, I did a financial disclosure which wasn't required then. I remember a couple of my relatives, after seeing in the paper, headline Pete du Pont worth, I don't know, $8 million or whatever it said. A couple of my relatives said you've lost your mind. Why are you telling them that kind of stuff? And the answer is you want it all out on the record. You don't want anybody to say you're hiding this or you are hiding that."

Du Pont's Executive Order 1, issued on his first day in office in 1977, established the tone by setting financial disclosure requirements for cabinet officers and key members of his staff.

But what was it about Pete du Pont that enabled him to not only right the state financially but also to navigate the complex and potentially inflammatory implementation of school desegregation in New Castle County and to restore civility to state government?

Being a member of Delaware's most prominent family might have helped, but it wasn't a key factor. Just ask Mike Castle. "Before Pete ran for Congress the word was that no du Pont could get elected to statewide office in Delaware because he was sort of an elitist or whatever you want to call it. And then when Pete left it was 'if you weren't a du Pont you would probably have trouble making it in Delaware.' So it does relate to the man, but to suggest that the name du Pont is the whole essence of Pete du Pont is wrong. On the other hand to combine a person of great abilities and a name was a wonderful combination that paid tremendous dividends for the state of Delaware in a whole variety of ways. But you know it was a package. I think that if Pete du Pont had been a stumblebum you know people would have laughed at him but he wasn't. He was extremely talented and it just came in handy like that. I think it certainly caught the attention of people."

To Nathan Hayward, however, there was nothing slow about the governor's intellectual reaction time. "He had the ability to synthesize an issue very quickly and to remarkably quickly absorb it all and then be able to say something useful, something profound, something sort of enlightening about it," Hayward says.

Castle, the lieutenant governor during du Pont's second term, recalls observing those powers of analysis and leadership at a meeting in late 1980, shortly after the November election. The governor had assembled a group of his aides to meet with Delaware businessmen and New York bankers to consider some important details of what would become the landmark Financial Center Development Act.

Here's what Castle said: "He had the ability to be in the room with all those people, to be able to give and take on the thoughts, to absorb what they were saying, and to me he was in command. Not that it was command-type meeting, but I mean he was basically absorbing it all and he essentially carried it off. I just have a very vivid memory of being in that meeting."

Associates also describe du Pont as a pragmatist, but not in the sense that he would lower his sights and set only objectives that were likely to be achieved. Rather, they recognized du Pont's pragmatism as a corollary to the relentless focus that enabled him — and his administration — to put aside distractions as they worked to accomplish their primary objectives.

"He had his moorings, he had his direction, and he stuck to them and he wasn't going to play games," says Marna Whittington, who served in three cabinet offices during du Pont's second term.

As Mike Castle points out: "They laughed later about him becoming so conservative because he was quite a moderate then (in the 1970s) and when he was governor he was to me a pragmatist. I think we all were. I mean you, when you become governor you are thinking in terms of, boy, where can we get jobs, how can we improve our schools, how can we keep our prisons under control, how can we help kids, how can we help people who are sick, you know that kind of thing. You don't think in terms of ideological-type things. Pete didn't think that way. It just showed what you could do. Then he got the job done."

Du Pont was the first Delaware governor to recruit key advisors from other states. One of them, Finance Secretary Pete Nellius, a Democrat imported from Illinois, recalls some of the du Pont style: "He had respect for his own staff and his people. He had a way of drawing (together) people that had totally disparate ideas. At the end of the meeting, he would make the decision but he would make it in such a way that everybody in that meeting felt committed to whatever course of action Pete wanted and when we left, we'd walk out of those sessions, we'd walk out arm and arm, locked together. We just didn't have renegades in the cabinet. We knew we had a job to do. We knew who the governor was. He really wanted to hear what everyone had to say on it and he wanted to give you ample latitude to discuss those things and then he would weigh it and he would make the decision. But then he would ask everyone in the room to support the decision and they would."

In Whittington's opinion, du Pont's greatest achievement was his success in recruiting talented administrators and giving them the operating room they needed to make their agencies run efficiently.

"He had an uncanny ability to recruit some really good people to be a part of his cabinet and understood what people were very good at doing and what people needed to be watched in what they were doing and gave his cabinet heads a lot of latitude, leeway in executing their roles. I always used to say that one of the reasons I liked being in this cabinet was I thought 80 percent of the decisions were made on the merits and 20 percent on the politics. But I always felt like he recruited good, smart people to sit in the cabinet and you came away saying that these aren't people that are spending their career in politics. This group of senior executives that he recruited to help him get the State of Delaware back on track. I would say that is the most important thing that he did. He was exceptional at it."

Swayze believes that du Pont will be remembered more for the tone and professionalism he established in government than for any specific legislation or program.

"I think his legacy to the state of Delaware is one of order, process, civility and cooperation. I think when people talk about how good Delaware is at bringing the right people together in the same room at the right time and coming to a decision about what to do for Delaware that Pete is the one who coalesced those skills."

Throughout his administration, du Pont made a point of focusing on the big picture, and trusting his aides to resolve the minor problems. "He used to tell us, he'd say, listen, if the problem in the budget is less than $50,000, I don't even want to hear about it," Hayward recalls.

Whittington put it this way: "They always say do not worry about the little things. In retrospect you have to stick to your principles. He picked the big fights. He didn't pick the little fights and stuck to his principles. He was so good about that."

Another characteristic that served du Pont well was his ability to remain calm and even-tempered in the most difficult situations. Lonnie George recalls: "We used to have leadership meetings with the governor once a week and sometimes things would get heated, especially the first year, but even after that, there would always be disagreements. I mean that's part of the process, but Pete was unflappable. He really was. I have watched governors use all kinds of words and get very mad. I know its human nature, but Pete was unflappable. I'm really hard pressed to name one instance where he lost it."

Every so often, Hayward recalled, du Pont could break up a tense meeting with a sharp one-liner that would enable everyone to relax. Hayward remembers, in the midst of one battle with lawmakers, the governor expressing some irritation with Lonnie

George, who had been wearing a red sport coat that day. "I can recall Pete saying if he only had a white napkin across his forearm, he'd look like the *Maitre d'* at a fancy restaurant," Hayward recalls.

On another occasion, the administration pushed to shift the responsibility for paying for school dietitians from the state back to the local districts. That prompted a visit to Legislative Hall from the dietitians, who spent several days in the balcony of the House and Senate chambers, watching to make sure their interests weren't harmed. "They all wore frilly handkerchiefs on their blouses. Pete said they looked like a bunch of pigeons dressed up for a fancy ball," Hayward recalls.

Just as he could find a way to make others relax in tense situations, du Pont was capable of keeping himself relaxed in a pressure-packed environment.

Over Christmas vacations, when he'd have a couple of weeks to slow down, du Pont would paint, usually still-lifes and landscapes, using the pseudonym D.A. Christmas (Done at Christmas, [see page 63]). One painting, showing an American flag hanging from the porch of a white frame house, hung prominently in his Wilmington office for part of his second term.

During meetings, when there was hardly time for painting, the governor would turn to doodling as a stress reliever. Hayward comments: "Pete's training as an engineer gave him excellent mechanical drawing abilities. Remember he went to school long before computers and CAD software! He's the only person I've ever known who could (and probably still can) draw freehand a series of absolutely parallel lines.

"The more intense his concentration on a doodle, the closer he was listening to the debate/discussion. Several times I saw people misinterpret his drawing as a sign of boredom, thinking that he wasn't paying attention. Throughout our meetings on what to do about the fiscal crises we inherited, Pete was drawing constantly. You might say that the Rainy Day Fund, super-majorities for future tax increases, DEFAC and a number of the other milestone changes were crafted as Pete worked hard on creating images that often looked like a cross between Jackson Pollock, Paul Klee, Piet Mondrian and Joan Miro!"

Hayward and Swayze both observed that the governor was naturally persuasive, whether he was meeting with legislators or with ordinary citizens. And he seemed at ease in virtually any social setting. Hayward observes: "He was as comfortable in the fire hall in Georgetown eating oysters as he was in the Wilmington Club eating filet mignon. He could really translate and you know, get into people's heads and that was a remarkable talent. He had an incredibly, incredibly good way with people."

Du Pont's ability to communicate effectively to all sorts of people made him a successful leader. Swayze says: "The tough side about being an executive is that you've got to persuade an awful lot of people that you ought to be able to get it done. The power of persuasion, if you would, is the hallmark of political success or political ability, and he had it: the charm, the touch. He had an untiring interest in talking and being with people that would exhaust most of us. I think it went with his pragmatism, his energy, and his commitment to getting things done."

For all his successes while in office, more recent history shows another way to describe Pete du Pont — as a man ahead of his time.

For instance, in 1978 he created GOPAC, a political action committee dedicated to the election of Republican candidates in state legislatures. GOPAC flourishes today, as do hundreds of other PAC's created to support candidates within both major political parties.

In education, his creation of the Basics Plus program would prove a harbinger for the charter school movement that took hold in public education two decades later. In 1979 he established the Governor's School for Excellence, a weeklong summer program for incoming high school juniors at the University of Delaware; more than 100 students now participate in this challenging activity each year.

He convened a task force to study the state's public schools. Its report, issued in January 1984, called for raising student achievement, strengthening school curricula, rewarding teacher performance and establishing a mandatory kindergarten program. The objectives set by the task force have been focal points of education reform efforts in the state for the past 20 years.

Mike Castle, who succeeded du Pont as governor, offers an assessment that amply summarizes du Pont's creativity and accomplishments: "I think if Delaware going into the Pete du Pont administration had an inferiority complex, I think coming out of the Pete du Pont administration Delaware had a superiority complex about what you could do as a small state, and I think to this day we maintained that outlook that as a small state we can be flexible, we can get things done, therefore we have advantages over other states, which we really never thought before Pete du Pont. Some of your longer-term things become very important in terms of what you're doing, and those are the kinds of things now that we think about in Delaware. A lot of it happened after Pete du Pont, but it may have happened because of the seeds that were planted in terms of how he administered his government."

About the Author

Larry Nagengast is a writer, editor and public relations consultant who has lived in Delaware since 1972. He spent nearly 30 years at *The News Journal* as a news and features editor and as a reporter covering education, government, the courts and other issues. His coverage of the Wilmington school desegregation case, the University of Delaware's budget and the accreditation of the Delaware Law School (now Widener University School of Law) won national awards from the Education Writers Association. He was text editor of *The Heart of America* by Kevin Fleming, named one of "America's Best" in 2005 by Reader's Digest. He is a graduate of Fordham University and the Medill School of Journalism at Northwestern University. He served three years as an officer in the U.S. Navy.

The Interview Subjects

Here are capsule biographies of the associates of Governor du Pont who were interviewed for this book.

Michael N. "Mike" Castle was lieutenant governor during Pete du Pont's second term. He was elected governor in 1984 and was re-elected in 1988. He was elected to the U.S. House of Representatives in 1992 and is now serving his seventh term in Congress.

Eleanor Craig served on Pete du Pont's cabinet during both terms as chair of the Delaware Economic and Financial Advisory Council. She continues as an economics professor at the University of Delaware and in various consulting roles for state and local governments along the East Coast and in several Eastern European countries.

Elise du Pont, the governor's wife, is a graduate of the University of Pennsylvania Law School. She served in the Reagan administration as a top administrator in the U.S. Agency for International Development and ran unsuccessfully for the U.S. House of Representatives in 1984.

Richard "Dick" Evans was chief of staff for the first two years of the du Pont administration. He then worked for Delmarva Power as vice president of communications. Subsequently he was executive director of Wilmington 2000, a city revitalization effort. Since early 1998 he has been a semi-retired public relations consultant with clients ranging from Cal Tex Pacific in Sumatra, Indonesia to the Wilmington Police.

Dr. Orlando J. "Lonnie" George Jr., was chairman of the Joint Finance Committee and later speaker of the House during Governor du Pont's administration. After 21 years in the House of Representatives, Dr. George retired in July 1995 to become president of Delaware Technical & Community College.

Nathan Hayward was director of management, budget and Planning for Pete du Pont during his first term. During the second term, he spearheaded the creation of the state's first economic development office and played a major role in building Delaware's new financial services industry. After 16 years in the private sector, he returned to Dover in 2001 to join Governor Ruth Ann Minner's cabinet as secretary of transportation, serving through January 2006. He remains committed to a healthy balance between growth and preservation, serving on the Livable Delaware Council and playing a continuing role as one of the original members of the Open Space Council.

Glenn C. Kenton was secretary of state throughout the du Pont administration. He was chairman of Governor du Pont's Presidential Campaign Committee. Since 1985, he has been a partner with the Wilmington law firm of Richards Layton & Finger.

Weston E. "Pete" Nellius was secretary of finance during Governor du Pont's first term. A private consultant to business and government agencies, he has been ordained as a permanent deacon in the Catholic Church and is assigned to Holy Cross Parish in Dover.

Jeffrey A. Raffel, the Charles P. Messick professor of public administration and director of the School of Urban Affairs and Public Policy at the University of Delaware, served as a researcher, scholar, expert witness, community leader, and parent in the school desegregation process. During the du Pont administration, he was the executive director of the Delaware Committee on the School Decision, a 50-member group of individuals representing all points of view on the issue, which tried to prepare the Wilmington metropolitan area about the pending court order. His books include *The Politics of School Desegregation: The Metropolitan Remedy in Delaware*, which describes the school desegregation process in Delaware in the 1970s.

Patricia C. Schramm was secretary of health and social services for both terms of the du Pont administration. She worked as a consultant, helping large accounting firms set up computer systems. Then she became CEO and owner of a construction equipment company. Now retired, she spends most of her time gardening, traveling and volunteering for the Delaware Nature Conservancy.

David Swayze served as Pete du Pont's legal counsel from 1977 to 1979, and as his executive assistant and chief of staff from 1979 to February 1981. He has since been engaged in the private practice of law, first at Prickett Jones Elliot Kristol & Schnee as a partner, then as managing partner of the Wilmington office of Duane Morris, as partner in the Wilmington office of Reed Smith, and presently as a director of Parkowski Guerke & Swayze in its Wilmington and Dover offices. He has continued his commitment, which grew out of his responsibilities in the du Pont administration, to the cause of reforming Delaware's sentencing system, most recently as chair of the Delaware Sentencing Research and Evaluation Committee, a research and advisory group to the Joint Finance Committee of the General Assembly and the Delaware Sentencing Accountability Commission.

Marna Whittington who joined the du Pont administration in January 1981 and served as secretary of administrative services, budget director and secretary of finance, later became chief operating officer of the University of Pennsylvania. She is now chief operating officer of Allianz Global Investors, a German insurance company, and chief executive officer of Nicholas-Applegate Capital Management, one of its subsidiaries.

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"One might question whether this is a good time to become governor of Delaware. Our finances border on bankruptcy; too many of us do not have jobs; the courts confront us with difficult and unpopular mandates. But every new governor is confronted with seemingly insurmountable problems. Each can only begin with what he is given — the fortunes and the misfortunes, the abilities and the liabilities delivered to him by his heritage and his circumstances. Each must address the problems at hand with the full measure of his energies and each must start afresh, as I do today."

-Governor du Pont's Inaugural Address, January 1977

Governor and Mrs. Pierre S. du Pont IV

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