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STORY:SPEAKES
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:SRR ;11/01,18:01

TO: MLS, LT, JF, DR, BFP, JG, DXB, GP, JWM, DCB, LH, SJF,
PA, PGH, SXM
FROM: RAK

RE: Background-only livu with Larry Speakes

Saudi Arabia. Speakes insists that Reagan was not intending to outline a new policy when he declared in the press conference that he will not allow Saudi Arabia to crumble from within as Iran did. In the President's briefing papers, the answer to a potential question comparing Saudi Arabia to Iran was supposed to be a statement declaring how stable the Saudi royal family is, according to Speakes. He believes the President just got carried away with his own view that the collapse of Iran could have been prevented by the U.S.

``What he said is basically what he feels personally. He wanted to make the point that it pays to be America's friend, that we don't let our friends down,`` says Speakes.

Deputy Press Secretary Mort Allin, who works closely with Dick Allen and the NSC staff, says--also on background--that Reagan always has had strong feelings about Carter's failure to save the shah. ``The statement reflects his very strong feelings that what happened to the shah might not have happened. If it had been made clear then that what eventually happened in Iran would not be allowed to happen, maybe it wouldn't have happened,`` Allin said. ``He does not feel the Iranian thing was handled properly. He

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believes the U.S. has some responsibility for what happened there, because we did nothing."

Speakes stressed, however, that U.S. intelligence indicates the Saudi kingdom is in no danger of collapse. Allin adds, "The government there, we believe, is very stable. The comparisons with Iran are very misleading."

Speakes says he is sure there are "contingency plans and options" to deal with any possible internal threat in Saudi Arabia, but that the President was not referring to those options. The administration believes the best way to ensure a stable Saudi Arabia is to go ahead with the AWACS sale, says Speakes.

AWACS. The White House now counts 60 votes in the Senate against AWACS. That means, of course, that Reagan is going to have to change a lot of minds in the next 30 days. Speakes concedes that Reagan's criticism of Begin in his opening remarks at the press conference is evidence of how much his back is against the wall. It is worth noting that only two days ago Jim Baker told us that the White House would not invoke the argument of "who runs American foreign policy--Reagan or Begin?"

The President met after the press conference with five more senators who are undecided on AWACS, making it clear that the White House is not yet even counting on the 40 or more senators who have not publicly opposed the sale. Speakes seems to think it is doubtful that Senator Glenn will come around. Without Glenn, Reagan can never win,

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Speakes says.

MX and B-1. Speakes seemed genuinely upset that neither he nor David Gergen have been told what Reagan's defense decisions are. [Whisper?] ``They haven't let Gergen or I [sic] in on the package...They seem to believe that old horse rule that if we don't know, we won't have to lie, but I don't buy that.''

Reagan is to make the defense announcements Friday at 2 p.m. in the East Room. He also will take a few questions. Weinberger will hold an on-the-record press conference at 3. Background material is to be available in the morning.

Haig and Gromyko. Speakes says Reagan is not at all unhappy that so little progress was made when Haig and Gromyko met. The U.S. didn't want progress. ``The President wants to make absolutely certain the Soviets know we're strong, before there is any serious talking.''

Speakes said he has seen some of the written ``communications'' between Reagan and Brezhnev and that the messages are bull. ``The messages aren't what you would expect. It's not like two men talking to each other. It's clearly stuff written by aides, more like something you or I would write.''

(END)

STORY:JAMES
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:ALC ;11/02,17:06

TO: MLS, LT, JF, DR, BFP, JG, GP, DCB, DXB, LH, JWM, SJF,
PA, PGH, SKM

FROM: RAK

RE: Background ivu with Pen James and other notes

(This material may be of some use as an item for Tomorrow, or for Whispers. I talked with James by phone last week and he suggested I drop by for a longer chat on the subject of turnover in administration personnel.)

The cabinet. The most interesting item from James was a strong hint that HUD Secretary Sam Pierce may be ready to leave the administration soon. At least James thinks that Pierce will be the first to go, for all of the obvious reasons: He gave up a six-figure salary in New York; he has little or no influence in the Reagan administration; and he runs a department that has born the brunt of the budget cuts. James declined to be specific about how soon Pierce might leave.

"Obviously, those departments and agencies that are being cut back or are being forced to change directions would suffer the highest turnover because they are in turmoil," James says.

He predicts somewhat smugly that the rest of Reagan's cabinet will stay on for four years, with the exception of James Edwards and Ted Bell, whose departments are supposed to be abolished. He also mentioned the possibility of Attorney General Smith's being appointed to the Supreme

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Court, but this seemed to be idle speculation.

White House domestic adviser Marty Anderson would make an excellent member of the Federal Reserve Board, says James. The Fed vacancy is for vice chairman, and Paul Volcker's chairmanship expires in 1983, paving the way for the election of the new vice chairman as chairman.

The subcabinet. James is bracing for a high rate of turnover among the 400 appointees to subcabinet posts. He suggested that by next summer through fall there will be as many as 100 vacancies in those positions.

He attributes the anticipated turnover to the fact that "this administration, this President, has brought in some of the most talented men and women from throughout the United States...These men and women are not going to stay four years, because they have come from successful backgrounds. They don't need a government job. They have something to go back to...[The turnover] is going to have an impact on policies and programs."

But many of those appointees--up to 5 percent of the total, or 20 people--will be fired if James has his way. "I believe we have to be an administration that fires people...This should be an administration that owns up to its mistakes." James says he is not talking about publicly firing anybody, just squeezing them out or moving them into dead-end jobs so that they leave voluntarily. "It can be done without bruising egos."

To cut down on the number of appointees who will leave (To

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date, less than 10 Reagan appointees have left their jobs, including 3 at EPA.), James is devising an "early warning system" to alert the White House to potential vacancies. This essentially amounts to James's 46 aides monitoring each department to find out about appointees who are unhappy with their jobs.

Once these appointees have been identified, James hopes to offer them incentives to stay. The chief incentive would be a transfer or promotion, very likely even to another cabinet department. "It's a huge jigsaw puzzle...The objective is to maintain the talent we've developed in an individual over two years." This plan is to be submitted to the cabinet for approval, James says.

In addition, James's shop is keeping track of all those people who were high in the running for administration jobs but didn't get them. And finally, he is conducting an "ongoing talent search" to identify new people outside the administration to fill vacancies that develop.

James cites the departments of Energy, Education, HUD and HHS as the places where turnover will be the highest.

He says he is so involved in planning for next year's vacancies because the White House wants to continue to maintain tight control over appointees. Up until now, all political jobs, regardless how trivial, have to be approved the White House. This covers some 3,000 positions that have been filled by Reagan, including obscure boards and commissions, etc.

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Hussein, Richard Allen gave a short background briefing on Reagan's talks today with King Hussein. The talks were notable mostly for what was not discussed: Jordan's arms purchases from the Soviets, and Saudi Arabia's eight-point peace plan. Reagan will meet with Hussein again on Tuesday and these subjects are expected to come up then, but Allen said Reagan does not intend to be the one to bring up the Saudi peace plan.

Reagan and Hussein did discuss Israel's West Bank settlement policy; the Mediterranean-Dead Sea canal; and "Israeli intransigence" in regard to the Palestinian autonomy talks.

To reassure Begin, Allen stressed--with some annoyance--that Reagan still believes the Camp David peace process is "the plan to achieve peace in the Middle East." He claimed that the President, in his public remarks on the Saudi peace initiative, was only "taking note of the existence of such a plan."

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STORY:NOTES
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:RAK ;11/03,16:50

SJF

TO: MLS, LT, JF, DR, BFP, JG, DGP, DCB, DXB, LH, JWM, SJF,
PA, PGH, SXM, MK

FROM: RAK

RE: Budget notes

Indecision rules. Reagan is proceeding very slowly in developing his new strategy to keep the budget deficit from growing out of control. David Gergen stressed at a briefing today that Reagan may reject all of the new options that have surfaced in recent weeks to cut the budget and raise taxes. Instead, he ``may go forward with the very same package`` he sent to Congress in September. ``We feel very wrongly that what we do not need is stop-and-go economics,`` said Gergen.

Nevertheless, the President is holding a series of meetings this week to consider a full range of options aimed at keeping a balanced budget in sight for 1984. He held a working lunch today with all of the administration's chief economic advisers. After this week's series of in-house meetings, Reagan will meet with the Republican leadership from the House and Senate before making final decisions on what actions to take. This meeting with Hill leaders was originally scheduled for today but now will not be held until the end of this week or early next.

When he meets with congressional leaders, Reagan will seek ``cooperation`` in keeping fiscal '82 appropriations bills below his September targets. ``The President is concerned

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that some of the savings that he recommended in September not appear to be materializing," said Gergen. If Reagan chooses to stick to his September package of 13 billion in cuts, and if Congress does not cut the spending bills--and no one expects it to--then Reagan would be forced to vigorously exercise his veto authority.

The details of the White House plan to cut entitlement programs (as proposed in broad terms by Reagan in September) will be sent to the President soon for approval, Gergen says. The details of the administration's 3-billion-dollar "revenue enhancement" package (also proposed by Reagan in September) still have not been worked out.

Natural gas. Reagan met this afternoon with a group of senators to discuss natural gas deregulation. He still is opposed to a windfall profits tax on natural gas, but appears to be ready to push for accelerated deregulation of prices.

Anderson column. The story behind the Jack Anderson column that appeared today, according to Gergen: On Saturday, White House deputy press secretary Mort Allin saw an advance of the Anderson column, which alleged that Reagan was dissatisfied with Haig's performance. Allin showed it to Gergen, who immediately called Haig and said, "You won't believe this..." Haig--growing ever more paranoid--telephoned Anderson and told him that a senior White House official, along with operatives within the CIA and the Senate, were out to get him. Haig also called the President

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at Camp David, prompting Reagan to call Anderson and refute the contents of the column.

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STORY:HEALTH
MA:80 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:RAK ;11/04,16:43

SJF

TO: MLS, LT, JF, DR, BFP, JG, GP, DCB, DXB, LH, JWM, SJF,
PA, PGH, SXM, LJJ

FROM: RAK

RE: Reagan's health

The President's personal physician, Dr. Daniel Ruge, today released a slightly more detailed written report on the results of Reagan's health check-up at the National Naval Medical Center in Bethesda on October 29-30:

Stats. Only three numbers were provided. The President's blood pressure was 124/76; his pulse rate was 76 beats/minute; and his serum cholesterol level, measured while fasting, was 191 mg/dl.

Ruge is not taking phone calls to discuss the medical report, but the press office relayed his answers to some of my questions. Larry Speakes describes the cholesterol level as "exceptionally low." This is largely attributable to Reagan's diet. Nancy makes sure he doesn't eat too many foods that are high in cholesterol. Nancy also stresses a diet that is relatively low in calories.

The blood pressure and pulse rates are normal. They are also lower than they were when Reagan was examined two years ago. In October of 1979, Reagan's blood pressure was 130/80 and his pulse was 80.

After examining Reagan by use of a barium enema, his doctors (14 specialists in five medical fields) detected diverticula in the colon. This condition does not require

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treatment. Speakes describes diverticula as ``small outpouchings of a tube, in this case the colon.'' Fifty percent of the population have diverticula in the colon, according to Speakes. In his report Ruge wrote, ``Diverticula of the colon are a common finding and remain asymptomatic in most people throughout life.''

Ailments. Reagan's only medical complaint was the cold he picked up while in Mexico, described by Ruge as ``a minor respiratory-tract infection, which is rapidly improving.''

He also suffers from hay fever which is treated by shots. His two other medical problems--slight hearing loss in both ears and nearsightedness which is corrected with contact lenses--were ``found to be stable,'' says Ruge. Reagan has said in the past that the hearing problem was caused when someone fired a blank gun too close to his ears while he was filming a movie. In addition to the contact lenses, Reagan wears reading glasses to see things up close.

Shooting. Doctors found no evidence of ``physical disability'' left from the assassination attempt. ``He appears to be fully recovered,'' Ruge wrote.

Exercise. Reagan went horseback riding this afternoon, as he often does on Wednesdays. He also chops wood and works out almost daily in an exercise room in the White House residence. This exercise is not ordered by his physician. Reagan has discontinued working out with an exercise wheel on the floor to keep his stomach flat, as he did during the campaign. Ruge, in relaying his answers, did not explain

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why.

Weight and height. The President is 6-foot-1, according to Ruge. Most published reports say he is 6-foot-2, but Ruge insists he is closer to 6-foot-1. (This may be due to the fact that his height has shrunk somewhat with age.)

Reagan's weight before the shooting was 184, according to the White House press office. Because he had been fasting, he was not weighed at Bethesda. Ruge--again answering my questions indirectly--says Reagan weighs ``in the low 180s'' and that 184 would be a good guess for his current weight. So, he has gained back all of the weight he lost after the shooting.

Reagan's two-day exam also showed no ``clinically evident disease nor organ system dysfunction.'' There was no evidence of malignant disease or heart disease. The President ``demonstrates excellent cardiovascular fitness,'' the report said. Reagan is 70 years old.

Ruge's conclusion: ``In short, the President appears to be enjoying excellent health.''

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STORY:GERGEN
PA:60 FMT:

QUEUE:SER-SER
HJ:

MSG:
INI:

OPR:ALC ;11/05,11:22

SJF

TO: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXB, SJF,
, PCH, SAM, MK

FROM: RAK

RE: Background-only ivu with David Gergen

Haig, while insisting that no one on the White House staff is out to get Haig, Gergen sought to play down speculation that the latest public episode was a product of Haig's paranoia.

"I don't think he's entirely off base in realizing that there's been a lot of sniping...As we used to say about Nixon, even paranoid people have real enemies...I don't think Haig's paranoid...But I don't think there is any one individual around here who is out to get him or who has been waging guerrilla warfare against him....He's in good shape with the [White House] staff and even better shape with the President...He's in excellent shape with the President."

Gergen believes that Haig has taken the cumulative criticism voiced by several White House aides over the past several months and, in his own mind, attributed it all to one person--the fictitious person who is out to get him.

It is certainly true that Jim Baker, Dick Allen and Gergen all have at various times criticized Haig on background to reporters. But that criticism has never taken the form of going to undermine Haig in a way that would force him out. In fact, Allen and Baker in particular have been very

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Circumspect in their criticism of Haig.

The only White House aide I have ever heard express a desire for Haig to go is Lyn Nofziger, at the time of the assassination attempt. Afterward, Nofziger quickly changed his tune and stopped harping about Haig. But it is possible that Nofziger was the source of Jack Anderson's unpublished column asserting that Haig had lost the President's confidence. This is pure speculation on my part, but it sounds like a trick right up Nofziger's alley, especially since he will be leaving the administration in a couple of months. Gergen says the source of Anderson's original column was one "senior" White House aide and other lower-ranking aides, but Gergen declines to identify the senior one.

Does Reagan believe Haig's story that someone is out to get him? "Probably not...[Sniping] is not something people carry on in front of the President."

Contrary to the story in today's Post, Reagan has not called anyone on the carpet or laid down the law except in his public statements, according to Gergen. He says the President believes the best way to end the backbiting is to publicly reiterate his support for Haig and Allen. And Gergen thinks everyone in the White House and the State Department understands the message. "You'd be a damn fool if you were taking shots at Al Haig now."

For the most part, Gergen said he didn't want to discuss Reagan's personal reaction to the Haig incident. It is

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sufficient to say that Reagan was "irritated" by it. In an indirect way, Gergen suggests that Reagan's irritation was directed largely at Haig for creating a mess--through his assertion that someone is out to get him--when the President had, in fact, strongly defended Haig in an extraordinary way. Baker also is pissed at Haig, because the secretary of state's comments forced Baker to deny any involvement in trying to get rid of him. It was Gergen, Baker's top deputy, who tried to help Haig by alerting him to the Anderson column in advance.

Ramifications. Gergen believes there will be no permanent effects from the Haig debacle. But he adds, "I suppose that if this kind of thing keeps happening, sometime down the road we might have to take a look and see if any changes have to be made...The ironic thing is that Haig has really been doing a very good job."

The incident may have "stiffened the President's determination to keep Dick" Allen, says Gergen. [Whisper?] He does not believe Reagan ever has seriously considered getting rid of Allen, and he says Reagan's natural instinct is to protect an aide who is under public fire. Gergen even hinted that Haig's comments to Anderson might have been a crude attempt to force out Allen.

Budget cuts, tax hike. Reagan will meet with Republican congressional leaders on Friday to begin making some decisions on the new economic proposals. He may announce his new proposals at a press conference scheduled for

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Cesday of next week.

Gergen believes the President will not go along with a major new tax hike that would be considerably higher than the 22 billion over three years that he proposed in September. In fact, Gergen thinks Reagan will generally decide to stick with his September package of tax hikes and 13 billion in budget cuts, with modest changes.

“The problem is that the scenarios keep changing and the numbers keep changing...He may opt not to make dramatic changes just to bring the new numbers into line...I don't think there's going to be any U-turn on tax policy...He may decide that we ought to stick to our guns...How can we go up there and ask for big new budget cuts when they haven't even given us the ones we've already asked for?”

The result of all this would be budget deficits in '82, '83, and '84 that are much higher than the administration projected earlier. The new deficit figures are “very imposing,” says Gergen. It appears that Reagan is willing to sacrifice a balanced budget instead of cutting back on defense or increasing taxes.

Veto. Reagan probably would veto the HUD and Interior appropriations bills if they came to his desk in their present form. But Gergen believes the money bills will undergo changes before they reach the President, and he says committee chairmen are holding off on final bills to see what Reagan's position will be next week.

Also under consideration on the Hill is an omnibus six-

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With continuing resolution that would contain the spending levels Congress wants and would ``dare`` a presidential veto. Under those circumstances, Reagan would be more cautious about using the veto.

Voting rights. Gergen believes Reagan will make up his mind this week about the Voting Rights Act. In Wednesday's cabinet meeting, Attorney General Smith apparently urged Reagan to oppose the bailout and ``effects test`` provisions of the House-passed bill. Melvin Bradley, the highest ranking black aide in the White House, urged Reagan to endorse the House version. ``Bradley was very articulate. He made quite a strong impression,`` says Gergen. He says that every state GOP chairman in the Country--including the South--is pressuring Reagan to go along with the House version, which Reagan regards as much more stringent than existing law. There was no consensus of opinion in the cabinet meeting. The department heads were very split on their advice to the President.

Draft registration. There is better than a 50-50 chance that Reagan will drop draft registration in December, says Gergen.

Governors' races. ``The President was very disappointed in the results of the Coleman race,`` because he thought Coleman was going to pull it out with his last-minute surge. The results of the New Jersey and Virginia elections have persuaded Reagan that he will have to campaign harder '82 than he had planned, says Gergen. [Whisper?] ``This

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as he will have his work cut out for him in '82...He really wants a Congress he can work with."

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ST
ORY: WARNING
MA: 82 FMT:

QUEUE: SRR-SRR

MSG:

HJ:

INI:

OPR: 11/35, 14:26

SJF

TO: MLS, LT, JF, DR, BFP, JG, GP, OCB, LH, JWM, DXB, SJF,
PA, PGR, SKM, LJI

FROM: RAK

RE: Reagan's warning

David Bergen surprised reporters at today's White House briefing by announcing that Reagan called Haig and Allen into the Oval Office this morning for a one-hour discussion of the latest internal sniping. Bergen read this statement:

President Reagan this morning met with Secretary of State Alexander Haig and National Security Adviser Richard Allen in a friendly conversation about foreign policy operations. The President told them that he wanted to insure that the matters of the past few days are closed. He also discussed with them ways to make the foreign policy apparatus of the government work better and ways to stop any internal criticisms.

"The meeting was called at the President's initiative...At the conclusion of the meeting, both the secretary and the national security adviser agreed that it was important to the country and the President that all members of his foreign policy team cooperate and work closely together. The President also reaffirmed his strong confidence in them and in his entire foreign policy team."

Only the three men were present in the Oval Office. Reagan telephoned Haig and Allen late Thursday and arranged the meeting. Bergen said that Reagan did not threaten to fire

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One of them in the event his instructions are not heeded. He also stressed that no personnel changes are planned. "This meeting was not to discuss personnel or structural changes," said Gergen. He quoted Allen as saying after the session that it was a "very helpful and constructive meeting."

The guerrilla. Gergen rejected the conclusion that Reagan's decision to call Allen to the meeting meant that Allen was the guy out to get Haig. In reference to Haig's alleged guerilla fighter, Gergen said, "No such person has been identified."

El Salvador. Gergen flatly refused to comment on today's New York Times story asserting that Haig has ordered contingency planning for a possible invasion of El Salvador or Nicaragua to prevent communist domination in Central America.

He also referred to the State Department questions on this's statement Wednesday regarding the possible "demonstrative" use of nuclear warheads in Europe.

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STORY: SPEAKES
MA: SG FMT:

QUEUE: SRR-SRR
HJ:

MSG:
IMI:

OPR: SRF ; 11/05, 18:23

TO: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JTM, DXB, SJF,
PA, PGR, SKM, MK

FROM: RAE

RE: Background-only ivu with Larry Speakes

Haig. The President called Haig and Allen on the carpet today only after vigorous pressure from the Big Three. Reagan was very reluctant to do it, says Speakes. During the one-hour session in the Oval Office, Reagan sat at his desk, with Haig in a chair at one side of the desk and Allen in a chair at the other side.

"Allen appeared to be in a pretty good mood afterward," says Speakes, who saw both Allen and Haig when they emerged from the Oval Office. Speakes says he got no feel for what Haig's reaction to the meeting was. Allen told Jim Baker immediately after the meeting that he wanted to talk to him--about what, Speakes does not know.

When Allen and Haig left the Oval Office, they walked alone into the Cabinet Room and talked for about 15 minutes without turning the lights on. They were leaning against the backs of two chairs around the cabinet table. "It was a pretty dramatic scene...When they came out [of the Cabinet Room], they were almost arm in arm and backslapping each other. I'd never seen that before," says Speakes.

The Guerilla. Most senior White House aides believe Allen was the source of Jack Anderson's original column claiming that Reagan had lost confidence in Haig. Speakes is not so

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sure that Allen was the source. Nor does he think Lyn Nofziger would have attacked Haig, because Nofziger doesn't care about foreign policy. (Speakes adds, "If Haig had been trying to decide the Voting Rights Act, then Lyn might have tried something like that.") Speakes says Allen asked him whether he thought Nofziger might have been Anderson's source. Anderson is regarded as a friend of the administration, and he apparently has contacts with several senior aides.

Speakes believes this will not be the last episode between Allen and Haig. "Allen has had enough of this no-exposure business." He says the Big Three are fed up with Haig-- Baker more than Meese and Deaver. Deaver is "zeroing in" on Allen for criticism, says Speakes. "He just doesn't respect Allen." Speakes believes Deaver was the source of a story by Jack Nelson in the LA Times Wednesday saying that Allen was on his way out. Speakes does not believe Reagan will get rid of Allen. And he says it is not true that Meese is looking for ways to reorganize the foreign policy apparatus. Speakes does not believe there will be any substantial changes.

Economy. Things are still very much up in the air, but the President is expected to start making some decisions on Friday after meeting with Republican congressional leaders. Speakes believes Reagan will not make major changes in his September economic proposals. "The President's general feeling, unless someone changes his mind, is: 'The only tax

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crease I want to put in is one on people who are already getting too good of a break--closing the loopholes. And let the program we've put in place run its course...Lets give supply side a chance. It will work.""

Even if Reagan gets the program he requested in September, the '82 deficit would top 80 billion, says Speakes. And he thinks the White House may scrub the reform in entitlement programs proposed in September. The entitlement reform would produce a savings in '82 of 3 billion.

Assuming Reagan does not seek massive new tax hikes or cuts in defense spending, the '83 deficit would be triple digit. "The general view here is that we do the best we can for '82 and then try harder in '83 and '84," says Speakes. Under the most optimistic administration projections, says Speakes, the '84 deficit could be reduced to 30 billion.

From all indications, the President is preparing to abandon a balanced budget in '84. His original campaign pledge was to balance the budget in '83. That promise had slipped to '84 by Inauguration Day.

Wash. The White House expects Congress to send down an omnibus continuing resolution setting spending ceilings well above Reagan's targets. The President is actively considering vetoing such a six-month resolution. "It would be a dramatic move but he could well veto it...The problem is, you run the risk of shutting down the government for a few days." Speakes says Reagan probably would not mind

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Cutting down the government, and a continuing resolution would provide the single-vote vehicle for another showdown with Congress that the White House has been looking for.

Voting Rights Act. The White House now intends to announce Reagan's decision on Friday, but it could slip until next week. Attorney General Smith wants Reagan to endorse simple extension of the existing law instead of throwing his support behind the House-passed bill, which is more stringent. Speakes says Smith has a lot of influence with his longtime friend in the Oval Office. The political experts, however, are warning Reagan that if he does not back the House version he can write off black voters in 1982. In Wednesday's cabinet meeting, HUD Secretary Semcerce presented a somewhat muddled argument for backing the House bill, while White House aide Melvir Bradley presented an eloquent case for the House bill.

Peter McCoy. Speakes offers a bit of gossip about the departure of Nancy's chief of staff, but he admits that the rumor doesn't really make sense: McCoy went off to Florida on Wednesday on a complimentary NASA flight to see the launch of the space shuttle--without Mrs. Reagan knowing he was going. When she needed him and found he was gone, she supposedly called Helene von Damme--who is now working for Ben James in the personnel office--and told her to find McCoy another job.

However, Nancy's press spokesman, Sheila Tate, told PA that this rumor is not true. According to Tate, McCoy was

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Entered his new job at the Commerce Department on Monday.
Tate also told PA that Nancy knew about McCoy's trip to
Cape Canaveral. Speakes comments are rumor only. He says he
has not firsthand understanding of why McCoy was moved out.

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STORY:WHU2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;11/05,19:57

To: mls lt dr jf jg bfp dxb gp jwm dcb lh rak pa rgh

From: sjf

The following comes from a background interview with Craig Fuller, cabinet director.

The message that Al Haig and Dick Allen heard during their one-hour Oval Office session with President Reagan: Any more bickering will be grounds for dismissal.

Fuller cautioned that Reagan probably expressed himself in a polite way, but there is little doubt that Haig and Allen got the message. He says that Reagan was absolutely furious about this last incident.

"He will not tolerate it anymore," says Fuller. "He's told them that another incident will put them in peril."

What impact does the bickering have on American foreign policy? "To the extent that it presents a blurred picture to the work, it hurts our foreign policy," says Fuller.

"But when the President expresses renewed signs of faith in the secretary--which usually comes on the heels of these episodes--that helps to limit the problem abroad."

Despite reports that Meese is trying to shape up the National Security Council, Fuller says no substantial changes are in the works.

As Fuller sees it, Allen does not have the necessary power he needs to be a coordinator between departments on foreign policy matters. So it goes beyond a matter of personalities to a breakdown in structure. "It's not just Al and it's not just Dick," says Fuller.

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Domestic policy. Fuller says the Allen problem has its domestic equivalent with Martin Anderson, whose staff does not provide the President with adequate policy work.

Fuller says the White House must rely too heavily on the Cabinet departments for policy development. "There's no one doing any creative work at the White House," he says. "We could use a strong policy arm in the White House."

Under the Cabinet government system, he says, Cabinet secretaries are supposed to participate in policy analysis-- but they are not supposed to be the sole source of the options presented to the President.

As an example of how the domestic policy staff has failed: "We don't have any urban policy," complains Fuller. "We've been pulling teeth trying to get them to come up with a proposal for enterprise zones."

He says there is "some truth" to the reports that Anderson is being considered for a job at the Federal Reserve Board. He says Pendelton James prediction that HUD Secretary Pierce will be departing soon is "news to me."

Budget deficits. President Reagan soon will acknowledge that he cannot achieve his campaign promise to balance the budget by 1984. In fact, the White House is now projecting a deficit as high as 150 billion in 1984.

Fuller, who's been meeting daily with Baker, Meese and the economic advisers on this subject, says the group is working the following projected deficits:

1982: 80 to 100 billion dollars.

(MORE)

1984: 100 to 150 billion dollars.

Fuller could not remember the 1983 figures, but he says they are somewhere between 1982 and 1984.

He says the administration intends to come clean on these numbers by issuing the most realistic projections possible, perhaps even before they are required to do so by law at the end of December. "We are going to be realistic," he says. "We are going to confront forthrightly the economic situation that we find."

Another problem: Cabinet departments are balking at their proposed budget ceilings for 1983. Fuller says the Cabinet departments cut only half of the money they were told to carve out of their 1983 budget requests. This is the first time the departments have resisted budget cuts. Fuller blames it on the bureaucracy.

Entitlements. Fuller says administration officials are having a hard time coming up with entitlement cuts for 1982, but they are still trying. In 1983, the most they can wring out of the 195 billion dollar entitlements budget is 11 billion dollars. "And out of that, we'll probably only get 3 or 4 billion through Congress," he says.

A package of proposed entitlement cuts will be presented to the President next week. (While I was sitting in Fuller's office, he had a funny telephone conversation with Secretary of HHS Schweiker. It seems that Schweiker was about to outline the proposed entitlement cuts to a group of governors. When the White House got wind of it, Fuller

(MORE)

ed Schweiker and told him not to divulge any details because the President had not yet seen the program. Fuller had a hard time talking Schweiker out of it.)

Budget strategy. White House officials are hoping that a new budget-tax cut package being put together by Senator Domenici will be the basis for a new compromise. When the President meets with Domenici and other members of Congress on Friday, he will outline what he wants as follows:

- * Defense cuts close to his original proposal.
- * No across-the-board income tax increase.
- * Instead, a variety of ``consumption`` tax increases.

Such a compromise will be difficult to achieve, Fuller admits. President Reagan may have to veto some appropriations bills to spur it along.

But Fuller cautions that there is a dispute within the administration over strategy. The key question: Whether to proceed immediately toward a compromise with Congress or wait until after Christmas when the impact of the recession is more apparent.

Stockman-Regan. Fuller acknowledges that Regan and Stockman disagree on everything from tax cuts to economic projections. But he says the feud has been overblown. It's not a personal battle.

(END)

November 6, 1981

FROM: RAK - White House

TO: MLS, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, SJF, RAK, PA, PGH,

W
MK
^

RE: Reagan's Economic Proposals

The President this morning signaled that his goal of balancing the budget in 1984 no longer appears possible. Reagan talked briefly to reporters during a photo opportunity at the start of a meeting with ~~the~~ Republican senators in the Cabinet room.

Asked whether he is still pursuing a balanced budget in '84, Reagan responded:

"There have been changes in the estimates that have been due to several things that we had to re-evaluate our figures, but we're going in that direction. I've never said anything ^{BUT} that it [balanced budget in '84] was a goal and the eventual goal, whether it comes then or whether it has to be delayed or not, is a balanced budget."

Will you raise taxes? "I'm sticking to our plan," Reagan said.

After the 90-minute meeting with 10 Republican senators, Majority Leader Howard Baker suggested Reagan may go along with substantial tax hikes in '83 and '84, but not in '82.

Baker said, "The President, however, has in mind that there would not be significant new revenue enhancements in '82 . . . The President is ready to consider future revenue enhancements in '83 and '84 . . . I would expect significant revenue enhancements in '83 and '84."

But Baker also said that the President is not likely to get all of the additional budget cuts that he has requested for 1982. As a result, the '82 deficit will be in the range of 80 billion⁰ dollars, Baker said.

Senate Budget Committee Chairman Pete Domenici added, "There's far more agreement than there is disagreement . . .
§ My goal is to move dramatically toward a balanced budget" in 1984 through higher taxes and larger budget cuts in fiscal '83 and '84.

Baker indicated that there was "some disagreement as to technique and procedure" between the President and Senate Republicans.

(END FILE - JNM)

November 6, 1981

FROM: RAK - White House

TO: MLS, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, SJF, RAK, PA, PGH, ✓

W
MK
^

RE: Reagan's Economic Proposals

Spokesman Larry Speakes announced this afternoon that Reagan intends to make no changes in the economic proposals he sent to Congress in September. Speakes quoted Reagan as telling Republican congressional leaders this afternoon:

"I'm convinced that our basic policies are sound. I have submitted our program to Congress and I do not intend to change that program. I do not wish to see any changes in the Economic Recovery Tax Act, nor do I wish to see any tax increases in '82."

Speakes said, however, that Reagan still intends to push for the 3 billion dollars ⁱⁿ "revenue enhancements" that he proposed earlier.

Tax Hike in '83 and '84?

Said Speakes, he [Reagan] does not look with favor on tax increases in '83 and '84, but he's willing to entertain what has been known as revenue enhancements ... we prefer that they take the form of closing certain loopholes ...

[but] the preference always is on the budget-cutting side.]

Unemployment.

Responding to the new unemployment figures, Speakes said, "We are not going to adopt any quick-fix measures to deal with short-run movements in the unemployment rates."

(END FILE - ES)

November 6, 1981

FROM: ✓ SJF - White House

TO: MLS, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, RAK, PA, PGH

President Reagan's statement today supporting extension^S of the Voting Rights Act was vague on several key points. Reagan said he supported extension^S of the act for 10 years "either through a direct extension^S of the act or through a modified version of the new bill recently passed by the House of Representatives." But Reagan's statements on modifications were confusing.

He said that the extended bill should contain the bilingual-ballot provision currently in the law. He added: "As a matter of fairness, I believe that states and localities which have respected the right to vote and have fully complied with the act should be afforded an opportunity to 'bail out' from the special provisions of the act. Toward that end I will support amendments which incorporate responsible bail-out provisions for states and other political subdivisions.

"Further I believe that the action^{SHOULD} retained the 'intent' test under existing law rather than changing to a new and untested 'effects' standard."

White House officials declined to explain precisely what Reagan meant by this statement. The enquiring reporters were told to check with the Justice Department.

(END FILE -- rw)

November 6, 1981

FROM: RAK - White House
TO: MLS, LT, BFP, DR, JG, GP, ^WMK, [✓]SJF
RE: Reagan's economic proposals

House Minority Leader Robert Michel said the following after a one-hour meeting with Reagan and six other House Republicans this afternoon:

"We are all convinced...that the President is going to stick with his plan, and we're not going to be talking about any tax increase in '82." Asked about a balanced budget in '84, Michel said, "It's still a goal...but I don't think the world is going to come to an end if we fall 20 or 30 billion dollars short of a balanced budget in '84."

Michel downplayed the possibility of substantial tax increases in 1983 and '84 as a means of reducing the deficit. He also said he expects the President to veto appropriations bills that exceed his spending targets.

"About every one that is on the platter now would be veto bait," Michel said.

(END FILE -- rw)

STORY:1SJF
MA:60 FMT:

QUEUE:FILES-WFD MSG:
HJ: INI:

OPR:JNM ;11/06,14:44

FROM: SJF - White House

TO: MLS, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH,
SJF, RAK, PA, PGH

On the Voting Rights Act, the President today will announce that he will sign either version -- the House version or a simple extension. But he will add that there are some aspects of the House bill that he dislikes.

Rich Williamson, Presidential Aide for Intergovernmental Affairs, says this statement reflects a decision by Reagan to write off the black vote. He says that the decision actually was made months ago when the White House decided not to announce a position before the House voted.

However, Williamson adds that the President does not want to oppose the House version outright because he would be portrayed as a racist and that would hurt him with what Williamson describes as the "sherry and brie" set -- people with social consciences and Jewish voters.

(END)

STORY:MEESE
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:DML ;11/06,16:51

TO: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXB, SJF,
PA, PGH, SXM, MK, JDN

FROM: RAK

RE: Background ivn with Ed Meese

Meese was not overly candid, as always is the case when he sees a string of reporters one at a time in assembly-line fashion, as he did today. Meese simply does not enjoy fielding reporters' questions.

Economic proposals. He provided no new information. "The President is sticking with his same basic plan...The President is not enthusiastic about tax increases...We want a package that focuses on spending reduction."

Meese complained that "these open-ended spending programs that some people call entitlements" are driving the deficit especially high because built-in increases in benefits are based on the consumer price increase of last year, when inflation was higher than it is now.

Will Reagan veto appropriations bills that exceed his targets? "It's too early to say whether that will be necessary...He's prepared to exercise the veto if he has to."

National security apparatus. Meese claims he is not conducting a review of the national security structure, as reports have indicated. "We are all working to make the existing system work better...The system we have is a very good system. We're just trying to make it work

(MORE)

better." How are you going to make it work better? Says Meese, "by doing several small things...[like] improving communication...getting papers to the President earlier." Reagan called in Allen and Haig this week because he felt there needed to be "a clearing of the air."

Abolishing the Dept. of Education. Meese says he held a meeting this afternoon with Ted Bell to go over proposals for getting rid of the department. More meetings are scheduled for next week. He claims plans are proceeding on schedule.

Bell is devising "a series of reorganization options" that will go to the President and be discussed at a cabinet meeting within the next couple of weeks. The options include outright elimination of many Education Department programs and returning others to their original cabinet departments. Most programs apparently would go back to HHS.

According to Meese, the administration set several "priorities" for the Department of Education that were to be acted on before sending proposed legislation to the Hill. (He declines to speculate how soon legislation will be sent to Congress, but Reagan will not get involved until the final stages, so I would guess that a legislative package will take shape before the end of the year.)

The main priorities, some of which Bell already has accomplished: Reduce the number of regulations coming out of the department; reduce the "administrative overhead" of the department; eliminate department functions and

(MORE)

responsibilities that the Reagan team regards as unnecessary.

Meese says Bell already has eliminated the jobs of three assistant secretaries and 20 undersecretaries. Is abolishing the department more difficult than expected? "It's not really that difficult," says Meese.

Bureaucrats vs. political appointees. Meese says he is surprised by the degree of cooperation Reagan appointees are receiving from career civil servants. Typically, he says, 10 to 20 percent of the bureaucrats "have been waiting for someone like the President to come along;" another 10 to 20 percent will always oppose what the administration wants; and the rest will do whatever they're told to do.

"To a great extent, we're getting cooperation. Let me put it this way, I know of more instances of cooperation than thwarting." He claimed he could think of no example of the bureaucracy thwarting the will of the new appointees. But he noted that when bureaucrats are uncooperative, "You can isolate them, and certainly with the SES people, you can move them out of policy positions."

(END)

To: mls lt dr jf jg bfp dxb gp jwm dcb lh rak pa pgh
From: sjf

The following comes from a background interview with Rich Williamson, presidential assistant for intergovernmental affairs:

The administration is developing a package of proposals to cut 27 billion dollars from entitlement programs over the next three years, says Williamson.

No program will be spared. Among those slated for substantial cuts are AFDC, the school lunch program and SSI. The breakdown over the next three years is: 3 billion dollars in 1982, 11 billion dollars in 1983 and the remainder in 1984.

The package will be presented to the President for his approval this week. Last week, the Big Three reviewed the plans. Williamson said his role in the meeting was to advise them of the consequences of each cut. For example, he warned them that certain cuts would affect certain states. He said Baker was particularly concerned that they avoid cuts that have a heavy impact on Southern states.

Overall, Williamson acknowledges the package will have a devastating political impact. "I can already see Charlie Manat writing his hands with glee," he says.

GOP Politics. Haley Barbour, a GOP pol from Mississippi, is being considered as a replacement for Lyn Nofziger.

Williamson says Barber worked for Reagan and then Ford in 1976 and helped with the Connally campaign in 1980.

(MORE)

Although the Connally connection is somewhat of a drawback, Williamson says, Barbour has the advantage of being both a friend of Jim Baker and an old-time Reaganite too.

White House officials also are looking for someone to place at the GOP National Committee right under Dick Richards. The objective is to strengthen Richards' operation and establish a better liason with the White House. One candidate for this job is Ed Rollins, Nofziger's deputy. (Nofziger, meanwhile, is pushing for Rollins as his replacement.)

Williamson says that Richards' biggest detractor has been Bill Brock. He says Brock has convinced many GOP leaders that Richards is not up to the job. However, Williamson thinks the White House would like to avoid a shakeup at the GOP National Committee if possible.

Elections. In Williamson's view, President Reagan was used properly by Thomas Kean's people in the New Jersey gubernatorial election. You'll recall that he pulled the presidential commercials off the air during the last week in order to emphasize local issues. Williamson says White House people learned something from this and will try to use Reagan ``creatively'' in the 1982 elections.

Williamson says Wirthlin's projections in Virginia were totally off base. Wirthlin had Coleman winning by 8 points.

Infighting. Infighting within the administration is not confined to Haig and Allen, says Williamson. He says many people are at each others throats these days. For example,

(MORE)

SECRET 11-10-81
a full-scale war has developed between Jim Baker's top deputies--David Gergen and Dick Darman. Williamson says both are trying to expand their power. He says Gergen is behind Reagan's failure to choose a strong speechwriter. The current setup gives Gergen more control over speechwriting.

Voting Rights Act. The President's position on the Voting Rights Act reflects a decision to write off the black vote. He says the decision was made several months ago when they chose to take no position during the House debate.

At the same time, Williamson says, Reagan does not want to appear to be a racist. He does not want to alienate those people whom Williamson describes as the ``sherry and brie'' set--Reagan supporters with a strong social conscience, including many Jewish Republicans. This is why the President modified his opposition to the law.

(END)

STORY:LYN

MA:62 FMT:

QUEUE:JWM-JWM

FJ:

MSG:

INT:

OPR:JWM

11/11,15:49

TO: MLS, LT, DR, TJF, SJF, RAK

FROM: JWM

Re: Lunch with Lyn Nofziger of White House political operation and Jim Jenkins, new deputy counsel at the White House and a close associate of Ed Meese's. Background

Voting Rights: Nofziger says Reagan came very close to giving his go-ahead to the "disastrous" House version of the extension which he said would have "alienated our base"--meaning conservatives. He says he, Jenkins and William French Smith waved RR off the House version and on to the fuzzier, down-the-middle approach.

Byrd/Richards: Nofziger was upset at GOP national chair Richards for saying that it was futile to run against Virginia's independent Harry Byrd next year. Nofziger, who apparently has been unsuccessful in leading the attempt to get Byrd to become a Republican, says the party is going after him next year.

Nofziger is displeased with Richards on other counts. Says he and his staff, many from Utah, know how to run a campaign in a tiny state out west but are out of their element in big state politics. Nofziger reflects other knifing of Richards around town by Republican figures.

Maureen: The First Daughter is drawing Nofziger's wrath with her Senate campaign in California. She's come out for gun control now and he figures that will be thrown in RR's face. He isn't at all happy about her being in the race.

With all the Republicans in the race, he thinks Hayakawa--with all his problems--will be helped. Asked if young Goldwater is dumb, Nofziger replied "No, he's stupid." He thinks Representative Dornan, who is trying to crash our Whisnort's race, is the best pol of the group. He says the two Pat's, McCloskey and Wilson, are good candidates but won't win. At any rate, he admits it will be difficult to beat Brown despite all the wacky things he says and does.

Big 3: Lyn was kind to the big three for a change, but he said he could run out of paper listing their mistakes to date. He complimented them on their ability to get along and the absence of all-out war after ten months on the job. Meese has a picture of Reagan and the big three in his office. Nofziger stuck a caption under it that read: The President and the Three Stooges. He said Meese laughed. But this is the kind of thing that gives Nofziger ultimate trouble.

Election: Nofziger figures Reagan wasn't hurt that much by loss in Virginia and the close call in New Jersey. It is obvious he wasn't taken by Marshall Coleman's brand of Republicanism in the Old Dominion.

(MORZ)

White House press: Nofziger, who didn't like Larry Speakes at first, would obviously like to see him emerge in the struggle with Dave Gergen. He seems to question Gergen's total loyalty to R& and calls him a "liberal"--a particularly nasty description for Nofziger. He wonders how long the R-voiced press spokesman thing can last.

Plans: Nofziger continues to insist he is walking out the door next January 20 to open his own 1-man operation here. It won't be political or a lobbying service but offer advice for nice hefty sums. Nofziger must figure he may have only a few years to cash in on the association with Reagan and time is awasting. However, keeping Nofziger away from politics is impossible. He's an addict. Also, he admitted he would probably help out California Lt. Gov. Mike Curb who is running for governor next year.

(Tim Jenkins remained relatively quiet during lunch and laughed at all of Nofziger's puns. He worked for Reagan and Meese in California and apparently came aboard to help Meese. He's very much a political animal and may have been called in to strengthen Meese's hand IN the WH.)

(END)

STORY:WHU3
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;11/11,17:06

To: mls lt dr jf jg bfp dxb gp jwm dcb lh rak pa pgh

From: sjf

The following comes from a background interview with Larry Speakes, deputy press secretary.

The President is heading into what Speakes describes as a ``high risk...game of chicken`` with Congress over the funding of the federal government after November 20.

Speakes expects the issue will go down to the wire on the night of November 20, when the current continuing resolution expires. Reagan will promise to veto any second continuing resolution that comes in too high. The President would be satisfied with another continuing resolution, as long as it comes in low. By threatening veto, Reagan obviously runs the risk of shutting down government operations. But he may be willing to take that risk.

Dave Stockman has done some research for the President on what would happen to the government in the absence of appropriations. He told the President at a recent meeting that the nation's defense operations could continue under an obscure law which Speakes believes is called the Food & Foraging Act. (I've asked Ed Dale at OMB to check on this.)

Reagan has decided to delay both his entitlement cuts package and his ``revenue enhancement`` proposals until January. This was not made clear in the press conference. The obvious reason for the delay: Republicans in Congress have rejected these ideas. Says Larry, ``Why run the political risk for nothing?``

(MORE)

The revenue enhancement package now being put together at the White House would increase taxes by as much as 45 billion dollars over the next three years. The entitlements cuts would add up to 27 billion dollars.

By January, Reagan's advisers believe he will have more leverage to convince Congress to pass these items. A worsening economic situation will increase public pressure on Congress. Also by then, Congress will have to begin facing up to the problems of fiscal 1983.

How did they get themselves into this mess? Speakes says administration officials simply ignored the likelihood of a recession when they were putting their program together.

Foreign policy. At the news conference, says Speakes, Reagan was prepared to answer a question about European pacifism. He wanted to say that he thinks pacifism in Europe is cooling, particularly among Swedish people since a Soviet submarine went aground off their shores. This answer was suggested to Reagan by Vice President Bush.

Speakes also cautions that Reagan's statement about the Saudi eight-point peace plan does not mean that the administration is actively pressing to bring the Saudis into the peace process at this moment.

Rating Reagan's economic advisers. David Stockman's future seems somewhat clouded by the Atlantic Monthly story. Larry says the President's top aides were particularly upse by the story because it comes so closely the heels of the latest Haig-Allen flap. Everyone will

(MORE)

be questioning Reagan's ability to hold his people in line. In an effort to keep this as far away from the President as possible, all inquiries are being referred to OMB.

It's too soon to say what impact the Atlantic story will have on Stockman's standing as a Reagan adviser. Up until now, Stockman and Donald Regan have been the two stars on the economic team. No one else carries as much weight with the President as these two men.

Weidenbaum is a distant third in Speakes' estimation and Anderson is even lower. Of Weidenbaum, Speakes says:

"Frankly, I haven't ever heard him offer that much advice. Murray's strong point may be that he meets frequently with Voelker." Of Anderson, he says: "Marty throws in something from time to time."

Meese does not offer economic advice. He simply "brings it to a decision...pushes it along." Baker's influence is considerable when it comes to strategy, particularly involving the Congress.

Although Reagan once vowed to meet frequently with Voelker, the two have had only two meetings. Perhaps Reagan is shying away from Voelker because most people blame the Fed for high interest rates and the President wants to keep his distance.

Speakes says that four outsiders, Alan Greenspan, George George Shultz, Paul McCracken and Walter Wriston, have considerable influence with the President. These four men recently met with the President and advised him to stand

(MORE)

pat on his income tax cut. Their advice was strongly reflected in Reagan's ultimately decision, says Speakes.

Although Reagan's best friends are businessmen, Speakes says this group has no influence on him when it comes to economic policy.

(END)

STORY:ACORP
NA:62 1 2:

QUEUI:RAYE-RAK
EJ:

WSC:
INI:

OPR:RAK 11/12,18:32

TO: MLS, LT, JF, BR, BFP, JG, GP, LCP, LH, JWM, EXB, SJF,
PA, PGI, SAM

FROM: RAK

RE: Background-only ivu with White House lobbyist Powell
MOORE

(Max Friedersdorf is out of town and not available to
discuss the impact of the Stockman episode.)

Moore says he knows of no plans by any committee chairman
in the House or Senate to hold special hearings to question
Stockman. He feels certain that no Senate chairman will
call hearings, and he doubts that any House Democratic
chairman will, either.

Although Senator Dole earlier in the week expressed
reservations about Stockman's behavior, Moore said he saw
Dole today and that he was "pretty positive" about the
incident.

Stockman's blunder "comes at a good time" because there
is little time for hearings at this stage in the session,
when most of the activity is occurring on the floor, says
Moore.

He believes Stockman's statement today generated sympathy
for him that will "carry over to the Hill...Every
politician has put his foot in his mouth, and they all know
that once you've said something, you can never call the
cards back...Certainly among Republicans there will be some
sympathy."

(MORE)

Stockman's comments have damaged his credibility, Moore concedes, but he thinks the harm will be temporary. He adds, "The Democrats see it as a political opportunity and will take advantage of it...It makes things easier for speechwriters at fundraisers."

He believes criticism of Stockman will be restrained in the Senate because "the majority of Democrats have a stake in what we're doing" due to the fact that they voted for the conference reports on the tax and budget cuts. In the House, he says, some Democrats will have a field day. "When he's up there in the future there will be some who will make it tough on him."

At the leadership meeting of House and Senate Republicans at the White House this morning, Reagan started off by calling on Stockman. "Stockman stood up and was very contrite...He said, 'The article was called The Education of David Stockman, and the education I had is that you don't write your diary through a reporter, and if you do, you chose the reporter carefully.'" Moore says the Republicans applauded him.

(END)

STORY:PER
PA:60 EPT:

OUTUP:RAKX-RAK
HJ:

INI:

CPD:RAK 11/13,12:38

TC: LR (PLS, LT, GP, SJT)

PROP: RAK

RE: Fendleton James on William Bell

James--on background only--emphatically denies reports that the White House is looking for a replacement for Bell to head the EEOC. On the contrary, he says Reagan is digging in his heels to salvage Bell's nomination. At a meeting held in the residence earlier this week involving the President, James, Max Friedersdorf, Jim Baker and Mike Deaver, Reagan decided not to abandon Bell. "His decision was, 'I'm not going to walk away from this.'...We're not going to withdraw." The decision was confirmed again at this morning's senior staff meeting, James says.

Bell's credentials as a longtime conservative Republican and as a staunch "Reaganaut" are the reason for Reagan's stubbornness, says James. Bell has been a Republican precinct delegate in Detroit since 1958, and campaigned for Barry Goldwater, Richard Nixon and Reagan. James concedes, of course, that Bell's political background says nothing about his qualifications for the job. And he is fuzzy about how the White House intends to save the nomination.

Friedersdorf, Lyn Nofziger and Elizabeth Dole have been given the task of turning things around.

James says Reagan is angry because he believes the existing staff of the EEOC and established Civil Rights leaders are out to get Bell because he is not "a member of

(MORF)

that club." Bell has no experience in civil rights. If the Senate committee doesn't want Bell, it will have to reject his nomination, because Reagan will never withdraw it, according to James.

(James called the Wall Street Journal this morning to complain about its story, which he says was based on sources at the EEOC who want to get rid of Bell. The Journal's White House reporter, who didn't write the story, apologized to James, he claims.)

, (END)

S, LT, ER (LDM, SJF, RAK)

from jt

Black journalists who were invited to the White House to meet the President and have lunch with some of his top staff were in some ways more perplexed when they left than when they were invited.

For a President of the United States to take a minute or two to shake hands, talk with and be photographed with 11 black journalists must mean blacks are far more important to Republicans and the administration than they've been letting on.

The President, who met us in the Cabinet Room, told reporters that he supports an extension of the Voting Rights Act of 1965 for 10 years "with a couple of modifications" and added that his administration is "doing just what the civil rights groups insisted we do."

His position on Voting Rights has been misunderstood by blacks and others, he said, and ~~that~~ he invited us there so that we could get a better understanding of it, to meet with the staff who had worked on it and to allow us to get to know them better. He chatted amicably, offered jelly beans, promised details on his position from Ed Meese and Attorney General William French Smith and left.

The misunderstanding the President says blacks have with his acceptable modifications was not erased by the meeting with Smith and Meese. Civil rights groups are opposed to the Presidents position that states be allowed to bail out from under preclearance coverage even if the whole state is not in compliance. They also disagree with a provision the President favors that would require that people alleging denial of voting rights prove intent rather than effects of discrimination. The civil rights groups prefer the opposite in both

(MORE)

cases, as is written in the House bill. The President says that he supports the House bill, but with modifications on those two points. Despite these differences, the President, Meese and Smith insist that they and civil rights groups are in lock step on this issue.

Asked if the President would lobby as hard for Voting Rights as he did for AWACs, Meese responded that ``The President will do everything possible to get Voting Rights through. But frankly, there won't be the kind of opposition to voting rights that there was before with AWACS.'' He added, however, that the President will make not transmit anything to the Senate on the subject.

Essentially what we heard yesterday was no different than what we heard last week. So why were we there? For a hard sell. We were assured repeatedly that Ronald Reagan is not a racist. William French Smith reported a ``little known story'' of how Ronald Reagan gave up a membership in a country club during the 1950s ``that didn't admit Jews--when that sort of thing wasn't done.'' We were also told rather firmly that the administration is against busing, affirmative action quotas and timetables.

My feeling is this: the President is for a watered down version of the the Voting Rights Act (and is not especially committed to affirmative action) but Republicans are too worried about 1982 for him to give the impression that he is.

On other subjects:

* Meese said he and others at the White House spent a lot of time Thursday carefully reading the Atlantic article on Stockman. They concluded, he says, ``and you will, too, if you read it,'' that things attributed to him were conclusions made by the writer and were

(MORE)

not quotes from him."

* Despite strong adverse reaction to the appointment of William Bell as chair of EEOC, Meese says the administration has no plans to withdraw his name.

* Among factors delaying the President's plan for enterprise zones: farmers are pushing for a rural component and Indians want reservations to be included. Both are actively lobbying the White House and the Hill.

* David Swoap, undersecretary of HHS, says there will be still more tightening of entitlement programs. Major efforts will be made to track the absent father and make him support his children on AFDC. Swoap and a White House aide, in fielding a question from a reporter, suggested that in the future a special point might be made to note that the majority of welfare recipients in the U.S. are not black.

Swoap also says the administration has been misunderstood on child care and is for enhancement, even advocates forcing some welfare mothers to keep the children of others.

Since most blacks have limited access to the White House, we were given a lot of information on White House services, most of which I assume you already know, but here is some--

* There's an 800 number--800-424-9090--for media, especially broadcasters, to use; the line carries taped interviews or messages, parts of Presidential speeches or important statements; can be used for one-minute spots. Lee Troxler heads this service.

* The White House speakers bureau will arrange for speakers from Reagan down. Judy Pond handles. It's working well, Karna Small says.

* Also working well, she notes: the President will do a taped message

(MORE)

once in awhile for a testimonial dinner or the like. He will do a cuping in the White House with a crew supplied by the WH, but paid for by the host organization. Jan Mahan is the contact.

One note, when the door from the Oval Office opened into the Cabinet Room, the President initally appeared to lose his balance and seemed to have been quickly propped-up by an aide. He didn't look as well rested just before lunch Tuesday as he did when I saw him a several weeks ago in late afternoon at a White House concert. Perhaps it was the pain of having to see Stockman.

(END)