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WITHDRAWAL SHEET

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1. transcript	Off the record conversation (3 pp)	2/28/83	C
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February 1, 1983

FROM: SJF - St. Louis

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

"Both the economy and Chrysler are on the come~~+~~back trail," President Reagan declared on Tuesday after touring a Chrysler plant in St. Louis. The plant has just begun recalling workers₅ and the recall will amount to about 3,000 by the end of the summer.

Reagan's visit here was designed to dramatize the beginnings of a recovery that Reagan predicts will blossom later in the year. Both the President and Chrysler President Lee Iaco^Cca, who traveled here aboard Air Force One¹ with the White House entourage, emphasized that auto sales were up 20 percent in the first 20 days of 1983. Reagan also noted that Ford has begun rehiring in its Hazelwood plant, and General Motors--in his words--"is calling back some workers."

[']Economic recovery is something like a seedling," Reagan told workers at the plant. "For a while, it grows underground and you don't see it above ground. Then it shoots up and starts sprouting all over the place and that's what's happening right now. The shoots are beginning to push up through the recession."

~~Re~~ Reagan also defended his economic-recovery program, saying, "If you can find a better program than that, you buy it." This, of course, was a takeoff on Iaco^Cca's line: "If you can find a better car, buy it."

It's ironic that Reagan chose to come to a Chrysler plant to talk about the beginnings of the recovery. Reagan, you will recall, initially opposed the Carter administration's 1.5-billion-dollar⁵ loan guarantee for Chrysler. He finally agreed to support the bailout during the Michigan primary in 1980.

Ever since Reagan's state-of-the-union speech last week, the President has reverted to the conservative themes of his election campaign. It seems he is trying to send a signal to conservatives that he has not changed, even though he has been forced to modify the course of his economic policy.

On Monday, he returned to the issue of abortion, which was not mentioned in his state-of-the-union address. On Tuesday, his speech to a group of business leaders in St. Louis seemed to backtrack on a number of statements he made in his state of the union.

For instance, he tried to leave the impression that he had not proposed any tax increase in future years. "We aren't reducing tax rates in 1981, '82 and '83, just so we can turn around and raise the rates in '84, '85 and every year after that." This, of course, overlooks Reagan's proposal to raise ^{THE} Social Security taxes in 1984 and a contingency tax he proposed to begin in fiscal 1986⁵ if necessary.

Reagan also tried to correct the record about the line

in his state-of-the-union speech the Democrats liked so much about ''we in government must take the lead in restoring the economy.'' Reagan told a St. Louis audience: ''Some people seemed to think I was advocating a return to the old ways. I didn't mean anything of the kind. I meant, government was largely responsible for creating the economic mess of recent years; now it must recognize that and start undoing the damage it has done.''

(END FILE - AR)

SPC4X:BAKER
14:58 PMT:

QUEUE:NRD-NRD
EJ:

MSG:
INI:

OPR:BN

;02/01/82:50

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, DCB, DXB, JWM, SJF,
PA, PGE, SIM, DLR, DAW

FROM: BAK

RE: ~~Background-only info with Jim Baker~~

~~The polls.~~ Reagan's slide in the polls is not as worrisome to Baker as it is to many others, he claims. "We're not too dispirited," he says, attributing Reagan's decline in popularity to historical trends that have plagued other post-war Presidents during their third years in office. "This President is peculiarly well suited to bounce back...People still like this President personally."

But Baker does not expect Reagan to make any significant improvement in his popularity rating until there is clear improvement in the economy.

Although unemployment will remain high throughout the rest of the year, the "layoff rate" is declining at a good pace, says Baker. He sees the layoff rate as more crucial politically than the overall unemployment figure. "The problem with [rising] unemployment as a political barometer is that people start worrying that they're going to be the next laid off with this guy in office." Once the unemployment rate has levelled off and factories begin recalling laid-off workers, that fear--and the political liability it creates for Reagan--diminishes. Baker feels the worse is over. He puts great stock in the fact that some automakers have begun recalling some workers. Now that the

(MORE)

unemployment rate has stabilized, "the only people against you are those actually out of work."

Re vs. Congress. Reagan doesn't have the votes in the new Congress to get his way, but then neither does the Democratic leadership in the House. And the President, with his veto, has enough support to block most legislation he opposes, including a public-works jobs bill or repeal of the third year of the tax cut, says Baker. "If the President isn't on board, it's not going to pass." The rub is that Reagan wants very much to avoid being put in a position of having to veto a big jobs bill.

Budget. Baker is more hopeful this year that a budget can be worked out through negotiations between the White House and the Democrats. He reminds that the "Gang of 17" came very close to fashioning an agreement on the budget last year. He also seems to prefer a negotiated compromise over a scramble for votes on the House floor as happened last year. Reagan may have to accept larger defense cuts, but Baker doesn't think they will be much larger. After all, Senate Majority Leader Baker is only talking about 15 billion in cuts, compared to 8 billion Reagan already has agreed to. Speaking of the Senate, Baker says, "When push comes to shove, they have trouble cutting the defense budget, too. Nobody wants anything cut in their area."

Re-election campaign. Reagan leans toward the view that announcing his re-election plans early would suddenly take all of his decisions and actions suspect as politically.

(MORE)

motivated. Reagan commented that his stop at the Irish pub in Boston would have been reported as a political stunt had he already signalled his intention to run again. Baker does not agree with Reagan's assessment. He believes that most everything a President does is seen as political, anyway, and that by announcing now Reagan would "strengthen his hand on the Hill." He is still pressing Reagan for an announcement by summer, but he thinks Reagan will wait until the fall.

Baker had lunch with Lyn Nofziger on Friday to discuss 1984. He claims that he and Nofziger see eye to eye on all important matters, especially on the important question of whether the campaign should be run by the Republican National Committee or by an outside committee. Baker believes strongly that only an outside committee can effectively coordinate a presidential campaign. In Baker's view the RNC crowd has too many conflicts of interest involving Senate and House candidates to make good decisions regarding the President's scheduling, etc.

It is clear that Nofziger will have considerable influence in the campaign if Reagan runs again. Nofziger's role is assured by the fact that he is the darling of the conservatives, who always have been the backbone of Reagan campaigns. Baker says he views Nofziger as a big asset, but I think the personal strains between the two will lead to big trouble sooner or later.

END
(1000)

STORY:DAILY
MA:65 FMT:

QUEUE:MULLIN-DPM MSG:
HJ: INI:

OPR:DPM ;02/08.17:13

SJF-PAK

February 8, 1983

To: LH

From: DM

Background with JF, Deputy Secretary of State Kenneth Dam:

* Dam is sanguine over the flap in Europe over the missiles and feels pressure is dropping as Bush explains our moral yet flexible position. The allies back us and deployment of the INF missiles will likely go ahead. The massacre report complicates the search for a solution in Lebanon. Iran has yet to commit the bulk of its forces to the new offensive, so far blunted by Iraq. The China trip went okay.

ARMS CONTROL:

Bush's trip to Europe has had results. All the government's in Europe accept the Zero Option as the best possible proposal. And they don't believe the Soviets will bargain seriously unless faced with practical steps toward deployment of the Pershings and the cruise.

They are also aware of a shift of emphasis--the U.S. is prepared to consider serious proposals based on equality of lower levels in lieu of the zero base.

The question now is if we should propose lower levels or wait for the Russians to do so. We must take into account how such an interim proposal would affect the elements around it, such as the politics in Europe (March elections in Germany) and

(MORE)

ultimately the negotiations themselves..

The 162 proposal is not bilateral and doesn't meet the demands of equality. Inevitably the INF and START talks must take into account the French and British missiles. And you can't have START with no INF--but the INF talks are and must remain bilateral.

In the end of the day we are not sure the Europeans really want an interim deal. They realize it would leave them terribly vulnerable and would amount to decoupling nuclear forces with the U.S. Furthermore if we stated specific numbers, it would give the Soviets the bargaining position of just negotiating down while maintaining the advantage. Finally, Dam said he was unsure the left in Europe would accept an interim agreement as enough anyway.

With real equality, we could be flexible and move to warhead counts instead. But the Soviets have said they won't negotiate on the basis of equality, hopefully they will change.

Dam said some Pershing IIs have to go in. They are the most politically important as they are to be deployed first. The Russians want to stop them for that reason--it would start the process of negotiating down from the largest to the less important cruises. He rejects the Russian 8 minute argument: "If we really wanted a first strike, it wouldn't make sense to use the Pershing anyway."

The Secretary feels "on the flexibility drumbeat we are on the

(MORE)

back side of the hill." He feels the Europeans have sobered up a good deal in the face of Soviet threats to Germany and Japan. He is confident there will be deployment.

The Russians don't want an agreement, they fear it would sanctify the alliance. Though they have a historic fear of Germany, they shouldn't be concerned, especially with the two keys. They want to destroy the coupling, an important element of the NATO alliance.

It remains possible that after deployment, or once the Soviets see we are serious, that negotiations could begin to reduce numbers. The struggle will continue in Holland and Belgium. "We have to see what happens in the streets of Europe this summer."

Dam doesn't believe that deployment would tear Europe apart, "though it could." A lot depends on what happens in the rest of the world. The process has to go forward and we will see.

The Nitze informal agreement is puzzling. It is hard to believe that the Soviet negotiator acted without instructions. Maybe he had two sets.

MIDEAST:

Time will be needed while the Israelis sort out the massacre report. If Begin goes to new elections the process will take at least six months and the Lebanon talks could grind to a halt.

"Unless you assume that Begin doesn't want to negotiate at all--and he should realize, as other Israelis do, that the opportunity for peace may not come along again--if Iran defeats

(MORE)

Iraq and a wave of fundamentalism sweeps the region, Israel may have to remain an armed camp for a long time. And many Israelis realize that would do bad things to their country."

While Sharon has said publically that his objective is to stall and avoid any progress on the peace process, Dan doubts such a decision has been made on a cabinet level. "But he still might be made cabinet minister without portfolio and work at that full time."

The PLO meeting could yield results. If Arafat had his way he would make compromises, but he is in a bind himself--trying to maintain control over the movement. King Hussein is not drifting away from the peace process, but he has tactical problems.

For his own reasons he has incentives and disincentives. He remains a question mark--recent events have created a new situation. Nobody thought it would take this long to negotiate withdrawals from Lebanon. Hussein was waiting for the U.S. to deliver and that hasn't happened.

Iran has launched a major effort against the Iraqis, but it was blunted. Things quieted down for a while, but unless there is new information today, the bulk of the Iranian forces have not yet been committed to the offensive.

CHINA:

The half-full, half-empty glass theory probably sums it up. It is obvious that Taiwan remains a serious problem between us. But

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it wasn't a situation with all bitching, there were long cordial talks on many subjects, and only a small portion was spent on sensitive arguments.

Historically they have bad things to say after a guest leaves, and we are somewhat relieved that the rhetoric wasn't worse. What China wants is more high technology and they are upset that we haven't completely made up our minds how to move on that issue.

(END)

STCPT:GERGEM
AA:32 FMT:

QUEUE:SJF-SJF
EJ:

MSG:
INI:

OPR:SJF ;02/10,10:16

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

From: sjf

The following items come from a background interview with
David Gergen:

* By offering an accelerated public works program now, the President hopes to separate the volatile jobs issue from other budget-related matters on which he is less willing to compromise, such as taxes and defense.

* The problems at the Environmental Protection Agency caught White House officials by surprise. "Nobody here has the facts," says Gergen. "We are now trying to figure out the dimensions of the problem."

* Early signs of an economic upturn have increased chances Reagan will seek a second term. "It's brightened things again and put more bounce into everybody," says Gergen.

* Rich Williamson's departure from the White House is not entirely voluntary. Red Cavaney is his likely successor.

* The White House is already falling behind on its schedule to send new legislation to Congress.

Jobs. The President has authorized White House aides to "talk quietly for a while" with members of Congress on a possible accelerated public works program. But Reagan has not consented to any compromise, and Gergen refuses to divulge the details of the proposal that White House aides will take to Capitol Hill. Discussions between the White House and congressional leaders will continue for several weeks. After that, Reagan will still have an opportunity to

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turn thumbs down on whatever compromise that his aides have worked out. He says Reagan is "emphatically against any additional pork barrel projects." He would agree to accelerate currently budgeted programs, but would not agree to spend any additional money on jobs-creating programs.

Strategy with Congress. White House officials think the recent drop in unemployment has cooled some of the desire for a jobs bill. "The tone has changed on the Hill since the new unemployment figures came out," says Gergen.

"There's not as much of a sense of panic."

He explained the President's strategy this way: "The idea is to deal with this jobs issue now and get it out of the way, much as we are trying to get Social Security out of the way, before we tackle the budget. The idea is to isolate it as an issue, deal with it and then go on to the budget."

By showing some flexibility on jobs, Reagan hopes he'll be in a better position to hold the line on taxes and defense. "He's getting himself dug in pretty firmly on defense," says Gergen. "He's also drawn the line on the third year and indexing."

But Gergen says that White House officials do not intend to attack Rostenkowski's proposal because his speech on Tuesday was "pretty bipartisan."

Reagan himself gets angry when people suggest that he is compromising on Reaganomics. He's particularly sensitive when people point out that he once said it would take a

``palace coup'' to get him to propose a tax increase. ``It really sticks in his craw,'' says Gergen. That is why the President continues defend his statement about a ``palace coup.'' He brought this subject up three times this week in interviews with non-White House reporters. He insists that his remark was misunderstood.

Other legislation. Originally, the White House promised to send its new legislative package to Congress within 60 days after the state of the union speech. But Gergen admits that timetable is slipping. An accelerated public works program could be unveiled without the rest of the jobs package. Even tuition tax credit and enterprise zones--two bills that were submitted to Congress last year--are not ready to be sent up again. No tax legislation will be proposed until Reagan sees some progress on budget cuts.

Natural Gas. Energy Secretary Hodel has been instructed to do more consulting with members of Congress on his proposal to deregulate natural gas. Reagan is not ready to make a decision, at least not this week. But the President would like to deregulate it now to keep it from becoming an issue in the 1984 elections, says Gergen. Closer to the election, many people will call for extending the controls in order to keep prices down.

EPA. Ann Gorsuch put the President in a position of having to fire Rita Lavelle. ``Gorsuch said to him 'I've got to do this,' and we decided we've got to back up the people in our administration.''

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Now, however, the White House is reviewing the entire situation at EPA with an eye toward making some changes. Although Gergen does not rule out the possibility that Gorsuch might have to go, there is no indication at present that her dismissal is being considered. The White House review will cover the firing of Lavelle, the administration of the Superfund and the issue of executive privilege. "We've got to get this resolved quickly," says Gergen.

Nobody at the White House, with the possible exception of the President, thinks much of Gorsuch. (The President recently admired the way she handled her testimony on Capitol Hill.) Gergen himself seemed peeved that Gorsuch called a news conference yesterday without checking with the White House.

Gergen is also skeptical of the way Meese played down his relationship with Lavelle. The Washington Post quoted Meese as saying that he knew her only slightly. Meese's star has been rising again at the White House in recent weeks and he's obviously trying to avoid another setback. But Meese is not the only person in the White House claiming that Rita Lavelle is a stranger. "I never laid eyes on her," is a standard line at the White House this week. In addition, White House officials seem to know as little about the problems at EPA as they do about Lavelle.

U.S.-Israeli Relations. Gergen says Reagan hopes his "tough talk" about Israel earlier this week will produce results in the Lebanon. But the President does not intend

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to threaten Israel. Nobody, least of all Gergen, is commenting on the impact of the massacre report.

Williamson. Williamson is taking the wrap for all of the stories about disarray in the administration. This is somewhat unfair. Although Williamson was the source of some of the best quotes, he was not the only person talking about disarray. Gergen suggests that Williamson was given no alternative but to leave the White House. Gergen is shedding no tears for Williamson either. ``He had a long knife out for some people and used it on me a few times,`` says Gergen. ``He's young. He'll grow.``

(END)

STORY:MEESE
MA:64 FMT:

CUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;02/10,16:30

To: nls lt jf bfp dr jg ep dxb dcb lh jwm rak pa pgh daw

From: sjf

The following material comes from a background interview
with Ed Meese:

Meese, who has been involved in virtually every one of the administration's numerous personnel messes, is trying to distance himself from the latest problem: Rita Lavelle. Although Lavelle describes Meese as her "godfather," he says he hardly knows the woman.

Meese: "She worked in one of our offices in Sacramento. I knew who she was, that's all."

Fritz: "Which office?"

Meese: "The governor's office. She was one of about 150 people we had working in the governor's office--I don't remember the exact number. When she came to Washington, she asked me to be present at her swearing-in and I agreed to do so. That's all there was to it."

He denied that he is Lavelle's godfather, and claimed no credit for sponsoring her in the administration.

Meese may be lying, but it's also highly possible that Lavelle exaggerated her relationship with him in an effort to increase her own influence at EPA. It wouldn't be the first time such a thing has happened.

Meese does admit having talked to Lavelle after she was fired. He says he explained to her that the President had to stand behind Anne Gorsuch. Meese's deputy, Craig Fuller, also met with Lavelle along with a representative of the

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White House counsel's office this week after she demanded to talk to someone at the White House. She was accompanied by her lawyer. (Lavelle reportedly told television reporters outside her lawyer's office today that she will have more to say about EPA enforcement at a later date.)

Meese also insists that the White House never inquired into the reasons why Gorsuch wanted to fire Lavelle. Gorsuch told them she wanted to fire the woman for "internal personnel conflicts and her loss of confidence" in Lavelle. "We did not look behind it," said Meese.

"The agency head wanted her terminated. (Meese put this paragraph on the record, voluntarily.) She told us as a matter of routine business that the termination requires White House concurrence. The President decided he had to support the administrator of the agency. Therefore, he decided to take the action against her."

Meese also offered a different version of the current White House inquiry than other presidential aides. Gergen, Speakes and others say that the White House is looking into all aspects of the situation at EPA. Meese says the inquiry is limited to the issue of executive privilege. He indicated that the White House is prepared to compromise on the executive privilege issue.

On other topics:

* Like everyone else at the White House, Meese refused to discuss the potential impact of the Israeli massacre commission report. Any comment from the White House would

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only create ill will in Israel.

* Meese said he was ``surprised`` at the willingness of the Democrats to work out a compromise on the jobs issue. He thinks ``a mutually agreed upon arrangement is possible`` in several weeks.

(END)

STORY:JOBS
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:BW ;02/11,11:51

To: mls lt jf bfp jg dr gp lh dxb dlb law rak pgh pa

From: ✓ sjf at White House

RE REAGAN'S JOBS PROPOSAL.

White House officials today confirmed reports that the President has offered to compromise on a 4.3 billion dollar jobs package. But Reagan himself pointed out that most of the money he's proposing to spend has already been budgeted in fiscal 1983 and 1984.

Asked by reporters if there is any new money in his jobs package, Reagan replied: ``There may be some, a little, but basically it is an acceleration of things that are already in place.''

Thus the President is not yielding much ground in his offer to compromise with Congress. He's obviously betting that the recent signs of economic recovery will cool the desire of the Democrats for a jobs package.

Although White House officials were willing to confirm the Washington Post story, they refused to provide any additional details. Officials insisted that the details of the package are a closely held secret.

All we know for sure is that the package includes some accelerated works projects and a proposal to house homeless people in military barracks. It's possible that the 4.3 billion figure includes some or all of the 3-billion-dollar-plus package that Reagan set forth in his fiscal 1984 budget.

END
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STORY:BUSH
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:BW ;02/11,13:36

To: mls lt jf bfp jg dr lh gp dlb dxb iaw rak pgh pa

From: sjf

REPORT FROM WHITE HOUSE.

Vice President George Bush and Secretary of State George Shultz briefed the President today on their recent overseas trips, but neither of them made any news in a subsequent briefing for reporters.

Asked whether President Reagan would go along with an interim agreement, Bush replied: "I don't think he would rule anything in or out. I just don't know what he's going to do yet."

Bush said he hoped the Soviets would come up with a "serious" proposal soon in the INF talks, but he refused to define what he meant by serious. "I think we'd know it when we saw it," he said. "We know an unserious offer when we see it."

Shultz refused to speculate what impact Sharon's resignation would have on the Israel's position in the talks with Lebanon. "What Minister Sharon's position is going to be remains to be seen," he said.

Deputy Press Secretary Mort Allin said later that there is little chance of a U.S.-Chinese summit in June. The summit will either be held next September or be delayed until 1984, he said.

Some tidbits I picked up today:

* William Greener Sr. has been hired as a consultant to put together a public relations campaign in support of

(MORE)

President Reagan's defense buildup. Spokeswoman Joanna Bistany says the Defense Department has proven incapable of putting together an adequate defense of defense spending. ``We can't even get talking points out of the Defense Department that are less than 17 pages long,`` she said on background.

* Former Reagan public relations man Ed Gray, a notoriously dense fellow, will soon be appointed to the Federal Home Loan Bank Board with the expectation of becoming chairman when the term of the current chairman expires.

(END)

SJF

STORY:WHU
MA:75 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE ;02/14,15:30

To: nls lt jf jg dr GP jwm lh dxb dlb iaw rak pgh pa

From: sjf

TODAY AT THE WHITE HOUSE:

* FOREIGN POLICY SPEECH. President Reagan is considering a major foreign policy speech this week. Larry Speakes indicated that Reagan's national security advisers have been pressing for such a speech, apparently because Reagan devoted so little attention to foreign policy in his State of the Union address. The point of such a speech would be to defend the defense buildup and the zero-zero option. Also under consideration this week is a news conference.

* JOBS COMPROMISE. Reagan is apparently very angry that congressional leaders are trying to negotiate a jobs bill in public while the White House wants to do it in private. "Our understanding was that the leadership would report privately and directly to us," said Larry Speakes, refusing to comment on congressional reaction to the President's proposal. "We, for our part, intend to continue discussions in private as long as they hold promise of being fruitful." The White House is awaiting a private reply this afternoon.

* VALENTINES. Although he admits that he has not carried money in his pocket for at least 20 years, the President was obviously perturbed that Andy Rooney cited this as the reason why the President cannot balance the federal budget. In apparent response to Rooney's television commentary last night, Reagan actually went into a store today to make a cash purchase. It was his first such expedition by Reagan as President. On the way home from a speaking engagement, he bought a few Valentines for his wife at a store on G Street. Reagan has often complained that as he cannot walk to the corner drug store and look through the mag

(MDE)

STAFF:SIMS
MA:37 FMT:

QUEUE:SJF-SJF
LJ:

MSG:
INI:

OPR:SJF ;02/16,11:28

To: mls lt jf bfp dr jg gr lh acb dxb jwm rak pgh daw alb

From: sjf

The following items come from a background lunch with Bob Sims of the National Security Council staff:

* NSC chief William Clark tried to resign last November, but the President Reagan prevailed upon him to stay in government for at least one more year.

* The President also has assured Defense Secretary Caspar Weinberger that there was no truth to the stories that he was looking around for a replacement at the Pentagon.

* Despite talk of an "interim solution," there is no indication that Reagan plans to put forth a new U.S. proposal in talks on intermediate nuclear forces.

* The MX Commission will not finish its work until late of March, delaying Reagan's decision until late April.

* U.S. officials are pleased by the replacement of Ariel Sharon by Moshe Arens because Arens better understands the views of the Reagan administration.

* In his upcoming foreign policy speech, Reagan will recite the basic themes of the administration's foreign policy. He will not unveil any new initiatives, however.

Clark Sims obviously hopes to see the story of Clark's attempted resignation in our Whispers column. It's not clear why Clark would want this information made public. Perhaps he feels that Shultz is crowding him. Perhaps he's ready to take a more visible role in foreign affairs, as his recent trip to Europe suggests.

(MORE)

According to Sims, Clark decided last November that he wanted to go back to his ranch in California. Clark expected the President to accept his decision, as the President has done previously when Clark wanted to bow out of government. This time, however, Reagan surprised Clark by asking him to stay on for at least one more year. Therefore, says Sims, Clark expects to be a major player in all of the important challenges facing Reagan, including arms control and the Middle East.

Sims notes that Clark's view of press relations has changed during his tenure at the NSC. When he first took the job, Clark saw no need to publicize the President's foreign policy. He felt the administration should carry on its diplomacy in secret. Now he's become a strong advocate for salesmanship. (He's still reluctant to give us an on-the-record interview, however.)

Foreign policy speech. The President will make a major foreign policy speech soon, but not before next week. The forum has not been chosen yet. The NSC staff has been advocating such a speech for a long time. They think that Reagan has not adequately defended his foreign policy.

The speech, which has not yet been written, will outline the basic themes of Reagan's foreign policy. It will emphasize the need for a defense buildup along with the President's desire for arms control. It will touch on the Middle East, East-West relations and defense spending, but "it will not be a state of the world speech."

(MOPE)

These plans for a foreign policy speech represent an abrupt turnaround in the thinking of Reagan's advisers. During the first two years of his presidency, his aides were afraid of making an overall speech on foreign policy. They were afraid that such a speech would expose the weaknesses in Reagan's foreign policy and hold the President up to ridicule. There now appears to be a more confidence at the White House about foreign policy.

Airs Control. The President does not intend to alter the U.S. bargaining position in the INF talks, at least not until the results of the German election are known. At present, the President thinks that it's up to the Soviets to make the next move. But the Soviets are not expected to act until they see the results of the German election either. White House officials think the Vice President's trip was a smashing success. Bush did a "letter-perfect" job of defending the administration's policy. Press reaction was very encouraging to administration officials. And the European heads of state were pleased to see some commitment on the part of the Reagan administration. No follow up is planned, however.

Middle East. According to Sims, the President is losing his patience with Begin. Until now, Sims notes, the President has resisted the overwhelming advice of his aides to get tough with Begin. But Sims reads Reagan's remarks of last week as an indication of frustration. (It should be noted that White House aides have been reading their own

(MORE)

frustration into Reagan's remarks about Israel for some months.) Sims indicated that Begin will not be welcome in the United States until Israeli troops are out of Lebanon. Although U.S. officials are happy to see Sharon deposed as defense minister, Sims cringed at reports that Sharon might be put in charge of settlements on the West Bank.

MX. The MX commission has spent all of its meetings thus far bringing every member up to speed on the issues. Now, they are beginning the decision-making process. Unless the funds are appropriated by mid-1983, according to defense experts, work on the MX will come to a halt.

Defense of Defense. Sims contends that the lack of trust between the Defense Department and the White House is finally beginning to ease. The biggest factor in this change was Reagan's personal assurance to Weinberger that he is not looking for a new defense secretary. According to Sims, this lack of trust has crippled administration efforts to defend the defense buildup. Greener was hired to bridge the gap. "He's not doing anything that you or I couldn't do," says Sim, "but everybody trusts him."

(END)

STORY:TUITION
MA:70 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE ;02/16,16:10

To: nls lt jf jg bfp dr lh gp jwm dxb icb dlb rak pgh pa daw les ljl
From: sjf

RE TUITION TAX CREDIT.

The President today resubmitted to Congress a scaled-down version of his original tuition tax credit proposal. It would provide credits of equal to 50 percent of private school tuition for each child up to 100 dollars in 1983, 200 dollars in 1984 and 300 dollars in 1985. The full credit would be available to families with adjusted gross incomes of up to \$40,000 a year. The amount of credit would be less for higher income families, and those with adjusted gross incomes exceeding 60,000 dollars a year would not be eligible for any credit.

This bill is patterned on the Senate Finance Committee version of last year. It includes a clause denying credits to students in schools that discriminate. It differs from the Senate committee version in three ways: (1) families with income exceeding 50,000 dollars got to credit in the Senate version; (2) there is no provision for handicapped children and (3) there is no compulsory attendance rule. It will deprive the government of 200 million dollars in revenues in 1984, 500 in 1985 and 800 in 1986.

Administration officials portray this as a "tax equity" measure designed to give parents the freedom to choose whatever education they want for their children. They deny that it favors the rich, or that it would encourage middle class students to leave the public schools. Gary Jones, undersecretary of education, told reporters at a White House briefing that the measure might actually improve public education by forcing the public schools to compete with private schools. "Many insitutions fare better with competition," he said.

SYCHY:FPRESS

CUEUE:SJF-SJF

MSG:

MA:60 FMT:

HJ:

INI:

OPR:SJF ;02/17,10:59

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

From: sjf

Reagan and the press.

In an effort to bolster deteriorating relations with the White House press corps, David Gergen and Larry Speakes held a three-hour, off-the record dinner meeting with a small group of print reporters on Wednesday night.

The meeting, which I attended, provided an opportunity for reporters to register their complaints. As a followup, a few of us will meet with Baker and Deaver. But I don't expect these sessions to produce any changes in the White House press operation. We are being patronized.

Probably the most startling disclosure during the evening was Larry's off-the-record admission that no one at the White House knows any details of the new programs that the President has proposed for this year. This admission came in response to complaints by reporters that they couldn't get any facts about the programs mentioned in the State of the Union. According to Larry, no one in the White House policy development office has a grasp of these programs. The proposals were presented to the President and adopted without any serious study. Larry claims that he and Gergen pleaded for explanations of the programs and were told that no facts were available. Larry also admitted that his superiors keep him in the dark on most important matters. He told me in a private aside that he usually gets more information on trips because he has more access to Baker,

(MORE)

Leaver and the President while traveling together.

In addition, Larry invited the print media to file suit against the White House to get better representation in pools. The reporters were complaining that all television networks are included in pools, but only one newspaper reporter and one magazine reporter. Larry said network representation in pools is governed by an out-of-court settlement of the suit filed last year by Ted Turner. If the magazines and newspapers want the same treatment, he said, they should file suit too.

This meeting with print reporters was arranged primarily because Larry and David already had a similar session with the television people. In everything, the White House thinks of television first. The print people get second best. There is little hope of changing this situation. They care about television more for good reason. Thus most of our complaints fell on deaf ears because we are generally asking for equal treatment and attention. Among the complaints aired on Wednesday night:

- * The White House press office cannot answer factual policy questions, nor do we have access to people in the administration who know the facts.

- * On trips, the most interesting events are always covered by a pool and the dull events are open to all reporters.

- * Reagan's new mini-press conferences are dominated by the television people. The print people would like their own mini-press conferences.

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STORY:GERGEN
MA:65 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE ;02/17,17:24

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

FROM: RAK

RE: BACKGROUND-ONLY IVU WITH DAVID GERGEN

EPA. To resolve the contempt of Congress charge against Anne Gorsuch, the White House is negotiating with Congress an agreement under which the chairmen and ranking minority members of certain committees would be given access to ALL of the documents subpoenaed by Congress. The lawmakers, however, would be allowed only to read the documents--they would not be permitted to photocopy them or show them to their staffs. Under this arrangement, the President's claim of executive privilege would be preserved, at least in the eyes of the White House.

In addition, says Gergen, Reagan has agreed to make public all papers that document any "indication of wrongdoing" by EPA officials. The claim of executive privilege would be waived in the case of documents relating to criminal conduct.

Are criminal charges likely to flow from the Justice Department investigation? "We, to this day, do not know whether there is wrongdoing," says Gergen, acting as though EPA were some tangential entity for which the White House is not responsible. He claims that neither White House counsel Fred Fielding nor anybody else in the West Wing has attempted to investigate the various allegations against EPA officials. Reagan is content to let the Justice Department establish the facts. The President did not even question Gorsuch about the criminal allegations

when he met with her today.

Gorsuch. "She's in good shape with the President," declares Gergen. And even such politically sensitive advisers as Jim Baker "aren't trying to raise a fuss" to get rid of her, because they know that Reagan supports her without reservation. Why is Reagan high on Gorsuch? Because he saw her on ABC's "Nightline" recently and believes she is a good defender of his policies, according to Gergen.

The President's view of the EPA administrator and the controversy surrounding her agency strikes me as rather naive, to say the least. In contrast to cynical journalists, Reagan always assumes the best about people, especially people who work under him. Gergen says Reagan also believes that many of the charges levelled against EPA are politically motivated. (One could assume that the President was impressed this week when Gorsuch, dabbing a tear, declared to a congressional hearing that she is simply the innocent victim of political harassment.)

Legislative counsel. The White House is looking for "someone with integrity" to serve as Gorsuch's "legislative counsel." Gergen had no potential candidates' names to suggest. The prime mission of this person is to bring some credibility to EPA vis-a-vis Congress and thereby iron out the growing disputes between the agency and several subcommittee chairmen. The counsel technically would report to Gorsuch but he also would keep the White House and Congress apprised of developments at EPA. I suspect he would be pretty much under direct White House

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control. Gergen readily concedes that EPA is a managerial nightmare under Gorsuch.

Adelman. ``We're not resigned to losing'' Reagan's nominee as arms-control director, says Gergen. But the administration effort to salvage Adelman's nomination will be conducted by the State Department legislative liaison office, not by the White House congressional team under Jim Baker. This suggests to me that Baker sees Adelman as a mission impossible that he chooses not accept. The State Department will attempt first to reverse the opposing sentiment on the Foreign Relations Committee. If the committee rejects Adelman, then the administration will fight for him on the Senate floor.

The President is obviously angered by the committee's action and is determined not to give in, even if it means suffering a vote by the full Senate rejecting his nominee. Reagan's decision to fight for Adelman was virtually a reflex action. He got his dander up and clearly did not spend much time considering the ramifications of his decision.

Reagan's principal argument--the ``big gun,'' as Gergen puts it--will be that rejection of Adelman would be a severe setback to U.S. arms-control efforts. Secondly, Reagan will argue that he ``damn well deserves to have his man...The Constitution says the President runs foreign policy.''

Volcker. Gergen expects Reagan to keep his own counsel on whom he will appoint as Federal Reserve chairman when Paul Volcker's term expires in August. Reagan is supportive of Volcker's current policies, says Gergen, but ``I would bet that [Reagan]

(MORE)

will be looking at some other people as well...Volcker's no shoo-in."

1984. Jim Baker told the LA Times this week that he is keeping Reagan's 1984 calendar open so that there is plenty of time for campaigning if RF runs again. "The President was happy to put that out [to the press]. It's one more sign that he's gearing up," says Gergen.

Selling the defense budget. Gergen is skeptical of the administration's public relations efforts to sell the country on higher defense spending. He is especially skeptical because he has been cut out of the operation. Reagan will deliver his foreign policy speech next week in Washington to the American Legion. Gergen also is skeptical of the speech, noting wryly that "Michelangelos all over the government" have contributed to the speech, which will be a hodgepodge of Reagan's views on the Middle East, arms control, etc.

(END)

SECRET:PPRIVILE
MA:88 FMT:

QUEUE:SJE-SJF
EJ:

MSG:
INI:

OPP:SJF

:02/17.19:22

To: rit lt jt bfp dr jr ep lh dcb dxb jwm rak pa pch sym
cld daw rsd tg

From: sjt

Today's White House developments.

Executive privilege. Most people who heard the President's news conference last night thought he was dropping his claim of executive privilege over the disputed EPA documents. Wrong. Larry Speakes says that the President is still insisting that the documents are covered by executive privilege.

Here's the quote that everyone interpreted as a change in Reagan's policy: "...I can no longer insist on executive privilege if there's a suspicion in the minds of the people that maybe it is being used to cover some wrongdoing. That we will never stand for."

He seemed to be saying that he had decided to relinquish the documents to prove to everyone that there was no wrongdoing at EPA. However, according to Speakes, Reagan was saying that he will continue to claim executive privilege because the Justice Department has determined that there is no evidence of wrongdoing in the documents.

Speakes says the administration first stated this position in a letter from William French Smith to members of Congress last November 32. He claims that the Justice Department is the proper agency to decide whether there is any evidence of wrongdoing. Although members of Congress may be permitted to look at the documents, it will be

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controlled by the administration under executive privilege.

This is another example of the way that Reagan so often claims to be doing one thing, while allowing his aides to carry out a policy that departs from his public posture.

Libya. White House officials did backflips today in an effort to prove that the President knew what he was talking about last night when he indicated that there had been no ship movements near the Gulf of Sidra.

On background, Bud McFarlane of the National Security Council staff, confirmed that the Nimitz has been moved into the area and that U.S. planes from the Nimitz have flown over disputed waters. But he insisted: "The Nimitz has not been ordered to any particularly location in response to any particular event." He tried to create the impression that the Nimitz was previously scheduled to be in the area at this time. Yet he did not deny that the U.S. officials are pleased to have the Nimitz there for reasons related to Libya.

McFarlane also tried to portray the AWACS deployment as routine. He said the U.S. had previously agreed on a plan for sending AWACS to Egypt for exercises under certain circumstances. That plan was "pulled off the shelf" recently. "I'm not going to tell you that this is entirely without relation to what the Libyians do," he said. "But to say it is in response to the massing of forces (on the Libyan border), that's not the case."

STORY:BAKER
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;02/22,17:41

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

From: sjf

The following items come from a background interview with
White House Chief of Staff Jim Baker:

* The main objective of the White House's EPA probe has been to make sure that the mess does not involve anyone close to the President.

* White House officials no longer intend to press executive privilege in the EPA case, and Baker faults Justice for creating a confrontation with Congress.

* Even if the Adelman nomination is defeated in committee, which appears likely, Reagan will press for a floor vote.

* Baker sees Reagan's soon-to-be announced compromise with the Democrats on a jobs bill as a political victory because the President is giving up "nothing."

EPA. White House officials do not know whether anyone at the Environmental Protection Agency is guilty of wrongdoing, but Baker says he now feels reasonably certain that no one in the White House will be implicated in this mess. A survey of White House aides was conducted by White House counsel Fred Fielding to determine whether any of them were involved in the EPA mess. Everyone at the White House was required to submit to Fielding a summary of their contacts with the Environmental Protection Agency. From this survey, Baker concludes that no one in the White House is involved "unless somebody is lying." At the same time,

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Baker does not rule out the possibility that Lavelle and others at EPA could be guilty of perjury, conflict of interest or using the agency for political purposes.

Baker takes comfort in a recent Teeter poll indicating that the EPA mess is not hurting the President. ``This is not like the Allen case, or the Donovan case. Here we don't have any allegations that rise to the level of those.'' He pointed out repeatedly during our discussion that Gorsuch has not been directly implicated in any of the allegations. Their current strategy seems to be to portray it as a problem isolated to the solid waste division. ``Even those on the committees clearly haven't leveled anything at Anne Gorsuch, '' says Baker. ``She's been accused of nothing out of the ordinary except general charges of mismanagement.'' She is not viewed as a political liability by the White House, says Baker. This is why the President decided to give her a vote of confidence.

Baker thinks the whole confrontation over executive privilege could have been avoided. Although the executive branch has never given raw investigative material to the Congress, no administration has ever previously asserted executive privilege to protect such material. ``For 200 years, we've been handling matters like this one quietly between Congress and the executive branch. But we have a hard-line buch over there at Justice who said fuck you to Levitas. Under normal circumstances, you might get away with asserting exective privilege in such an arrogant and

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assertive way. But we were asserting privilege in a swamp. You can't get away with it in this situation."

Adelman. Baker faults the White House for failing to consult adequately with members of Congress before unveiling the Adelman nomination. This initially cost them the support of Senator Percy. At present, Baker concedes, "it doesn't look good in committee." The current White House head count is 9-8 against Adelman. Their only hope for turning it around is to sway Senator Mathias. Pressler has told them that he intends to vote against it. If it is defeated in committee, Baker says, the White House will probably use a resolution of discharge to bring it to the floor. Winning on the floor would be "tough but doable." Although a defeat on the floor would hurt the President, Baker says, Reagan would damage himself and his position in arms control negotiations even more by backing down. Of Adelman, Baker says: "The guy is qualified. But he got some bum advice at first."

Jobs bill. Baker expects a compromise to be announced shortly. "We've succeeded in taking their issue away from them," he boasts. "A lot of people up there are telling them (the Democrats) not to do this deal." Why did the Democrats decide to compromise? "They wanted a bill. They wanted to say that they brought the President around on this, but they haven't. The first thing we did was eliminate all of the make-work jobs. It makes him look good. It's nothing."

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~~Baker-Meese.~~ Baker and Meese agreed last December to stop taking pot-shots at each other. Baker says the agreement is working well. "We decided that neither of us could put up with the situation as it was for much longer," he said. Baker refuses to discuss Meese's relationship with Rita Lavelle. Yet Baker is amused that Meese held the Bible at Lavelle's swearing-in. Baker says there's no doubt in his mind that Meese did sponsor Lavelle for her job at EPA.

(END)

STORY:TUITION
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE

SJF
;02/23,13:48

To: nls lt jf jg bfp dr lh gp jwm dxb icb dlb rak pgh pa
daw

From: sjf

As a followup on this week's lead whisper, I just got a call from NSC spokesman Bob Sims saying that he had been ``indiscrete`` in telling us about Judge Clark's effort to resign last November. He said that Clark complained to him about the whisper, and that his ``close relationship`` with Clark would be destroyed ``if he ever found out where it came from.`` I assured him that we keep our sources confidential.

(END)

STORY:WILLIAMSO
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;02/23,20:19

To: mls lt jg bfp dr jg gp dxb dlb dcb lh rak pg pgh daw

From: sjf

The following items come from a background interview with

Rich Williamson:

* The EPA mess has revived old tensions at the White House, particularly between Meese and Baker.

* No matter whether Ken Adelman is confirmed or not, White House officials recognize that Paul Nitze will be running the show on arms control.

* Williamson predicts that Reagan's campaign organization will be crippled by infighting prior to the 1984 election.

* According to Williamson, the biggest management problem at the White House is this: "There's no ass kicker."

'84 Election plans. Williamson says ad hoc planning groups for the 1984 election are springing up like "cottage industries, both in here (the White House) as well as outside." Everyone is jockeying for power. People already are bucking for certain jobs in the campaign effort. Williamson thinks that all of these people are making a mistake, including Lyn Nofziger. "Lyn isn't doing himself any good." He predicts that these people are going to hurt the campaign effort and ultimately cancel each other out. "We don't have an opponent," he says, "so we are going to fight each other." Williamson predicts that Stu Spencer will survive this phase because he is holding himself aloof from the fray. Williamson says he turned down a job at the Republican National Committee in order to stay

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out of the combat. By going to Vienna in his new diplomatic post, Williamson hopes to escape the internal battle and return to the U.S. in 1984 to work in the campaign. "I have no desire to be involved in the preliminary bout," he says. "I want to be around for the homestretch." As he describes it, he is "red shirting myself for a year."

Williamson thinks Reagan is playing his hand right by refusing to commit himself to campaign for a second term. In his view, the campaign will be run by Laxalt, Baker and Deaver. Meese "could play a role if he wants to, but I doubt that he will want to."

Adelman. Williamson, whose new appointment requires Senate approval, says he is orchestrating the lobbying for his own confirmation himself because he thinks the White House screwed up the Adelman case. For example, Williamson notes that he asked Senator Laxalt to call John Glenn on his behalf. After Laxalt made his pitch for Williamson, Glenn reportedly replied: "If the White House had only approached us this way about Ken Adelman, things might have been different." Even if Adelman gets confirmed, he says: "Everybody know that Nitze is going to run it anyway."

Reagan's management style. The biggest fault that Williamson finds with Reagan's management style is that White House aides--not the President--often do a poor job. During the budget process, Williamson notes, Reagan's aides made no recommendations. They simply laid out the problem for Reagan and let him decide on a solution. "If your an

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assistant to the President, it's your job to give advice. We should have had a strategy."

Reagan is not always detached, however. "I think it's a bum rap to say that he doesn't get involved," says Williamson. He recalls that one Friday during the budget deliberations Reagan spent from 2 p.m. until 6:30 p.m. in a budget meeting. If anyone is to blame for Reagan's detachment, says Williamson, it's his aides. "I've found there's a tendency for others to protect him as opposed to him being unwilling to get involved," says Williamson.

"He really enjoys the give-and-take of a cabinet council meeting." (The following quote cannot be attributed to a White House official.) "All three of them on domestic policy--Baker, Deaver, Meese--keep the President uninformed until it suits them. Meese wants it down the home stretch before he talks to the President. Baker does it to protect his priorities. And Deaver does it just to save time."

Williamson's own experience with Reagan has been good. He says the Reagan always seems to be on top of issues involving state and local governments. For example, Reagan once asked him for more information on workfare. The material came back with handwritten notes by President all over it. But Williamson adds that Reagan is more familiar with state and local issues because he is an ex-governor.

Another way that Reagan's aides are failing him is in domestic policy development. The domestic policy shop under Meese still has not settled on many of the details of the

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programs outlined in the state of the union speech. According to Williamson, Reagan cannot be faulted for the failure of his domestic policy staff. "It's fair for him to assume that there's followup on his decisions. When he says 'I want to go with a summer youth subminimum wage,' it doesn't seem to me that he should have to decide what months it will be in force or who will be eligible." The main reason why these things have not yet been decided is that Ed Harper, head of the domestic policy council, "is no manager--he's no Stu Eisenstat." In addition, says Williamson, decisions often are made by higher-ups without consulting the domestic policy staff.

Although Meese is no manager either, he does know more about policy matters than Baker or Deaver. "He's a good general adviser to the President. He knows more than the others. He does have an interest."

Off the record, Williamson says that Baker's aides have learned that they can manipulate the chief of staff with facts, because Baker never remembers anything about policy.

(End off the record.)

Baker hates paperwork and avoids it. His office is always free of paper. He handles most things verbally. "Then he often forgets the next day what he has decided."

What is worse, says Williamson, "there is no accountability, no discipline. There is no ass kicker. Baker is 52 years old and he's never fired anyone."

Although Williamson says that the EPA case has created

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new tension between Baker and Meese, he refuses to elaborate. Overall, he thinks that the mood at the White House has improved in recent months. ``Back when everyone thought there were going to be changes, everyone was jockeying for position. Now, there's more of an acceptance of the status quo--more of a sense of 'Hey, we're in this thing together.' The good economic news has helped.'`

Chicago election. The Washington victory in the Chicago mayor's race ``gives a tremendous burst to Jesse Jackson'' for a potential presidential campaign. ``It must give pause to Andy Young.'`

Racist joke. Williamson told me an apallingly racist joke, which he identified as a ``Deaver joke.'` It involved a Puerto Rican woman married to a black man who worried that her child would be ``too lazy to steal hubcaps.'` Apparently no one at the White House remembers why Earl Butz got fired.

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STORY:MEESE
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;02/24,10:39

To: mls lt jf bfp dr jg gf lh dcb dxb jwm rak pa pgh dlb
daw rt rks

From: sjf

The following items come from a background interview with
Ed Meese:

* What will be the outcome of the Justice Department probe of the Environmental Protection Agency? ``Not an awful lot, is my guess,`` says Meese.

* Although Rita Lavelle was fired for not being a ``team player,`` Meese says she never tried to make an end-run to the White House. ``I know of no situation in which she came to the White House,`` he says.

* The EPA inspector general was fired because ``you want a strong an able inspector general who is operating without a cloud over him.``

* The Grace Commission on government mismanagement, which tried to work in secret, has now discovered that under the federal advisory committee act its work must be public.

EPA. Meese literally squirms when asked to discuss the problems at EPA. He is extremely defensive, and has obviously done an extensive search of his own files to determine whether he could be implicated.

Meese says his records show that he, as head of Reagan's transition team, forwarded Lavelle's employment application and resume to the White House personnel office. But he says there is no evidence that he actually recommended Lavelle for employment. Although he served on the board of

Rohr Industries, a user of the Stringfellow Acid Pits, he says that his tenure on the board in 1975 and 1976 was "not a period of alleged dumping." He says he never intervened on Rohr's behalf at EPA. Asked about meetings with Lavelle, he says his records show he met with her once during the last round of budget meetings. Gorsuch also attended the meeting, where they discussed the Superfund. Meese said the meeting occurred last September 21. He then added "or thereabouts," obviously embarrassed that he knew the exact date.

Although the EPA inspector general was fired by Reagan, Meese insists that the White House has no way of knowing whether the allegations against him are correct. This man is one of the "junkyard dogs" that Reagan has praised on so many occasions. In the past, the Reagan White House has always defended appointees subject to unproven allegations of wrongdoing. Max Hugel was the one exception.

Grace Commission. The Grace commission is a group of businessmen headed by Peter Grace who were asked by the President to ferret out mismanagement in the federal government. The commission itself has been so mismanaged that its report due last fall is still not written.

For months, Meese has been telling us that the Grace Commission report would not be made public. Now, he discloses that the commission has already had a "public" meeting on February 4. More public meetings are planned, he says, and the results will be made public too.

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Why the change? Commission spokesman Murray Sanders says it that under the federal advisory committee act its work must be public. Meese obviously was unaware of the law.

A telephone call to the commission headquarters in the International Square Building was also enlightening. Although this commission is supposed to be a no-cost, seat-of-the-pants operation, it seems to have developed its own impressive bureaucracy. Janet Colson, the deputy director to whom I was referred by the White House press office, refused to talk to me on grounds that all press contacts are made by the ``communications director``--Sanders.

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STORY:GERGEN
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:BW ;02/24,11:24

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, DCB, DXB, JWM, SJF,
PA, P3H, SXM, DLB, DAW

FROM: RAK

RE: Background-only ivu with David Gergen

Defending Israel. The President's pledge to "guarantee the security of Israel's northern borders" is not as open-ended as the words themselves make plain. In fact, he had nothing specific in mind when he made the offer in his speech to the American Legion. "It was [just] a way to put pressure on Israel to get the hell out of Lebanon," says Gergen.

Reagan is willing to send the Marines into southern Lebanon temporarily as part of a multinational peacekeeping force to make Israel "free from invasion," says Gergen. But Reagan does not accept as a U.S. responsibility the task of making Israel "free from a rocket attack" by the PLO. Thus, asserts Gergen, there was nothing new in Reagan's promise.

The President "was a little pissed" by the network reports suggesting he did not know what he was saying in his own speech. The reports were based on the fact that the White House insisted Reagan's comments did not constitute any new American commitment to Israel, when the language of the speech indicated otherwise. Reagan was tempted to complain directly to network reporters, as he has done a couple of times in the past. But he refrained from picking

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ORY: GERGEN

up the phone, because he believes doing so too often only encourages TV reporters to seek presidential attention by doing highly critical stories. (Gergen notes with a grin that the one thing that angers network reporters most is to be ignored.) Reagan also tries not to complain to reporters too often because "then what comes across is a very thin-skinned quality that really isn't there."

The "guarantee" line was written by the NSC staff, apparently in the belief that it would give Reagan a free ride, i.e., boost pressure on Israel without the U.S. having to take specific actions to deliver on the pledge. "People on the NSC saw it as simply a reaffirmation" of American policy under successive Presidents. At the State Department, however, some analysts interpreted Reagan's comments for reporters as a broadening of the U.S. commitment to Israel. Gergen blames the State Department for adding to the confusion. Reagan's offer, at any rate, prompted the opposite result from that sought by the White House: Israel said it didn't want any American guarantee and the networks reported how hollow the promise was.

The speech. Gergen, too, is disappointed that Reagan's speech produced such negative TV coverage. The purpose of the speech was to take advantage of the generally favorable public perception created in recent weeks by Bush's trip to Europe and Shultz's trip to the Far East. Yet the speech hardly reinforced the notion that Reagan is in complete charge of a strong American foreign policy.

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Adelman. When I talked to Gergen Wednesday afternoon, he thought the White House would not get the votes in the Foreign Relations Committee to recommend confirmation of Adelman. As a result, the White House was trying to work a deal with Percy under which the committee would send the nomination to the Senate floor without any recommendation at all. The prospects of winning in the full Senate "are a little better" than in committee but are far from certain.

If the committee votes against Adelman, Gergen says, Reagan will insist that the nomination be considered by the full Senate. But Gergen raises the question, "What would Adelman do if the committee votes against him? He might not want to stick it out." In other words, the White House might persuade Adelman to "pull a Lefever" and "voluntarily" withdraw his name from consideration, thus ending the dispute without Reagan's having to back down openly. (You will remember Ernest Lefever who withdrew his nomination as assistant secretary of state for human rights in the face of heavy opposition from the Foreign Relations Committee.) It was clear from talking with Gergen that he had been reviewing the Lefever case.

The White House is especially irritated by Senator Pressler, a member of the committee who seems to oppose Adelman on one day and support him on the next. "Some people even call him a flake but far be it from me to say that," says Gergen.

EPA. While the President continues to support Anne

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Gorsuch, her friends in the White House are almost nonexistent. "There is some sentiment on the part of the [White House] staff of, 'Why can't she clean this mess up?' The administration has been wounded by this." Gergen also complains that the White House has "damn little" influence over Rita Lavelle. He fears she is a loose cannon who will do future harm to the administration.

Jobs. A deal with the Democrats on a jobs package is not coming together as quickly as the White House had hoped but Gergen believes an agreement will be reached eventually. The White House is very high on House Majority Whip Foley. "He's a very decent, honest man. He doesn't have the partisan ax out all the time. The guy exudes bipartisanship." Foley is valuable because he has the confidence of Speaker O'Neill but, unlike O'Neill, he gets along well with the White House staff.

Chicago. Gergen sees significance for Reagan in the Chicago election results. "Black voters in this country are aroused...That means we have to try harder, to pay more attention to their concerns." Needless to say, blacks do not vote in large numbers for Ronald Reagan. The black turnout in Chicago was very high, and the percentage of blacks who voted in the 1982 election also was much higher than normal, Gergen says. He believes this trend will continue into the 1984 presidential race. (Perhaps there is a good political story in the rising influence of blacks as a voting bloc. Reagan administration policies undoubtedly

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are contributing to higher black participation at the polls.)

Politics. An off-the-cuff White House assessment of the Democratic field: "The system very strongly favors Mondale, unless he makes mistakes, because of the compressed nature of the primaries and caucuses and because of the Democratic rules changes....It's all going to be over in two or three months [February to April, 1984] and that favors the man who has the money and the organization [Mondale]." There won't be enough time between primaries for losing candidates to bounce back and regroup, Gergen believes. Mondale will win AFL-CIO endorsement late this year and be the clear front-runner going into the primaries.

Against Reagan, Mondale would be a strong contender. Clearly Gergen sees him as the man to beat. Mondale "is a reassuring figure. He has a sense of quiet confidence." On the other hand, Mondale "is a lot more colorless than Reagan and is not viewed as as strong a leader."

The President has not had much to say about the Democratic candidates who have announced, with the exception of Gary Hart. Hart's support of a defense buildup, his enthusiasm for high technology, and his aversion to big new spending programs have stirred Reagan's interest. He believes he and Hart agree on the important issues.

VP Bush. Gergen claims to know nothing about plans for Reagan to make up his mind about 1984 while he is at the

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ranch in August. George Bush is in an especially "awkward position" right now while everyone waits for Reagan to make a decision. "He can't even inquire about it," says Gergen.

Williamson's exit. Gergen has never gotten along with Rich Williamson. He says Williamson's departure from the White House was prompted by "questions about his loyalty" to Jim Baker. Apparently Williamson was bal-mouthing Gergen and Baker to the conservatives.

Nofziger. Gergen readily admits that relations between Lyn Nofziger and Baker have deteriorated alarmingly. The two will never get along and one probably will force the other one out of the Reagan re-election campaign as the only way to settle the competition between them. Nofziger frustrates Baker because he is "independent in mind and spirit." Nofziger refuses to cooperate with Baker. He insists on doing things his own way. For now, Nofziger is getting by with his free-lance efforts. If Reagan runs again, he will have to settle this in-fighting himself, no matter how much he would like to avoid dealing with it. The schism pits Baker and the moderates (including Deaver) against Nofziger, Ed Meese and the conservatives. This situation bears watching.

(END)

STORY:EPA
MA:60 FMT:

QUEUE:NRD-NRD
EJ:

MSG:
INI:

OPR:BW ;02/24,16:15

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, DCB, DXB, JWM, SJF,
PA, PGH, SXM, DLB, DAW, LJJ
FROM: RAK
RE: EPA and the White House

The White House is moving swiftly in an effort to contain the mess at EPA. Larry Speakes this afternoon announced the appointment of five new top-level officials. The White House acted so promptly that four of the officials were named on an "acting" basis while a "wider search" is conducted for the best candidates. "We wanted to move as quickly as possible," Speakes said. The four acting assistant administrators will be considered for the jobs on a permanent basis, but other candidates also will be considered.

The new lineup:

* Lee M. Thomas, acting assistant administrator for solid waste. Thomas, who replaces Rita Lavelle, comes from the Federal Emergency Management Agency, where he is the associate director responsible for coordinating the clean-up of Times Beach, Mo.

* Lee Verstandig, acting assistant administrator for legislation. This is a new position at EPA. Verstandig's mission will be to work with Congress to settle the various disputes with committee chairmen and improve EPA's overall standing on Capitol Hill. Verstandig was Senator Chafee's administrative assistant before becoming an assistant

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administrator for governmental affairs at the Transportation Department, his current position. Chafee is, of course, one of EPA's chief critics.

* Alfred M. Zuck, acting assistant administrator for administration. Zuck replaces John Horton, who was fired on Wednesday. Zuck is a career civil servant.

* Charles Dempsey, acting inspector general, to replace Matthew Novick, who also was fired. Dempsey is the respected IG at HUD.

* Courtney Riordan, assistant administrator for research and development. Riordan has held this position on an acting basis since 1981 and has been at EPA since 1971. His appointment apparently is an effort to reassure Congress and the EPA bureaucracy of stability in the agency.

Reagan. The President is showing some irritation at the growing negative publicity over EPA but he shows no sign of wanting to get rid of Anne Gorsuch Burford. At a photo session this morning he was asked if he still had ``100 percent confidence`` in her. His one-word reply: ``Yes.`` Asked if there was a scandal brewing at EPA, Reagan said, ``No, the only one brewing is in the media that's talking about it.``

Burford. Speakes went out of his way today to stress that Gorsuch is in no danger of losing her job. Said Speakes (on the record): ``The President has confidence in her...He's absolutely, totally behind her. I know his backing is 100 percent solid....He has seen nothing that would indicate

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any proof of wrongdoing.

“We think these [personnel] changes are sufficient at present to alleviate any problems that may have existed...The President does think it is a good team. He thinks she now has the tools to manage the agency.”

White House strategy. The President clearly hopes the housecleaning at EPA, coupled with the Justice Department investigation of criminal allegations against EPA officials, will end the controversy and restore the confidence of lawmakers and the public.

It is significant that such tainted officials as Lavelle, Novick and Horton--all accused of minor or major improprieties--were canned promptly by the White House. Under normal circumstances, Reagan is notoriously slow to dismiss aides accused of wrongdoing. He likes to believe they are innocent until proven guilty. But in the case of EPA, if other officials come under a cloud, they too can expect to get the ax.

Nevertheless, Reagan thus far supports Burford and believes she is, above all, the victim of political harrassment by environmentalist sympathizers in Congress. He does not necessarily believe she is an effective administrator but he does not believe she is guilty of wrongdoing.

Because Reagan supports Burford, Jim Baker is not even attempting to squeeze her out, even though he knows she is a potential political liability. (Baker cites a recent poll

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by Robert Teeter indicating that most people do not as yet blame Reagan for the EPA mess.) He also agrees that Burford's actions have not constituted wrongdoing.

Baker's first action to deal with the EPA scandal was to have Fred Fielding review all past contacts between White House officials, EPA and the companies it regulates. Baker told us on background earlier this week that he is satisfied that no one at the White House had improper contacts with EPA or the polluters it regulates.

Baker believes the best way to minimize the damage to Reagan is to prevent the scandal from dragging on for weeks and weeks. Hence, the swift White House action to replace those under suspicion.

Contempt of Congress. In a further move to put this controversy behind him, Reagan is likely to be much more cooperative with Congress in providing access to documents sought by committee chairmen. The claim of executive privilege likely will be used more sparingly. Baker told us on background that from now on the White House, not the Justice Department, will call the shots on what documents will be released to Congress. Baker blames doctrinaire Justice Department officials for needlessly provoking the confrontation with Representative Levitas and others in the House.

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STORY:GERMANY

QUEUE:NRD-NRD

MSG:

TA:60 FMT:

HJ:

INI:

OPR:BW

;02/24,16:49

TO: MLS, LT, JF, BFP, DR, JG, GP, LH, GY, DCB, DXB, JWM,
✓ SJF, PA, PGH, SXM, DLB, DAW

FROM: RAK

RE: German elections

Bob Sims, special assistant to William Clark, says on background that the prime concern of the Reagan administration is not whether Helmut Kohl defeats Hans-Jochen Vogel, but rather how the Soviets will interpret the German election results.

In the view of the White House, the U.S. can work equally well with Vogel or Kohl when it comes to NATO. Despite Vogel's public waffling on the stationing of cruise and Pershing II missiles in Germany, the White House believes he would support deployment in the absense of an arms deal with the Soviets. ``Vogel would be more of a detentist than Kohl but, after all, it was Helmut Schmidt [of Vogel's Social Democratic Party] who was the leader in the decision to deploy the missiles. And Vogel is more of a conservative in his party than Schmidt,`` says Sims. ``We view the election as very important, but we feel we can work with whatever government is elected.`` The White House consulted with both Kohl and Vogel before Reagan outlined in his speech to the American Legion the four conditions for an arms agreement with Moscow.

What does concern the White House is that if the Social Democrats win control of the government, the Kremlin might

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interpret the election as reason to stand firm against a real cutback in medium-range nuclear weapons. The Soviets might see Vogel's election as evidence that support for the NATO nuclear modernization program is unraveling. On the other hand, if Kohl is elected, the Soviets "might interpret it as a sign of Allied consensus" on arms control. As a result, the Soviets might be more willing to consider more realistic arms-reduction proposals.

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STORY:WILLIAM
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:BW ;02/25,11:14

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

FROM: RAK

RE: Rich Williamson at Sparling breakfast

EPA. How much the EPA mess hurts Reagan will depend on how quickly the administration can end the scandal. ``If it's resolved satisfactorily in the next month or two months, then indeed it can be put behind'' us, says Williamson. But ``the merits of the issue [of whether there has been wrongdoing] are going to determine whether there is any lingering political problem.''

Burford. Will Reagan dismiss Anne Gorsuch Burford? ``This President will never, in my view, turn his back on Anne as long as she is under suspicion'' but the allegations against her are unproven. What about Walter Mondale's demand that RR fire Burford? ``I think there would be bigger political problems if the President abandoned the people who are carrying out his policies, because of the demands of the Walter Mondales.''

1984. Speaking on the record, Williamson said there will be no long-term problems between the moderates and the conservatives in the event Reagan runs again. Williamson, a onetime protege of Senator Laxalt, says Laxalt will be the ``key player'' in Reagan's re-election campaign, and that Laxalt will make sure there is peace between such rivals as Jim Baker and Lyn Nofziger. Williamson says

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"everybody in the West Wing" is confident Reagan will run again.

New Federalism. After failing last year to build a consensus among the governors for Reagan's ambitious New Federalism plan, the White House now is taking a different approach in trying to win approval of the scaled-down plan Reagan sent to Congress this week. This time, the White House will work harder to build a consensus among lawmakers, who must rule on the plan in the first place. Although Williamson says that many governors support the new plan, my impression is that the administration has decided it is futile to seek a consensus on New Federalism from such a diverse group as the 50 governors.

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STORI:WILLIAMSO
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MST:
INI:

OPR:PAE ;02/25,17:28

SJF

To: mls lt jg bfp dr jg gp dxb dlb dcb lh rak pg pgh daw

From: sjf - White House.

TODAY'S DEVELOPMENTS.

President Reagan today condemned the Senate Foreign Relations committee for being ``irresponsible`` in voting against Ken Adelman--a move that has been ``injurious`` to the U.S. ``in the eyes of our allies and friends.`` Reagan also asserted that ``the whole idea of arms reductions was mine,`` and added that his interest in arms reduction has been increased knowing that he would be the No. 1 target of a Soviet attack. His comments came in response to questions from a group of students on C-Span. In the process of his answer, Reagan described the committee vote as ``party-line,`` which will come as a surprise to Senators Mathias and Pressler. His remarks are as follows:

``I think that the Senate--very frankly, the Senate committee is being very irresponsible and I think that this is pretty much party line vote in politics. Mr. Adelman is a young man and there's nothing against that. And we've got some Congressmen that are not 36 years old yet. But Mr. Adelman was at the United Nations and he was the direct--deputy and assistant to our ambassador there, Jeane Kirkpatrick. And some time ago, the United Nations had its conference on disarmament and Mr. Adelman participated in that. We had a chance to see his performance in that. So it is not true, as they've been saying that he does not have experience in arms negotiations. He is a brilliant young

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man. Everyone who knows him endorses him and I think the fact that the committee voted nine to eight indicates that there's a great division as to whether he's competent or not. And this is going to the loor and I'm going to tell you I'm going to do everything I can to urge the Senate to ratify him for this position. It takes Senate approval of someone. I think that what the Committee has done and this whole fuss over him, this has been injurious to us in the eyes of our allies and friends. We picked this man because the whole idea of arms reductions was mine, and I obviously want it, and I wouldn't have picked him if I did not think he was the best man at hand to do the job. And frankly, I'm a little annoyed at the Senate that they don't give me credit for believing that. A couple of them have actually voiced the thought that they don't believe I'm serious about arms reduction. Well, since I've understood from some of the plans that others in the world have I'd probably be the first target, you can bet I want arms reduction."

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