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April 1, 1983

FROM: RAK - Santa Barbara

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

RE: White House update

F-16s. Larry Speakes said today that the President decided last June, at the time of the Israeli invasion of Lebanon, that "it was not appropriate" to go ahead with the scheduled delivery of 75 American F-16 fighters to Israel. The situation in Lebanon has not changed appreciably enough for Reagan to reconsider his decision, Speakes said.

Although Reagan said in Los Angeles on Thursday that he was barred by law from shipping the planes, Speakes stressed that the administration had made no official determination that Israel is in violation of the arms-export control act because of its invasion of Lebanon. Speakes said, however, that "We do not believe it would be consistent with the spirit of the law" to go ahead with the shipment.

Reagan has approved the shipment of sidewinder missiles to Israel because, Speakes said, the missile, unlike the fighter planes, can be used only for defensive purposes.

Unemployment. The decline in civilian unemployment from 10.4 percent to 10.3 percent and the increase in the average workweek from 38.9 hours to 39.6 hours are "extremely encouraging signs that the recovery is progressing," Speakes said.

Soviet Union. Speakes confirmed a New York Times story

about a meeting between Reagan, Secretary of State Shultz and Soviet Ambassador Dobrynin about six weeks ago, but he declined to say what was discussed at the meeting.

The White House still has received no official response from Moscow to the interim arms-control proposal. It is expected that Soviet Foreign Minister Gromyko will detail the Soviet position at a press conference on Saturday.

NSC aide Bob Sims says on background that there is a fair chance that Gromyko will not flatly reject the U.S. proposal. Gromyko will sharply criticize the U.S. offer, but he may well leave open the door for future discussions based on Reagan's compromise.

[Note to JF: Sims says the date for our interview with Judge Clark cannot be changed.]

Motorcycles. Later today the White House will release a presidential order modifying an International Trade Commission rule imposing tariffs and other trade barriers on imported motorcycles.

(END FILE--LYA)

STORY:KAUFMAN
MA:65 FMT:

QUEUE:RSD-RSD
HJ:

MSG:
INI:

OPR:RSD ;04/06,09:14

✓
TO: JF (MLS, LT, SJF, AOK, JNT)

FROM: RSD

RE: Brookings defense budget presentation

DATE: 5 April, 1983

Brookings today issued of its Setting National Priorities analysis of the 1984 budget. The defense section was given by William W. Kaufmann of M.I.T., an ex-Pentagon aide who for years wrote the Defense Secretary's annual posture statement.

Kaufmann outlines a less-expensive alternative to Reagan's rearmament plan, one of the most thoughtful moderate-liberal national security blueprints yet. He also suggests that efforts to radically alter Reagan's military buildup are futile.

HIGHLIGHTS--

* Despite vocal opposition to the defense budget, Kaufmann says that "it wouldn't surprise me at all" if Congress gives Reagan most of the 10 percent increase he wants this year.

* Reagan's plan for an average 7.3 percent annual real

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growth of Pentagon spending in '84-'88 could be cut back to 4.5 percent to 4.9 percent without doing harm to national security.

The lower target would save 155.4 billion dollars.

* Reagan, to sell his defense program, is manipulating figures to show Russia to be stronger. The president is painting Moscow as being ``malevolent`` but ``patient.``

* Reagan's defense program, pegged at 1.8 trillion dollars over the next five years, could actually cost 200 billion more than planned as a result of large weapons purchases.

* The MX and B-1 could be cancelled without hampering U.S. second strike capability. In fact, even without them, the number of U.S. warheads available for second strike would go up over the next decade.

* By 1990, Moscow may be able to fight simultaneous wars in Europe, the Far East and Mideast. The U.S., instead of preparing for this threat, is adopting ``a more luxurious version`` of the old one-and-a-half-war strategy.

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IN MORE DETAIL--

Cutlook_in_Congress. Kaufmann is pessimistic that Congress actually will make significant cuts to Reagan's 239-billion-dollar defense budget. In the end, he says, Reagan and Weinberger may "score big" simply by refusing to go along with cuts in weapons programs. "I think they are just waiting Congress out," says Kaufmann. "They (lawmakers) can't agree among themselves on where to cut. I have no illusions about their ability to make the hard decisions." Asked if he could envision Pentagon spending increases in the 8 to 9 percent range, instead of the 5 percent everybody is talking about, he says "It wouldn't surprise me at all."

The administration, says Kaufman, has Congress "over a barrel." Nobody wants to cut readiness and manpower pay. But the Pentagon must take the lead on weapons cuts, and Weinberger refuses to play ball. "I wouldn't blame Congress for saying 'That's just too hard.' This is where the President and Weinberger have an advantage. They can just stonewall this.

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Congress is in a terrible bind."

Brookings alternative. Kaufman's analysis shows that the Pentagon spending plan for 84-88, set at about 1.55 trillion in outlays, could be reduced to 1.39 trillion. A second proposal, one that provides a little more "insurance," comes to only 1.42 trillion over the same period. In both cases, the spending reductions could be achieved by cancelling or stretching out production of weapons that are either unnecessary or would merely duplicate other arms in the inventory. (Details of that below.) Far from detracting from national security, he claims, the more modest defense program would actually enhance U.S. military capability. "It's one of those rare occasions when you can do more for less."

Kaufmann also warns that the Reagan program, if bought in its entirety, will probably cost another 200 billion dollars. The administration has bought so many new weapons that greater costs are inevitable. This, he explains, will result not so much from cost overruns on the weapons themselves, but because all these

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new weapons will cost more to operate than is currently planned.

He says procurement must be cut to balance things out.

The Reagan flim-flam on defense. Kaufmann charges that Reagan is manipulating figures to paint a dark portrait of Soviet power. All the measures used by administration officials are either ``misleading or irrelevant.``

there is the so-called ``investment gap.`` Russia may have outspent the U.S. on military hardware during the past 10 years, but over the past 25 years the U.S. has a slight lead. This, Kaufmann says, is important because of different military investment strategy. The Soviets build new weapons that are slightly better than their predecessors. The U.S. accomplishes the same thing by upgrading weapons. Example: The B-52, which has been almost totally refurbished. ``It's not accurate to say the B-52 is a 1962 airplane. It's more like a 1978 airplane. We make it appear that they are producing many more new generation arms when they are not.``

Overall, the Reagan administration is giving confused signals

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about the Soviet Union. ``They say that there is a very malevolent Soviet Union, but at the same time it is very patient and forbearing--in other words, they'll let us build up.''

``If you really believe that there is a malevolent Soviet Union, straining at the leash, there is a whole series of things we could do that would increase our military power very much rather quickly,''' says Kaufmann. These include putting more SAC bombers on alert, sending more strategic subs to sea, going to conscription and mobilizing the reserves. ``None of these things are being done, and frankly, I don't see why they should be done.''

Strategic forces. Kaufmann calculates that, over the next five years, Congress could safely cut 57.4 billion dollars out of the strategic force buildup. MX could be scuttled because the U.S. doesn't need two hard-target killers. That function could be carried out with the Trident D-5 missile. He says the B-1 also should be cut. The U.S. is building the B-1, two versions of the Air Launched Cruise Missile and the Stealth

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bomber. ``We don't really need four different ways to penetrate Soviet air defenses,`` says Kaufmann.

What the U.S. clearly needs is a ``powerful second strike capability`` to enforce deterrence. Today, according to Kaufmann, even a 95 percent wipeout of U.S. ICBM's would leave Washington with 3,300 to 5,400 retaliatory warheads. By 1988, the total would be even higher: 4,600 to 7,500. ``I would hardly call that a window of vulnerability.``

Conventional forces. Kaufman calculates the U.S. could save 76.4 billion dollars by cancelling or stretching out ground, tactical air and mobility forces over five years. ``I sense a lack of discipline at the OSD level, where they haven't made the hard choices. This is the hot rod version of the Carter defense program. There's nothing really new, just more redundant.``

Kaufmann points out that the U.S. has four tactical aircraft programs going: The F-14, F-15, F-16 and F-18. ``Some choice should be made there.`` He suggests scrapping the F-14 and F-15. Also, the U.S. has four close-support aircraft on the

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assembly lines: the Apache helicopter, the Harrier jump jet, the A-10 and the A-6. He suggests scrapping the Harrier and slowing down the rest. Kaufmann would also cancel the new aircraft carriers and support ships--33 in all. He claims they just are not needed for the kinds of wars the U.S. is likely to face.

The 3-war strategy. Kaufman contends that Reagan and company may be totally overlooking the greatest dangers of the late 1980s. By that time, he claims, the Soviets may have become efficient and flexible enough to mount attacks in all three key theaters--Europe, the Far East and Persian Gulf. Right now, Moscow would have a hard time doing this. By the late 1980s, they may be able to do it. ``It is not likely but not implausible'' that the Soviets could do this. Thus, we ought to go less for quality and more for quantity so that there is more flexibility. ``I'd trade in some of the quality for more numbers.'' Reagan, Kaufmann says, seems oblivious to this danger. ``It's worth taking out insurance. The Reagan program doesn't do that.'' Instead, Reagan is building a ``more

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luxurious version of the 1 and a half war strategy''--that is, a modern, heavily armed but very small force.

Kaufmann's answer is to invest many more billions in the national guard and reserves, so that American force structure could be expanded quickly to cover multiple contingencies. He would scrap the expensive airlift programs and instead build much more fast sealift because only sealift could provide the necessary tonnages. Conventional defense of Europe, he said, also could be greatly enhance without spending a great deal more money. Relatively simple fortifications and earthworks along the inter-German border, he claims, would greatly complicate the Soviet task.

(END)

STORY:PITTSBU
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE ;04/07,11:02

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

FROM: RAA

RE: Reagan goes to Pittsburgh

On arriving in Pittsburgh, Reagan was confronted by perhaps the most hostile reception he has faced since taking office. What was striking about the Pittsburgh demonstration was the intensity of the anger and frustration directed at the President by the protesters.

Most of the 4,000 or so demonstrators were laid-off steelworkers who gathered in a cold downpour at Point State Park across from the Hilton Hotel where Reagan spoke. As we approached the hotel in the motorcade, a loud chorus of boos and jeers went up from the crowd held back by police barricades. The limousine carrying Reagan ducked into an underground garage instead of stopping in front of the demonstrators at the main door of the hotel, where the rest of the motorcade stopped. The protesters were threatening enough that the German shepherds held by the Secret Service agents were agitated and barking.

For a while the demonstrators chanted "We want jobs," and held up signs saying, "Feed the hungry, not the Pentagon," "Reagan, we're fed up to our keisters," "No U.S. intervention in Latin America," "ERA now," and "Freeze now." But before long, the crowd got mean and started chanting, "We want Hinckley," "Reagan sucks,"

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and ``Out the door in '84, Reagan you whore.`` Hundreds in the crowd of mostly men held up their middle fingers when the motorcade left.

The unemployment rate in Pittsburgh now stands at 16.2 percent, compared to 7.2 percent when Reagan last visited the city in October 1980 as a presidential candidate. In nearby Beaver County, the unemployment rate is 26 percent, largely because the Jones & Laughlin Steel Corporation has laid off most of its workers.

Many of the unemployed workers in Pittsburgh were from Aliquippa in Beaver County. They showed considerable contempt for Reagan's notion that the country must retrain workers in smokestack industries for jobs in high-tech industries. Making that point was the purpose of the trip. Reagan spoke to the National Conference on the Dislocated Worker (a group of business and labor leaders trying to match workers with jobs) and visited a Control Data institute that is training men, mostly in their thirties who have worked in the steel industry, for computer jobs. One of demonstrators, Greg Pencosky, 24, who said he was laid off three times from jobs in the steel mills, said: ``I went through four years' apprenticeship and three years of college and he wants me to be retrained...When he wasn't in office, I was working.``

From the White House perspective, the Pittsburgh trip was pretty much a fiasco from beginning to end. Even when Reagan was with the small group of computer students at

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Control Data, a man stood up as the President was leaving and gave him his resume, asking for help in finding a job. The scene made good film footage for the television networks but it hardly reinforced the idea that Reagan's economic program will cure joblessness. And in response to a student's question at Control Data, Reagan was forced to state his opposition to a new entitlement program providing medical insurance for the unemployed.

I suspect that Reagan won't go back to depressed industrial cities anytime soon. It is significant that many of the blue-collar union workers who voted for Reagan in 1980 now have turned solidly against him. This trend undoubtedly is exaggerated in a one-industry town like Pittsburgh where steel jobs have declined sharply. But it is clear that Reagan has a long way to go before he can ever expect to attract large numbers of union votes again.

(END)

STORY:SPEAKES
MA:60 FMT:

QUEUE:NRD-NRD
BJ:

MSG:
INI:

OPR:BW ;04/03,14:11

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

FROM: RAK at the White House

RE: REAGAN BLAMES THE PRESS

The President's frustration over his defeat in the Senate Budget Committee emerged today in the form of Larry Speakes attacking the press for "a steady drumbeat of negative thought on the defense budget."

During the daily briefing, Speakes used uncharacteristically strong terms to criticize "the domineering force of the media." He carefully avoided criticizing directly the Budget Committee or other members of Congress.

"There's a pervasiveness in the press that defense is not necessary," Speakes said. "...I don't think this defense thing is getting a fair shake in the media." He accused the press of "a knee-jerk reaction that there is considerable waste in the defense budget." The administration has saved 60 billion dollars in defense spending over five years through better Pentagon management, Speakes said.

The only time the Soviets have been willing to negotiate in good faith on arms-control, said Speakes, is when the U.S. has shown determination to match the Russian military buildup. Speakes's implication was that the American news media are sending the wrong signal to Moscow. But he

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refused to say that the Budget Committee sent the wrong signal to the Soviets when it cut Reagan's military-spending increase to 5 percent.

Although Speakes refused to link his remarks today with Reagan's budget defeat on Thursday, the purpose of his criticism was to make the press scapegoats for the Budget Committee vote. Speakes also insisted he was not told to attack the press today. "I have a mind of my own...I know what the President is thinking and I try to reflect it to you...This is a view that the President has expressed several times in past weeks and months....He thinks there is a steady drumbeat of negative thought (in the press) on the defense budget."

(END)

TCRY:LEAKS
A:60 FMT:

QUEUE:RAKX-RAK
RJ:

MSG:
INI:

OPR:RAK ;04/11,17:06

✓
TO: APS (MLS, LT, GP, SJF)

FROM: RAK

RE: White House leaks

Efforts to plug leaks. The new anti-leak policy laid down by the White House on January 10--after the President complained he had ``had it up to my keister`` with leaks--has been a source of amusement to reporters and senior aides, but has done little to stop the flow of leaks.

Among other things, the policy requires White House aides to get David Gergen's approval before agreeing to interviews with reporters. (A copy of the guidelines, issued by Jim Baker, is attached for APS.) Aides also are required to keep logs of all contacts, including phone calls, with reporters. The purpose of requiring clearance by Gergen and requiring that phone logs be kept is to discourage free-lance leaking and to track leaks after they occur.

But the policy is little more than a nuisance for White House personnel. It has created a lot of unnecessary paperwork for aides who already are overworked. Nowadays when a reporter calls an aide to request an interview, the reporter must state the subjects he wishes to discuss. This information is recorded on a standardized form which is forwarded to Gergen for his approval or rejection.

Gergen's role. Gergen approves most interview requests, but he occasionally irritates reporters by insisting that a

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reporter see a different aide than the one requested, because of the subjects the reporter has said he wants to discuss. And on certain timely subjects, Gergen assigns a "designated hitter" to answer all press inquiries about that subject. If a reporter asks to see someone else on that subject, Gergen will refer the reporter to the designated hitter only. Gergen was spending so much time ruling on requests for interviews that the system was computerized to make it more efficient. (Gergen has a computer terminal in his office.)

Baker's role. The anti-leak policy also states that "on-the-record interviews should be recognized as the best way to conduct most interviews." In the White House this rule is very widely ignored, of course. Probably the worst offender is the author of the rule, Jim Baker. In a background interview, Baker will often begin an answer to a question with something like, "We're just on background, right?" or "The usual rules, right?" Most of what Baker tells reporters is not for attribution. He could not even begin to be candid if what he said were attributed to him. On the other hand, Ed Meese prefers to talk for the most part on the record. And 99 percent of what he tells reporters is useless drivel.

The most notorious Baker leak occurred last year when he went turkey hunting on his ranch with a Texas journalist who was not as familiar with the rules of the game as are White House reporters. Baker told the Texas reporter that

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Labor Secretary Donovan should resign in order to spare the President more political damage. The Texas reporter quoted Baker in print, forcing him to apologize to Donovan and Reagan. Baker had been telling the same thing to reporters in Washington for weeks. But his comments were always on background--hence the flood of anonymous stories saying senior White House aides wanted Donovan to resign. Baker was using the media in an effort to force Donovan out--either by getting him to resign under pressure or to persuade Reagan to fire him.

Recent examples. The resignation of Anne Burford as EPA administrator is a textbook case of White House leaks at work. Again, Baker was in the middle, telling reporters on background that Burford had become a political liability. In the final days there were leaked reports appearing in print naming Baker and White House aide Craig Fuller as trying to convince the President to fire her. Finally, Burford caved under the pressure.

Reagan's role. After Burford did resign, Reagan was able to act as though he had had nothing to do with it. He said she could leave office with her head held high and told reporters in the briefing room that "I never would have asked for her resignation." When reporters pointed out that much of the criticism was coming from within the White House, Reagan replied, "I know that you were all citing these unnamed White House sources that thought that she would resign. And I...would like to find them out and

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identify them." The truth is that both Baker and Fuller, among others, had been named in earlier stories as advocating Burford's removal. Reagan knew much more about the Burford leaks than he was willing to admit. The leaks served his purposes, so he looked the other way.

The latest. The current wave of leaks from the White House takes the form of criticism by the pragmatists such as Baker directed at the military hardliners such as William Clark and Defense Secretary Weinberger.

The pragmatists long have sought unsuccessfully to persuade Reagan to trim the Pentagon budget. Nor were they supporters of the star-wars speech calling for a new ABM system. Clark and Weinberger were the major proponents of the ABM system as well as proponents of refusing to compromise with Congress on the military buildup. Last week stories began appearing quoting unnamed White House aides saying the star-wars proposal had increased fears among Americans that Reagan would lead the country into war and that Weinberger's intransigence on Pentagon spending cuts was to blame for Reagan's stinging defeat at the hands of the Senate Budget Committee. (Even tight-lipped Meese blamed the defeat on "a conflict of wills between the committee and the Pentagon.")

These leaks underscore the tensions within the White House between Clark, who wants Reagan to maintain a hawkish profile to impress the Soviets, and Baker, who always has the next election in mind. Gergen told me on background

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that the leaks themselves also heighten the tension. ``It's always destructive when people in the White House start second-guessing each other in the press,`` says Gergen on background.

Trial balloons. Another recent leak that clearly was designed to test the waters was the story about the White House considering eliminating sugar imports from Nicaragua to punish the Sandinistas for their support of the guerrillas in El Salvador. Reagan will not make a final decision for some time, but it is obvious that he wants to eliminate Nicaraguan sugar imports. The leak gives the administration the chance to assess the impact of the decision before implementing it.

(END)

STORY:GERGEN
MA:62 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/14,11:04

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

From: sjf

THE FOLLOWING ITEMS COME FROM A BACKGROUND INTERVIEW WITH
DAVID GERGEN:

- * The White House is leaking word that Richard Wirthlin's latest poll shows a ``13-point swing'' in public opinion on defense spending since Reagan's star-wars speech.
- * After the Senate committee defeat, Reagan authorized Jim Baker to negotiate a compromise on defense spending.
- * Reagan's star wars proposal is being swept under the rug.
- * The White House hopes to engineer a Senate filibuster on dividend withholding repeal, but ``we're not there yet.''
- * Gergen is fearful that the Republicans emerged from the Chicago mayor's race with a ``heavy tinge of racism.''

Poll. Polling conducted by Richard Wirthlin between April 7 and 10 indicates that Reagan's recent speeches on the subject of defense have helped to alter public opinion. Forty three percent now want to increase defense spending; 41 percent want to cut it. This compares to 35 percent for more and 46 percent for less in a similar poll taken in mid-March. Reagan's overall approval rating has recovered too. In late January, it was 44 percent positive, 50 percent negative. By February, it was 49 percent positive, 47 percent negative. And by mid-March, it was 50 percent positive, 46 percent negative--where it now remains. Gergen attributes this to the turnaround in the economy. In his handling of foreign affairs, Reagan's rating in late

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January was 45 percent positive and 40 percent negative. It fell to 41 percent positive and 49 percent negative in mid-March. The last survey found his approval rating on foreign affairs was 44 percent positive and 48 percent negative.

Defeats. Although the outlook for Reagan's policies on Capitol Hill looks pretty bleak, Gergen thinks he can emerge with a "mixed record--not just a string of defeats." The Adelman nomination might be saved--with the help of some heavy lobbying by George Bush. The freeze movement might be amended. But funding for Central America poses is a tough challenge, and the defense spending issue will be even tougher. Gergen acknowledges mutiny among Republicans. "I would concede to disaffection on the Republican side," he said. "When you are on a roll they tend to support you on everything, no matter what it is. Our support is going to be more selective." Gergen refuses to criticize the National Security Council staff for engineering the defense spending defeat. He notes that Baker is now "the negotiator" with Congress. Why wasn't Baker involved earlier? "He didn't have the negotiating authority." Gergen has been encouraged by "public reception" of the MX report, even though the reaction in Congress has been mostly negative. Reagan will endorse the MX report next week, after the freeze vote. Gergen says he has no idea how they will handle questions about the window of vulnerability. Although Reagan has firmly decided to veto a withholding repeal measure, he's hoping that Senator

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Dole can put together a filibuster.

Arms Control. The White House has not ruled out citing the Soviets with violations of SALT. But the idea is now on the back burner. Weinberger's announcement of "confidence building measures" was substituted for the SALT statement.

Star Wars. Asked about the future of Reagan's star-war proposals, Gergen said he was surprised by Weinberger's speech on the subject this week because it was his understanding that the administration does not intend to pursue it. "It's not something that we'll give a big push to," he said. The budget already contains 1 billion dollars a year for star wars research. No increase is anticipated. But Gergen notes that Wirthlin's recent polls indicate the idea "had some credibility." Thirty-two percent agreed with the statement that the idea won't work; 55 percent disagreed.

White House review. White House personnel-chief-to-be John Harrington has finished his review of the press operation. Gergen acknowledges that Harrington proposed splitting the press office and communications department--a plan that would sap Gergen's power. He says the plan was not given "serious consideration." Harrington concluded that Larry Speakes should have more access to the President. Gergen claims to agree, even though he's the one who has cut Larry out. Gergen also tried to plant with us the rumor that Mark Weinberg, one of his critics in the press office, is a candidate for dismissal. This seems

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unlikely. As Gergen says of the overall report, "I would be surprised if anything comes of it."

Chicago. "It was the best GOP showing in Chicago in 50 years," notes Gergen. He sees it as a good indication that Reagan can carry Illinois in 1984. "I just pray that we came out of this without a heavy tinge of racism." He notes that the White House and the Republican National Committee remained as distant as possible.

Re-election campaign. There's been no change in the plan for Reagan to announce his re-election effort around Labor Day. Gergen denied a report this week that the President would go to New Hampshire for the announcement on September 1. That was just an idea being advocated by one person in the White House.

Volcker. Volcker's chances of being reappointed remain unchanged. Even though most people in the White House want to appoint "our own man," Volcker still has a "serious chance." It sounds like blackmail to me. "He's making the right moves" to get reappointed," says Gergen. "The wrong move would be to drive up interest rates and chock off the recovery."

Environmental Speech. Still no progress has been made on the environmental speech. It's at least 4 weeks away.

(END)

STORY:MEESE
MA:60 FMT:

QUEUE:NRD-NRD
EJ:

MSG:
INI:

OPR:BW

;04/14,11:59

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

FROM: PAK

RE: Ed Meese at a Sperling breakfast

Meese's ultra-conservative views were showing through rather bluntly, particularly on foreign-affairs.

Nicaragua. He was sharply critical of the Boland amendment, asserting that such legislation ties the President's hands in the conduct of foreign policy, for which he has a clear-cut responsibility. Meese is incensed that lawmakers are using the Boland amendment to publicly question and debate the administration's covert support for the Contras.

He said: "We're not violating the law...even though we disagree with the law....We don't think the Boland amendment is a very good thing...It's the President's responsibility to conduct foreign policy, and limitations on that by the Congress" are harmful. The Boland amendment "creates all kinds of problems...It muddies the waters in [the President's] clear-cut responsibility in carrying out foreign policy....We have a moral right to do what we're doing in Nicaragua."

Nuclear freeze. "To us it's almost an irrelevancy in a sense, because it's not going to affect policy." The delay on a final vote in the House and the amendments that have been offered "illustrate the confusion in the minds of the

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people proposing to vote for the freeze."

Soviet Union. When asked why the administration has such poor relations with Moscow, Meese responded, "We could have perfect relations with the Soviet Union if we wanted to forfeit the future of the free world."

Congressional approval of the MX would provide the impetus for the Soviets to bargain on START, but the prospects of getting an arms agreement are better for intermediate-range missiles. "As we get closer to the deployment date...there will be more incentive for the Soviets to bargain in good faith."

Meese repeated the Wirthlin poll figures given to us by Gergen which show an overall improvement of 13 points in the percentage of people who believe more should be spent on defense.

Adelman. Meese expects the Senate to confirm Kenneth Adelman, who is "one of the outstanding national-security experts in the country...He knows what he's doing...He can provide leadership."

China. Meese defends the latest rift with Peking by saying that the administration must "stand on principles" in such matters as support for Taiwan and granting asylum to "political refugees." Regarding Chinese tennis star Gu Na: "I ask you, what would have been the outcry in this country if we had done the opposite?" He adds, "The deal Carter got with China was a disaster." Presidents Nixon and Ford could have had the same deal if they had been

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willing ``to give away'' Taiwan. ``I don't think [Carter] had to give up on Taiwan as he did...Perhaps disaster is the wrong word.''

Black voters. Is the administration concerned that Harold Washington's election will mobilize black voters who will oppose Reagan in 1984? ``There are perceptions that are incorrect in the black community, fostered in part by some of the black leaders for their own purposes.''' Meese said he has seen some black leaders meet with the President in a cordial atmosphere and then within a matter of days, ``they're out blasting the President.''' Doesn't this spell trouble for Reagan if he runs again? ``As the economy improves, [blacks'] situation will improve, too.''

Reagan's re-election decision. ``I think if he had to make the decision today he would decide to run...I don't think whether the economy is up or down will be a definitive point.''' The decision will be based on whether Reagan thinks he can accomplish more during four more years.

(END)

STORY:SIMS

QUEUE:NRD-NRD

MSG:

MA:60 FMT:

HJ:

INI:

OPR:BW

;04/14,14:20

TO: MLS, LT, JF, BFP, DR, J3, GP, LH, DXB, DCB, JWM, SJF,
PA, PGR, SXM, DLB, DAW

FROM: RAK

RE: Background-only ivu with NSC aia Bob Sims

Middle East. Sims left me with the impression that the administration does not believe its own public pronouncements that the Reagan peace initiative is alive and well after the collapse of negotiations between King Hussein and Yasser Arafat. At the very least, the White House certainly does not now expect any progress in the Middle East in the short term. "I wouldn't want to assess the prospects" for progress in light of recent developments, Sims says. "It's clear that we still have a deep determination to seek peace....Starts and restarts are part of the history of [peace negotiations in] the Middle East....That's no reason to think that we are nowhere." The White House is not at this time preparing any new initiatives to revive the peace process.

Sims also gives a more sober report of the President's phone conversations with the four Arab leaders than did Reagan. The President said he received assurances from Mubarak, Hassan, King Fahd and Hussein that the U.S. peace plan still provides a basis for negotiations. Sims says Reagan's message to the Arab leaders was simply a very vague, "Let's keep working on the issues," while the Arabs responded that they would not give up on the search

(MORE)

for peace.

Shultz. The Secretary of State is giving serious consideration to making a trip to the Middle East to deal with "the knotty issues" regarding Israeli troop withdrawal from Lebanon. Shultz would only make such a trip if the administration believed that a "high-level involvement would insure completion of Israeli withdrawal." Sims concedes that Shultz would not put his personal prestige on the line by going to the Middle East unless it were clear that an agreement was at hand.

Sims also mentions the possibility of a Shultz trip to the Middle East in an effort to revive the overall peace process. The White House seems to be itching to send Shultz to the Middle East, perhaps to demonstrate Reagan's determination not to give up on his peace plan, and to generally reassert American influence in the region. But Sims stresses that any trip is a matter of weeks, if not months, away.

MX. There is some White House concern that members of Congress who oppose the MX will use the presidential commission's report as an opportunity to try to leapfrog to the smaller "midgetman" missile proposed by the commission and abandon the MX altogether. To combat this, the administration will stress that the midgetman is just a concept and too unreliable to count on without the MX. "MX is the crucial part of the package...The small missile doesn't even exist yet. It would take a long time to get

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there."

Reagan was to meet with the National Security Council today to finalize his endorsement of the commission's report.

Speech. Shultz will give a speech in Dallas on Friday that will deal with Central America. Sims has not seen the speech but he believes it is a tough defense of the administration's policies.

(END)

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

FROM: RAK at the White House

RE: REAGAN ON US ROLE IN NICARAGUA

Here is a brief summary of the President's comments in the briefing room this
afternoon. A transcript by WFD to follow.

Reagan all but confirmed that the U.S. is arming the Contras in Nicaragua, but
he asserted that "whatever we are doing" is intended solely to interdict the
flow of arms to the guerrillas in El Salvador. The administration is not
violating the Boland amendment, Reagan said, because "we are not doing
anything to try ^{and} ~~to~~ overthrow the Nicaraguan government."

It is not reasonable to conclude that the small numbers of anti-Sandinista
Contras armed by the U.S. could overthrow the powerful Nicaraguan army, Reagan
said. He offered this as proof that the U.S. is not violating the Boland
amendment, which prohibits the administration from attempting to depose the
Sandinistas.

The President's assertion that the Boland amendment is not being violated
rests on the rather arguable premise that despite the Contras' stated objective
of overthrowing the Sandinistas, they are not capable militarily of carrying
out their objective and, therefore, the administration is complying with the
law when it gives arms to the Contras.

But in the 10-minute session with reporters, Reagan stretched his own
credibility considerably by condemning the government in Managua as
illegitimate because it came to power by force and reneged on its pledges to
hold elections and to not attempt to overthrow the government of El Salvador.

And while insisting that the administration is obeying the Boland amendment, the President criticized it as ``restrictive of the obligations the Constitution imposes on the President.''

My guess is that Reagan simply dug himself in deeper over the Nicaraguan controversy. The contradictions in his defense of the CIA's covert operation are fully apparent. His defense of his policies was weak, to say the least. By appearing before reporters to answer questions on the subject, Reagan only added fuel to the fire by challenging Congress on his Central American policy and by drawing more attention to what the administration is doing in Nicaragua.

(END)

STORY KEMP
MAY 82 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF 04/15,12:30

SJF

To: gy (mls lt jf bfp dr jr gp lh dxb dcb jwm rak pa pgh
daw dlb)

From: sjf

The following items come from a background interview with
Geoff Kemp, Middle East expert at the National Security
Council:

* The U.S. expects King Hussein and PLO leader Arafat to
get together again because "they want to get together."

* By resuming talks with Hussein, Arafat risks splitting
the PLO and violence. His other choice: "To be the man who
blew his last opportunity."

* Kemp and other unidentified administration officials
think U.S. policy forbidding direct negotiations with the
PLO is "absolutely stupid."

* "An agreement in Lebanon would help, but it would not
be decisive." Nor is there hope of a settlement soon.

* Reagan has no plans to threaten any additional
retaliation against Israel if it remains in Lebanon.

U.S. Strategy. As Kemp explains it, U.S. hopes for
reviving the peace process depend entirely on the whim of
Arafat. But because U.S. officials cannot talk to Arafat,
there is virtually nothing that the U.S. can do to spur the
peace process beyond what has already been done. If the
Jordan-Palestinian deal falls through, the process is dead.

If Arafat will give Hussein his blessing to represent the
Palestinians, U.S. officials feel certain they can convince
Israel to freeze settlements on the West Bank and begin

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negotiating. "The Arabs say give us something in Lebanon and we'll put more heat on the PLO. We say to Hussein come forward and we'll do something on the West Bank. If Hussein came forward ...the United States would then have allies in Israel and in Congress. It would create a new environment in which we could go forth."

Although it's now clear that Arafat wants to return to talks with Hussein, the prospects for those talks are still a bit vague. "There is a hell of a lot of noise this week with statements and funerals," says Kemp. "It's difficult to see where the signals are."

Arafat and the PLO. "Arafat is standing at the fork in the road. Neither path looks particularly attractive. What we're trying to do is push him down the right path. The prospects he faces if he goes back to talk with Hussein is a high probability of splitting the PLO and a high probability of violence."

Arafat's opposition within the PLO is not based entirely on ideology. "We're talking about the end of a lifestyle," says Kemp. "A lot of perks go down the tubes. A lot of people have made a career of riding in limousines and speaking at international conferences, getting more attention than perhaps they deserve."

U.S. and PLO. "Speaking privately, I think we should have contacts with the PLO. It's absolutely stupid that we don't." Kemp tells of going to a cocktail party where a PLO official was also a guest. When he found out, he said,

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he felt compelled to move into another room." Although Kissinger claims he never meant to exclude social meetings with PLO officials, these have been ruled out as a result of the flap involving Andy Young.

Hussein and Arafat. Hussein was "genuinely furious" when he issued his statement on Sunday. But the King was also surprised by the speed with which Arafat offered to resume talks with Hussein. "We now expect that they want to get together again."

Last week, Hussein drafted a document of agreement. Arafat said he wanted to make some minor changes. Prince Faud assured Reagan that the changes were only cosmetic. But these "minor changes" turned out to be a reassertion of the PLO's right to negotiate under the Fez proposal.

When Reagan telephoned Faud this week, Faud apologized. He said he was unaware that the changes were as major as they turned out to be. Reagan sought and Faud offered his continued support of the process.

Arafat's role. He blames the Arab leaders for undercutting the chances for an agreement. He claims they were sending "back channel messages" to Arafat that "all he had to do was hang tough and we'd make more concessions." Kemp adds: "Privately, he (Hussein) told us that the Saudis may face some hard truths now." He says the Saudis "are not being particularly heroic, although they may be realistic." Hussein has told them "I need more than your verbal support."

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Reagan's role. Reagan's announcement of the freeze on the F16 shipments does not reflect a change in his strategy.

"It doesn't reflect a change and we won't see more of it," says Kemp. It was the first time Reagan ever publicly tried to blackmail Israel.

But Kemp adds: "His feelings on this subject are very strong. He thinks the Israelis ought to get out of Lebanon." Begin will not be invited to visit the United States until the Israelis leave Lebanon.

West Bank Land Sales. The State Department legal office is looking into the sale of West Bank land parcels to American Jews. Kemp doubts that anything can be done to stop it.

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Shultz visit. Shultz will not go to the Middle East unless there is a chance of a breakthrough in Lebanon.

"It's got to be linked to certain things. There's got to be something to get out of it." One reason the trip was proposed: "He's been almost everywhere, but he hasn't been there."

(END)

STORY:MCFARLA
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:BW

;04/20,11:43

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

FROM: RAK

RE: Background-only ivu with deputy National Security
Council chief Robert C. McFarlane

Beirut bombing. There is some White House concern that the terrorist group that blew up the U.S. embassy in Beirut will target other American installations. ``Where there are other groups of this same umbrella organizations, we have alerted those embassies and the host governments where those factions live.'' McFarlane declines to specify what additional measures are being taken to protect other embassies. ``We don't want [the terrorists] to know how much we know'' about them.

McFarlane says there is ``very strong evidence'' that the pro-Iranian group that claimed credit for the bombing is indeed responsible. The group has close links to a number of Iranian mullahs but is not directly tied to the Ayatollah Khomeini.

A number of steps have been taken in the past two years to improve security at American embassies, but earlier State Department ``threat assessments'' clearly indicated that the Beirut embassy ``was one of the most vulnerable physically because it's on one of the busiest thoroughfares in the city.''

Repercussions. McFarlane fears the Beirut incident will

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heighten concern in Congress over the long-term presence of American troops in Lebanon. It may make it more difficult for the administration to increase the number of U.S. soldiers in the multinational peacekeeping force, which President Gemayel wants expanded. [Whisper?] The bombing ``has raised congressional anxieties about the safety of U.S. personnel,`` but Senator Goldwater's demand that the American troops be brought home ``is an isolated concern.``

McFarlane believes the bombing will not influence in any significant way the negotiations on Israeli withdrawal from Lebanon but he adds, ``It sobers and lends a sense of urgency to the whole process`` of negotiating a withdrawal.

Lebanese troop withdrawal. What are the prospects? ``There has been substantial progress in the last week and the elements of an agreement are there, but it still requires a measure of political will by all sides.`` The central sticking point remains Israeli demands that Major Haddad have a substantial security role in southern Lebanon. Both parties now are considering ``fresh ideas that involve an altered status`` for Haddad.

F-16s. McFarlane won't admit it outright, but the President now regrets ever having said publicly that he is holding up the shipment of F-16 fighter planes until Israel removes its troops from Lebanon. [Whisper?] ``There is a feeling that it is counterproductive to the climate for negotiations [on troop withdrawal] to introduce questions of arms sales.``

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STORY: MCFARLA

That's a prime reason why the administration went out of its way to publicly announce the sale of military spare parts to Israel, to ``remove any doubt about the President's commitment to Israel's security.'' McFarlane complains that Reagan's comments in Los Angeles regarding the F-16s ``have been overdrawn'' by the media--in effect, blaming the media for misinterpreting Reagan's statement, which was in answer to a question. He also says that the President has attempted to explain ``in our morning meanings''--the daily national-security briefings--that he did not mean to leave the impression that he is withholding the planes as leverage to win concessions from Israel. The President simply believes it is unwise to introduce new offensive weapons on either side during the talks on troop pullout. He made that decision last summer.

Arafat and Hussein. The administration is trying to orchestrate ``an outpouring of support'' for Jordan's King Hussein to prevent him from giving up on the Reagan peace plan. Thus far, the other moderate Arab states are giving their full support to the effort. Their support for Hussein ``is private but it's solid and unanimous.'' McFarlane says that Saudi Arabia, Morocco and other moderates also are stressing to the PLO that the Reagan peace initiative holds the best hope for recovering the West Bank and establishing a Palestinian homeland.

McFarlane blames the Soviets in large measure for the refusal of the Arab radicals to go along with Arafat and

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Y: MCFARLA

Hussein. "The position taken by the radicals is the Soviet position...Their support for the radicals is well known." But McFarlane cannot cite any specific actions by the Soviets aimed at derailing indirect PLO participation in the Reagan peace plan.

American Jews. Like other White House aides, McFarlane objects strenuously to the Wall Street Journal report that Reagan told Hussein that he could be re-elected in 1984 without Jewish votes. McFarlane says he was present during both recent phone calls between Hussein and Reagan, and also during last December's meeting between Hussein and Reagan at the White House. The subject of Jewish voters never came up, says McFarlane. He blames the report on "a gross misunderstanding by the reporter."

Nicaragua. In an effort to build support for his policies in Central America, Reagan will deliver a major address within the next two weeks. McFarlane says the forum has not yet been picked, but he does not rule out a joint session of Congress as a possible audience. The speech will reiterate many of the same themes and facts outlined by Reagan in his El Salvador speech to the National Association of Manufacturers a few weeks ago, i.e., that most of U.S. oil imports travel through the Caribbean, etc. "The President must make clear the policy and the instruments of U.S. policy" in Latin America.

But Reagan does not intend to openly discuss what the U.S. is doing to support the anti-Sandinista guerrillas.

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: MCFARLANE

Instead, Reagan will stress the situation in El Salvador in an effort to overshadow what the CIA is doing in Nicaragua. The President is very concerned that recent headlines have been dominated by the covert operation in Nicaragua instead of by the threat to American security that he believes exists in El Salvador. "We've become lost in the Nicaraguan trees and can't see the forest of U.S. interests in El Salvador."

El Salvador. The White House believes it can avoid naming a special ambassador to help arrange elections in El Salvador as Representative Clarence Long is demanding. Long can be placated without a new ambassador, McFarlane believes. "I'm not willing to say today that a special negotiator is warranted....El Salvador supports a dialogue [with the left] and doesn't need any American negotiator to foster it."

Nuclear freeze. The White House is trying again to work out a compromise on the House nuclear-freeze resolution with an amendment that would read "freeze and reduce" weapons, without stipulating any sequence as to which would come first. That is the only hope the administration has of changing the resolution to its liking. McFarlane was not optimistic that the compromise amendment would pass, and he even suggested that it might be necessary for the White House to not endorse the amendment in order to prevent Democrats from opposing it.

Aside. While I was in McFarlane's office, Judge Clark

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barged in to get McFarlane to accompany him to a meeting. After Clark left the room, McFarlane seemed in no particular hurry to leave, and we talked for another five minutes or so. Afterward, McFarlane's secretary, Wilma, apologized for the interruption and said that the reason for it was that "the Judge always likes Bud to go with him to these meetings." The meeting was one of the twice-weekly meetings of the NSC staff. It would appear that Clark still is so insecure that he doesn't like to conduct a meeting of even his own staff without McFarlane at his side.

(END)

STORY:MARGARET
MA:60 FMT:

QUEUE:SJF-SJF
RJ:

MSG:
INI:

OPP:SJF :04/20.16:09

To: mls lt jr bfp dr ja gf jwr lh dcb-dlb daw dxb rak pa
lan

From: sjf

THE FOLLOWING ITEMS COME FROM A BACKGROUND LUNCH WITH
MARGARET TUTWILLER:

* Jim Baker is not the only one feuding with William Clark. Clark and Mike Deaver are so angry at each other they have not exchanged one word for weeks.

* Daniel Murphy, Vice President Bush's chief of staff, and another aide recently flew first class to Florida at least five times in violation of the law.

* Faith Whittlesey, Reagan's new chief for public liason, is turning out to be a disappointment. Seven weeks after she fired her staff, she has not yet filled the jobs.

* President Reagan's much-publicized effort to appeal to women voters has been forgotten. A White House group on women's issues has not met since Elizabeth Dole left.

BAKER-CLARK. Baker is extremely frustrated with the current situation at the White House. The biggest problem is that Clark goes directly to the President on everything, without even alerting Baker. Thus Baker does not learn about many things until they have already been decided by Clark and Reagan. Because Baker is excluded, the decisions are made in a vacuum. No one checks with the Republican leadership in Congress for their support, no one checks with David Stockman about the cost. Clark sees no reason why Howard Baker should be consulted before decisions are

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made. In addition, Clark blames Baker for the bad publicity he has been getting. But Margaret insists that Baker has not been leaking embarrassing stories about Clark. She notes the main reason that Clark is getting bad publicity is because "he has been screwing up." According to Margaret, Clark is intentionally trying to sabotage Baker. Baker is trying hard to remain aloof. "He wants to leave this town with as good a reputation as he had when he came," she says. What causes Baker grief is that he is always in the center of these quarrels because he's the outsider.

Margaret questions why no one writes about the bickering between Deaver and Clark. She says they have quarreled several times because Clark has not provided briefing materials soon enough before visits by foreign diplomats. After such quarrels, Clark "pouts." This is why Deaver and Clark have not spoken for weeks. Although Meese and Clark are in cahoots, Baker has no fears that they will hurt him. Margaret thinks it will resolve itself once the campaign gets underway and Baker is clearly in charge. "I know it will work itself out, but I don't know how," she says. But Margaret is counting on foreign policy to take a back seat during the campaign. If there is a big international crisis, matters could get worse. "Baker says Meese is bright, but he doesn't say that about Clark. But Clark's not dumb either, he's dumb like a fox."

BIG SPENDERS. Margaret, who runs a one-woman campaign at the White House against spending excesses, intentionally

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leaked the Murphy story to me in hopes that we would use it. (All spending vouchers go through her.) She says that Murphy has made 11 trips to Florida recently to do work for the drug task force. He and a female aide have both flown first class on five of those trips, even though the laws says that federal employees must fly coach. They have also stayed in "executive suites" in hotels in Florida. Most administration officials see nothing wrong with spending the taxpayers money this way, says Margaret. White House aides are not permitted to fly first class. Baker (through Margaret) monitors his own staff. White House officials must fly coach. In fact, Baker recently rejected the request of an unnamed White House official who wanted to fly to China on an Air Force plane on grounds that it would "enhance his prestige." But Baker is helpless to control the behavior of the vice president's staff. Nor does Baker seem to care much for the cost when the money is not coming out of the White House budget. Margaret says the White House has been flying planes and helicopters between Washington and Williamsburg on a regular basis in preparation for the summit. Margaret objected to it, but Baker and Deaver told her not to worry about it because it's all coming out of the State Department budget. On the latest report she saw, the State Department paid between \$60,000 and \$80,000 for five C-9 flights and 14 helicopter flights to Williamsburg. She notes that Larry Speakes demanded a helicopter to go down there yesterday. He

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insisted he was too busy to go by car.

WHITTLESEY. ``The jury is still out`` on Faith Whittlesey, says Margaret, but everyone at the White House is disappointed that she is not living up to expectations. She's taking too long to appoint a staff. She also has abandoned the coordinating committee on women's issues established by her predecessor. Whittlesey takes the view that if she could make it in a man's world, other women ought to be able to do the same.

CAMPAIGN. Margaret says Reagan's campaign announcement could be later than Labor Day. No one at the top echelon of the White House is talking about Labor Day now. Nor have they resolved the dispute over who will run the campaign committee. Margaret says she still thinks that Reagan could decline to run. ``He's not wedded to the job.``

(END)

STORY:GERGEN
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE ;04/21,10:31

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

FROM: RAK

RE: Background-only ivu with David Gergen

Volcker. The White House moved today to quash reports that Reagan has decided not to reappoint Paul Volcker as Fed chairman. Gergen told me--and I'm certain he is also telling other reporters--that after a meeting this morning of the President's "economic policy board," Reagan went up to Volcker and said, "I regret this spate of stories and I want you to know that I simply have not addressed this issue yet." Then the two shook hands. Volcker had been invited to attend the meeting by the members of the group, which is composed of economic experts from outside the administration.

Gergen claims not to know who was the source of the leaks earlier this week that a decision had been made to find a replacement for Volcker. Gergen speculates that the leaks came from conservatives at the Treasury Department who want Volcker replaced. The leaks probably were a trial balloon to test reaction on Wall Street and on Capitol Hill to a decision to get rid of Volcker.

Neither Jim Baker, Mike Deaver nor Ed Meese were the source of the leaks, Gergen says. These senior aides "have been keeping their own counsel," and have not yet made up their own minds about whether to keep Volcker or appoint

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someone else.

Gergen seems to think that when all is said and done, Volcker may well be reappointed. ``Traditionally, this President has wanted to put in his own people but this is a very special case...The pressures to keep Volcker are going to be very substantial.'' Volcker is very popular on Wall Street and on Capitol Hill. He has also received strong editorial support from The Economist of London, and other publications. The Washington Post today suggested that Reagan should carefully reconsider any decision to replace him.

The forces opposing Volcker include the supply-siders and Milton Friedman, who have been very critical of the Fed chairman because of the recent growth of the money supply, and many conservative Reaganites who believe simply that any Carter appointee is not worth keeping in the Republican administration.

Yet it is significant that Volcker's policies of late, such as loosening up on the money supply to accelerate the recovery, are precisely what Reagan wants. The incumbent is very much in step with the White House these days. At any rate, Gergen makes it clear that the President does not intend to make up his mind on this one for several weeks. In the meantime, he's keeping all of his options open.

Withholding. The White House is declining to take a position on on Senator Kasten's ``compromise'' on withholding taxes on interest and dividends. In my view,

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the fact that Reagan is not threatening to veto the compromise is a clear signal that if it passes, Reagan will accept it. Gergen says it is possible that the delay or repeal of withholding could become law without Reagan ever having embraced it or ever having openly opposed it. In other words, Reagan is likely in the end to throw in the towel. But he is not going to do so right now, because it isn't yet necessary to surrender. Gergen adds a note of caution, however, by pointing out that Treasury Secretary Regan will in all likelihood urge the President to veto the Kasten compromise.

White House hopes that a Senate filibuster led by Robert Dole would block repeal of withholding faded quickly last week when it became apparent that Dole did not have the votes to block cloture. Dole was short of votes by "double digits," says Gergen.

The budget. "It's going to be tough, very tough" to reshape the Senate budget resolution more to Reagan's liking. The White House now is concentrating its lobbying efforts on the Republican majority on the Budget Committee, attempting to forge a consensus there before the budget resolution goes to the floor. Jim Baker and Richard Darman have been holding talks with Senator Domenici and Majority Leader Baker, among others. The negotiating process will consume a couple of more weeks before the committee settles on a budget.

Gergen is discouraged about White House prospects of

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winning either a significant boost in defense spending or most of the domestic cuts the President wants. Reagan now is proposing a 7.5 percent increase in defense spending, compared to the 5 percent already approved by the Senate committee. But Gergen fears Reagan will have to settle for much less than a 7.5-percent hike. Domenici is being only "somewhat flexible" on defense spending.

Central America. Next week's speech to a joint session of Congress is largely intended to divert attention away from the CIA's covert operation in Nicaragua and to focus attention instead on the need to shore up the El Salvadoran government. Gergen does not expect the speech to cover much new ground.

Anti-leak policy. [Attention APS: Gergen discussed only this subject on the record.] How is it working? "Initially it enjoyed considerable success, not just in stopping leaks of hard information but also in cutting down considerably on loose statements by individuals that were critical of others....But I have to confess that in recent weeks it hasn't worked as well as we had hoped, but it is better than what we had." The leak policy will not be abandoned anytime soon, and Gergen says on background that "we've wandered too far from it and need to get back to it."

Gergen also questions, on background, just how many White House aides still are complying with the requirement of seeking clearance from Gergen before holding interviews with reporters. Gergen believes the compliance rate is

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relatively high, but he concedes that he has no way of knowing when an aide chooses to do an interview without first getting permission. Gergen's office still receives a heavy volume of requests from aides who have been asked for interviews. (The NSC staff, which is increasingly segregated from the rest of the White House, has a separate system of clearing interviews. NSC aide Bob Sims is charged with approving or rejecting requests for interviews.)

Gergen also notes that the clearance system has not yet actually been computerized, although that step is being considered.

Gergen also notes that there are many leaks that the administration is happy to have out. He cites as an example the stories earlier this week about the Stockman memo which stressed the urgent need for striking an early compromise with Congress on the budget. "It was leaked by Stockman to put pressure on all parties. We're not unhappy about that one," says Gergen on background.

The recent flood of leaks by White House aides criticizing Judge Clark's performance is the kind of thing the new policy is supposed to stop but doesn't. "You can't stop that kind of thing with guidelines and no one ever will." Jim Baker's aides, who have been the chief suspects of these leaks critical of Clark, "have been told to keep their knives in their sheaths." Gergen claims that Baker has not criticized Clark to reporters because "Jim's position has always been that if he gets into a battle with

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the Californians, he will lose." Gergen believes that "we're just seeing the front edge" of similar stories critical of Secretary of State Shultz. There are strains within the national-security policy apparatus, and the disaffection from within is beginning to show in the media.

For his part, Gergen is uncharacteristically reluctant to discuss the problems plaguing Reagan's foreign-policy team, although he readily admits there are problems. Gergen's reluctance is probably due to the fact that Clark tried unsuccessfully to replace him several weeks ago with Lyn Nofziger. Gergen is afraid to talk.

John Anderson. How does the White House view Anderson's bid as a third-party candidate? "Personnally, I think he's an irrelevancy. He's not a man of our future, because he has no ideas....He's just going to take the [federal matching campaign] money and run."

(END)

SECRET:WILLIAM
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/21,18:10

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

From: sjf

The following items come from a background lunch with Rich-
Williamson:

* Reagan offered Jim Baker the job of Transportation Secretary before giving it to Elizabeth Dole. (He asked me not to use this item as a whisper, but instead to weave it into a future story about Baker.)

* Jim Baker is making a mistake by attacking William Clark, because Clark has the ability to convince President Reagan to fire Baker.

* The source of the Volcker story was Alan Greenspan, who's trying to create the false impression that he has been offered the job. Some "free-lancing" by low-level White House aides contributed to it.

* Faith Whittlesey, the President's new assistant for public liason, is turning out to be "a right-wing nut" and a "a total disaster."

* Whittlesey's biggest mistake was hiring John Rousselot, who will go over her head to the President when he wants something.

Baker-Clark. The Clark-Baker feud could wind up in a showdown that Clark would certainly win. Baker is making the mistake of thinking that this fight is no different than his fight with Meese, which he won. Darman is egging him on. But Baker cannot win a fight with Clark. The best

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he can hope for is a tie. Clark plays hardball and, unlike Meese, he gets things done. If Clark goes to Reagan and says ``him or me,`` Baker will be ousted. The story about Baker being offered the Transportation post shows that he's not considered indispensable by Reagan. Williamson thinks that Meese planted the idea with Reagan of sending Baker to Transportation. He thinks that Reagan did not see it as a put-down of Baker. Baker turned it down, of course. Clark shows his disdain for Baker by refusing to attend meetings chaired by the chief-of-staff. He sends his aide, Bud McFarlane, instead. Williamson says that Baker also made a mistake by sitting on his hands during the early round of budget negotiations with Senator Domenici. Baker is being blamed for the losses on the domestic side of the budget. It's obvious that the loyalties of White House staffers are shifting away from Baker. This was the first time I've ever heard Williamson criticize Baker in any way. He says that Ken Duberstein is hedging playing both sides of the fence. He told me that the main reason Max Friedersdorf left the White House is that Max couldn't get along with Baker--``a clash of styles.`` Williamson thinks Friedersdorf would be recalled into the White House if Clark took over as chief of staff. Williamson, a card-carrying right-winger, portrays the Clark-Baker feud as more of a clash of egos than an ideological battle. He notes that Clark was not a right-winger on the judicial bench. If Clark took over, he would replace Darman and Gergen with other middle-of-the-

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road Republicans. For example, he says, Gergen would probably be replaced by Bill Greener. Nofziger would have a role, but not in the press operation.

Volcker. The White House has been asking various people for their recommendations for chairman of the Fed. One person who was contacted was Greenspan, who immediately leaked it to the Washington Times in such a way as to suggest that he had been offered the job. Post Reporter David Hoffman then matched the story by talking to several low-level aides who were "free-lancing." The story did not have the blessing of the top brass at the White House and that is why Reagan sought to reassure Volcker yesterday. Williamson does not think that Volcker will be reappointed, although he views it as a mistake. Falling oil prices will cause more bank failures next year and "neither Alan Greenspan nor Preston Martin have the stature to handle it."

Campaign 1984. "Reagan is vulnerable," says Williamson. "Incumbents are like fireplugs these days. But we've now got six horses in the race with him (the Democrats) and none of them can beat him." He rates the Democratic candidates this way:

* John Glenn. The biggest threat to Reagan because he comes from the Midwest and is not a liberal. But he cannot win the nomination without a better organization. "A winning combination would be John Glenn as the candidate and Jim Johnson as his chief of staff."

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* Gary Hart and Rubin Askew. Like Glenn, they would be hard for Reagan to attack on ideological grounds. But the don't come from Ohio and they were never astronauts.

* Ernest Hollings. The ``best politican`` of the bunch, but he has no apparent hope of getting the nomination.

* Walter Mondale. Reagan can easily attack him as a life-long liberal, big spender. He's running a good campaign to get the nomination, but a bad campaign to win the presidency. His pitch to special interest groups will hurt him in the general election.

* Alan Cranston. Ditto, and more so.

Reagan has opened up ``in small meetings`` lately about his interest in a second term. But Williamson still thinks he could pull out if it looked like a difficult race.

``Nancy Reagan does not want to be another Roslyn Carter. She does not want to push her husband into a humiliating defeat. The Reagans were humiliated in Kansas City in 1976. They were out to prove something in 1980. But they no longer feel that they have something to prove.``

How will the battle for control of the campaign be resolved? ``Everyone who wants a job will get one. There will be a campaign director, a political director, a press secretary. Nofziger, Wirthlin, Timmons, Spencer--they'll all get jobs. That's how Laxalt works.``

Whittlesey. Williamson, who was very critical of Elizabeth Dole, says that Whittlesey makes Dole look good. He notes that Whittlesey was named to her current job in

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January and has been at the White House fulltime for seven weeks. Yet she's only made one appointment--Russelot. ``He's not going to answer to her. He's not even going to answer to Jim Baker. He's going to go straight to Ronnie.''

Whittlesey has proven to be very tough, but not very friendly or likable. (A good nature is highly valued in the Reagan White House.) She cares more about foreign policy than anything else. She's also very disorganized.

Williamson tells the following story about Whittlesey off the record: She recently asked George Bush to address a group of business leaders visiting the White House. Bush was scheduled to speak at 9 a.m. When he arrived at 9:03 a.m., Whittlesey was telling the business leaders they should be ashamed of themselves for failing to support Reagan's initiative in Central America. She did not stop talking when Bush entered the room. She allowed him to cool his heels until about 9:20 a.m. while she continued to talk about Central America. Bush then spoke until 9:30, when he excused himself saying he was then due at a meeting with the President. Whittlesey refused to let him leave, insisting that he take a few questions. As a result, Bush was 10 minutes late for his meeting with the President.

Reagan's image. Williamson, also off the record, recalls this interesting story from the 1980 campaign. It occurred at the end of a three-day period in which Reagan was briefed on issues by outside experts. During the briefings, Williamson was surprised how much Reagan knew about some

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issues. When it was all over, Williamson was seated beside Reagan at lunch. Williamson said to Reagan, ``Sir, we've got to do more to project your knowledge of the issues.'' Reagan turned, put his hand on Williamson's knee in a fatherly way and said: ``Son, I've been selling things for a long time.''

Williamson. Williamson's confirmation hearings, which were held up by the Adelman nomination, will be held on May 3 and he expects to be confirmed on May 5 as ambassador to the international organizations in Vienna.

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STORY:NAU
MA:62 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/26,16:23

To: mls lt jf bfp ar jg gp lh dcb dxb jwm rak pa pgh dlb
daw ljl bk

From: sjf

Re Williamsburg Summit.

Unlike last year when he fought to curb East-West trade, President Reagan will be on the defensive when he meets with other Western leaders in Williamsburg in late May.

That is the conclusion I drew from an on-the-record interview with Henry Nau of the National Security Council staff. Although Reagan does not intend to drop the issue of East-West trade, says Nau, he will be forced to devote much of the time fighting these ideas put forth by the allies that he opposes:

- * More frequent intervention in foreign exchange markets.
- * More economic stimulus by government to spur employment.
- * Looser monetary policy.
- * Higher taxes or fees to stem a decline in energy prices.
- * Protectionist measures to prop up hard-hit industries.

Reagan's response to these ideas will be to note that the recovery is already underway and too much stimulus might abort it. "The President's view is that a roaring recovery could be an aborted recovery. We have set the basic approach. We cannot do much about employment. Let's stay on that course."

Nau says the President also will resist efforts by the allies to "subordinate all other issues"--ie. East-West trade--to the subject of achieving economic recovery. He

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says the Europeans are trying to keep the subject of East-West trade off the agenda at Williamsburg.

At the same time, he says, Reagan will not be seeking any major concessions from the allies on East-West trade beyond what he already has won. He will simply press for continuation of current studies on technology transfer, credits and energy security. Preliminary results of these studies will be coming out over the next few weeks in meetings of OECD, COCOM, IEA and even the NATO ministers.

“Our objective is continuation of intensive discussion of these issues,” says Nau.

Economic stimulus. The allies will be advocating a looser monetary policy and more spending (bigger deficits) to bring the world out of recession. Nau just laughs at the thought of more spending since the U.S. is already flirting with annual deficits in excess of 200 billion dollars. He says the President will argue against looser money on ground that it would bring a rebound in interest rates.

Energy. Nau says some allies are arguing for taxes on energy or higher import fees “so that people don’t stop conserving.” But Reagan will argue that falling energy prices are “a stimulus to our recovery, so let’s take advantage of it.” He will also tell them, “What you should do is continue to stockpile oil like the U.S.”

Protectionism. Reagan will be seeking language condemning protectionism on grounds that trade will stimulate the recovery. He will tell them: “Trade is the transmission

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belt of the recovery."

LIC Debt. "Approval of the IMF package is a priority item for all of our countries this year," says Nau. Reagan will also argue for lower trade barriers for the lesser developed countries. "Everybody wants them to repay their debts, but nobody wants to take their goods. Unless we enhance their markets there will be no way for them to service those debts."

Intervention. Reagan's response to this will be the same as last yer. "In practice, we have intervened when necessary," says Nau. "But we're not going to go down this route of heavy intervention."

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STORY:WICK
MA:62 FMT:

QUEUE:SJF-SJF
BJ:

MSG:DELAYED, No destination specified.
INI: OPR:SJF ;04/26,18:20

Tc: nls lt jf bfp dr jf gp lh dcb dxb jwm rak pa pgh dlb
daw lhl

From: sjf

Re Charles Z. Wick's statement.

-- A spokesman for the USIA confirms that Charles Z. Wick told a Japanese newspaper that American intelligence shows that the KGB has infiltrated the upper echelons of the governments of Japan and other Western nations.

According to the USIA, his exact quote was:

"We have known informally and through intelligence that normally is not made public, but is shared with government officials, the awesome penetration by the Soviets of all key western nation's high political and security heirarchies."

A spokesman for the National Security Council, Robert Sims, expressed surprise that Wick would make such a remark. Yet he had no quarrel with the accuracy of the statement. "I wouldn't argue with it," he said. "The KGB are all over the place. But I am surprised that someone in his position would make such a statement."

Off the record, Sims noted that Wick often makes indiscreet remarks. "He doesn't have much credibility. It might as well be the secretary of agriculture who said it. I don't consider it a major policy statement."

Here is the complete transcript of Wick's statement as provided by USIA:

"We have known informally and through intelligence that

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normally is not made public but is shared with government officials, the awesome penetration by the Soviets of all key western nation's high political and security hierarchies. So as these things happen, hopefully it will remind the leaders and the constituents of government who of course ultimately control government of the seriousness of the Soviet threat and will encourage governments to take all vigilant steps necessary to protect their security."

Asked to be explain what he meant by hierarchy, he added: "I say hierarchy, meaning the structure of the political and security operations of practically all the western nations. The degree of penetration, the degree of focus and emphasis they place of course is directly related to the strategic position of those particular nations."

Wick's statement appeared in Yomiuri Shimbun on April 22.

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