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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Sara Fritz Papers
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FOIA ID:
Date: 5/10/2018

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. transcript	Bistany comments (2 pp partial)	6/16/83	C
2. transcript	Meese off the record interview (2 pp)	6/17/83	C

RESTRICTIONS

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June 1, 1983

FROM: SJF - White House

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

The following information comes from a postsummit, on-the-record interview with Henry Nau, economic expert for the National Security Council:

The United States and its allies are pulling together on economic policy more now than at any time in recent years, according to Nau's postsummit analysis.

Four governments--the United States, Germany, Japan and Great Britain--have been pursuing conservative economic policies for several years, and they have "begun to pull the other governments in that direction."

Nau says Canada is adopting a more conservative economic approach, and he notes that even Italy has recently cut back on its system of indexing for inflation. He adds that French President Mitterrand endorsed a joint summit statement that he describes as "pure conservative economic doctrine."

"At least six of them are chugging in the same direction," he said. This is a good omen for re^{ign}iting growth without re^{infl}ation, but only if U.S. deficits and French inflation are brought under control soon.

Deficits. President Reagan was able to ^Ediffuse criticism of U.S. deficits by arguing that he, too, wants to cut deficits. Although the President and the Congress disagree how this should be done, Reagan assured the allied leaders

that he has a good track record in reaching a compromise with Congress. Nau said the ^{RECENT}~~reason~~ MX victory was helpful to Reagan in his effort to demonstrate to the other leaders that he is "a man who knows how to work with Congress."

Although the summit statement supports Reagan's view that expenditures should be cut, not taxes, Nau says the President did not ask for this language as a weapon in his battle with Congress. "None of them feel a need to help us with Congress," says Nau. "They don't tend to react to that argument."

Nau also asserts that ^{KoHL}~~Cole~~[?] overdramatized the extent of criticism of Reagan's deficits at the summit. There was not as much criticism as ^{KoHL}~~Cole~~ indicated.

International Monetary Conference. Nau calls this a "vacuous idea," but he praises Mitterrand for coming up with it as a way of ^E~~diffusing~~ his opposition at home. "The French salvaged a weak situation by proposing this conference," says Nau. "It was very clever of them. As a result, nobody is going to question Mitterrand about signing on to the Reagan program."

This was the price that Mitterrand demanded for attending the summit. At the final meeting of sherpas before the summit, the French announced that "this is all Mitterrand would want," to attend the summit.

But Nau notes that Reagan agreed to the language ^{7/}proposing a monetary conference not only to please

Mitterrand, but also to please the ''supply-siders'' in his own camp. This includes Norman Bailey[?] and Larry Kudlow.

''They have blamed the failure of their ideas on the monetary system,'' says Nau, referring to the supply-siders. ''They thought this French idea was grand. They were not in the majority, but they brought about a degree of acceptance.''

Trade. In exchange for agreeing to language about ^A~~his~~ monetary conference, Reagan got the other leaders to accept his proposal for a new round of trade negotiations. It was a direct trade-off proposed by Italian Prime Minister Fanfani and accepted by everyone. But Nau believes that the chances of a new GATT round are better than the chances for an international monetary conference. In fact, he quotes a British sherpa as saying: ''You are going to get your GATT trading round, but the French aren't going to get their monetary conference.''

(Special Trade Representative Bill Brock told reporters at the White House today that he thinks the new GATT round will be under way by about 1987 or 1988. What the U.S. wants is an agreement covering services and technology, plus some changes in Article 19 of the GATT that is used by every country to set up barriers to protect certain industries.)

Nau says the final summit statement will ''give a real boost'' to the preliminary work currently being done under

the GATT on services and technology. That work will be completed in about two years. The U.S. wanted stronger language in the trade section, however. Originally the U.S. proposed that the summit set a date for opening a new round.

What Next? It's obvious that the summit process is becoming a year-round exercise. As a result of the Williamsburg summit, the so-called "convergence" experiment will be strengthened. This is the system under which the finance ministers meet, with the director of the International Monetary Fund serving as referee, to coordinate their policies. At Williamsburg, they agreed to hold these meetings more frequently.

Nau believes that this group is the key to international economic stability. He thinks this system, which began after Versailles, will continue to grow and become more influential in the national politics of each country. He thinks that economists will begin to track the actions of this group much as U.S. economists follow board meetings of the Fed. "If that occurs, there is no way you cannot have more stability," says Nau. But he doubts it will ever be institutionalized because that would threaten national sovereignty. "You cannot do it legally. You cannot do it institutionally. It's a just a peer-pressure group--that's the only way you can do it. I hope it stays informal the way it is." Under the current system, the IMF director

orchestrates pressure on countries that are out of step.

'In this way, the IMF is exercising informal surveillance over the major currency countries.'

The studies initiated since Versailles on East-West trade also will continue over the next year.

Disappointments. The U.S. delegates came away from the summit with two major disappointments. They were disappointed that the summit did not set a date for opening a new GATT round. They also were disappointed by the energy statement. The U.S. wanted the summit to acknowledge that the drop in energy prices is a stimulus for recovery. The Canadians and the British were against it.

Tone. The biggest U.S. victory at the summit was the tone of the statement, according to Nau. 'The most important thing for us was that it be upbeat. The statement was realistic and sober, but it is definitely upbeat.[''] He says the British came to Williamsburg with a proposed draft statement that contained 1 1/2 pages of gloom and doom. The U.S. worked hard to keep that stuff out of the statement and succeeded.

(END FILE - JNM)

STORY:ARMS
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;06/01,18:13

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

From: sjf

Re arms control and a U.S-Soviet summit.

White House officials confirmed on Wednesday that German Chancellor Kohl obtained Reagan's consent to raise the subject of a U.S-Soviet summit during his trip to Moscow.

According to Ed Meese, Kohl did not seek Reagan's permission to raise the idea with Andropov. He simply told the President that he intends to bring it up. But Reagan did not object, and he also told Kohl that he would be willing to listen to whatever ideas he hears from Andropov. As Meese said, "If he comes back with any interesting information, then we'll be interested to hear it." The information will be brought to Washington by Genscher.

But both Meese and Larry Speakes were quick to state that Kohl is not acting as an "intermediary" for the U.S. Clearly, Reagan does not want to create the impression that he is unable to deal directly with Moscow.

At the same time, the White House seems to be backing away from its commitment to members of Congress to introduce the build-down concept into arms negotiations with the Soviet Union.

General Rowney told a White House briefing on Wednesday that the idea would be given "serious study." But he did not pledge to incorporate the build-down into the U.S. negotiating position when START talks resume on June 8.

Some members of Congress voted for the MX on the basis of what they thought was a commitment from the White House to adopt the build-down idea.

Rowney, seeking changes in his instructions prior to the resumption of the START talks, met for 25 minutes Wednesday with Reagan, Shultz and Adelman. No decisions were made. Rowney said the President will not decide what to do until he meets with the National Security Council next week.

Although Reagan has not committed himself to the build-down idea, he has promised to alter Rowney's instructions to conform with the recommendations of the MX commission.

(END)

STCRY:BURT
MA:6Z FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;06/01,18:31

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

From: sjf

The following comes from a summit backgrounder with Rick Burt, author of the INF statement.

It was during their opening dinner on Saturday night that the summit leaders agreed to issue a statement on arms control. The idea was proposed initially by Thatcher and heartily endorsed by Trudeau. After the dinner, Reagan went upstairs to the room where the finance ministers were gathered and asked them to draft a statement. At that point, Reagan handed Shultz eight pages of hand-written notes from the dinner. It was from these notes that the foreign ministers set out to write the statement. Although the statement was originally proposed by Thatcher, Burt denied that it resulted from an Anglo-American plot.

When it came down to drafting the statement, however, problems developed. The Canadians wanted a ``more general, more rhetorical...loftier`` statement emphasizing the need for arms control. The Germans insisted on more details. Kohl was particularly insistent upon language excluding the French and British missiles. The British and French agreed, of course. The Japanese were interested in ``the question of globality.`` Thatcher insisted on language saying that the missiles would be deployed on schedule in the absence of an agreement.

Although the original draft statement was changed during

the discussions, it was never completely recast. ``It was not a hard-line document turned soft,`` said Burt. ``It was really just a question of massaging the language.``

Burt predicted a good reaction to the statement in Europe, but refused to predict how the Soviets might react. ``I am convinced that this statement will play very well in Europe,`` he said. As for the Soviets, ``it was not viewed (but the leaders) as a cheap propaganda shot.`` It was designed to bring about an agreement.`` What impact did the Soviets' earlier statement have on the decision to issue this statement. ``It was a factor. (But) I don't see it as a driving factor. Everyone agreed that it was just a reiteration of old threats. It contained nothing new. We are not engaged in issuing a statement after they issue a statement.``

(END)

STCHY:BUDGET
MA:62 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;06/02,22:02

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

From: sjf

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

* White House officials have already held a meeting to determine how President Reagan can best exploit his success at the summit. ``You haven't seen the last of Ronald Reagan at the summit,`` says Gergen.

* Here's how Reagan sizes up the other leaders: Thatcher and Kohl are his favorites. Nakasone is an improvement over his predecessors. Mitterand was less rigid. Fanfani was a mediator. But Trudeau is still Reagan's least favorite.

* White House officials have come up with a new idea to appeal to women voters. It's a plan to allow housewives a tax break of up to \$2,000 a year for investing in Individual Retirement Accounts--just like working women.

* Reagan has decided to hang tough on his tax and budget plan for one reason: It's just too late to change course.

Summit Gossip. Although Reagan and Trudeau seemed friendlier in public at Williamsburg, there is no improvement in their relationship. They had one ``very heated discussion`` on arms control. Trudeau wanted to stress arms control in the INF statement. The summit leaders tend to dismiss Trudeau as an ``eccentric.``

Mitterand was more conciliatory, but he hasn't changed enough to suit Reagan. He made one long-winded speech on

the Middle East that nearly put everyone to sleep.

Reagan's estimation of Nakasone and Kohl "went up." The Japanese had "ruffled feathers" when they read a portion of a U.S. briefing book that discussed Japanese trade policies. But U.S. officials managed to smooth it over.

Reagan was so pleased with the summit arrangements that he has chosen White House deputy Michael McManus, who organized the summit, to mastermind the planning for the 1984 Republican National Convention.

Exploiting the Summit. Gergen thinks the summit was the high point of Reagan's presidency thus far. As a result, he held a meeting of White House aides on Wednesday to discuss how to exploit it for Reagan's political gain.

"We're on a good roll," says Gergen.

Reagan will discuss the summit in his Saturday radio speech. He also will talk about it to a bipartisan meeting of congressional leaders next week. Some top aides have been recruited to write op-ed pieces about the summit. And the White House hired an outside firm to film all of the summit events to be used in 1984 campaign advertising.

Budget Strategy. "The President will tough it out," he says, on budget strategy. "It would be disastrous politically for him to change course at this point."

With everyone at the White House already focusing on the 1984 presidential campaign, they feel that consistency is more important to Reagan's reelection than any modest reduction in the deficit.

(MORE)

Like other White House officials, Gergen thinks the desire for a tax increase on Capitol Hill is ``beginning to lose steam.'' At this point, Reagan is resisting a tax increase in 1985 as well as 1984. Treasury was trying to sell a 1985 tax hike, but the White House shot it down.

Administration officials are understandably worried the high deficits will chock off the recovery. But like good Keynesians, they are hoping that the increased federal spending will feed the recovery. At the same time, they claim a tax hike might also hurt the recovery.

White House officials are already bracing for an even tougher battle with Congress next year. ``Next year's budget fight is going to be even worse,'' he says.

Women's issues. No decisions were made as a result of a cabinet meeting on women's issues on Wednesday. But everyone thought the IRA idea was ``very appealing.'' Look for an announcement in 10 days to 2 weeks.

Central America. Pickering is the third person chosen for the ambassadorship in El Salvador. Gergen does not know what happened to the other two.

Gergen confirms a struggle going on between the State Department and the National Security Council over control of Central American policy. Clark is trying to run it. ``There is something going on there,'' says Gergen.

(END)

STORY:DEAVER
MA:60 FMT:

QUEUE:SJF-SJF MSG:
HJ: INI:

OPR:SJF ;06/02,22:25

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

From: sjf

The following praise of Ronald Reagan comes from a
background interview with Michael Deaver:

--The summit was "one of the biggest plusses of his
administration. It's got to show up in the foreign policy
ratings (polls)."

"The chemistry was so different this time," he said.

"Reagan went to the summit in good shape as far as the
others were concerned. He's up in the polls, he appears to
be running for re-election, he seems certain to win and he
just won a big victory on MX."

By contrast, says Deaver, the others are less solid at
home. Three are facing elections. Trudeau is "in trouble
with the conservatives in his own country." Mitterand has
economic problems. Nakasone "is having to prove himself."

But here's the main reason Deaver sees that everyone was
impressed by Reagan: "It's the old Reagan ploy. He's
always underrated. He's the actor who ran for President."

Deaver says Reagan won the INF agreement by making an
impassioned 20-minute speech "without a single note" at
during the House of Burgesses meeting. He ended his speech
saying: "We fought together, we fought each other and
today we have to stand together."

It was Reagan's idea to have an unstructured summit. He
thought they wasted too much time on the communique at

Versailles and spent too little time exchanging ideas.

Thatcher, host of next year's summit, thought that Williamsburg was so good she told her aides: "We've got a tough act to follow."

The reason people hate Trudeau is that he is "a little big professorial—he likes to hear himself talk and that takes up time."

Reagan has always liked Thatcher. "First of all, he's partial to a lady. He met her many years ago and recalls telling someone, 'She'd make a hell of a Prime Minister.' That person said, 'but she's a woman.' To which Reagan responded, 'Victoria didn't do such a bad job for you.'"

Reagan likes Kohl. He's "a nice, gregarious guy" like Reagan and speaks enough English for social banter.

Reagan was "much more at ease" with Nakasone than he was with previous Japanese prime ministers.

Mitterand was "much more cordial" this time. Deaver adds: "It's my opinion that he's trying to change is style—to be a little more flexible."

Nothing went wrong, according to Deaver. They even came in under budget. They spent 4.9 million dollars, half of which went for the "care and feeding of the press."

(END)

June 9, 1983

FROM: RAK - Minneapolis, Minn.

TO: MLS, ~~EE~~, JF, ~~BB~~, GP, DXB, ~~DA~~, JWM, DR, JG, DCB, LH, SJF, RAK, PA,
DLB, PGH

RE: Reagan on Education

In impromptu remarks during a panel discussion on education at Hopkins, Minn., Reagan this afternoon promoted his plan for merit-pay incentives for teachers and repeated his call for more local responsibility over schools.

Reagan said he recognizes that merit-pay systems would increase education costs, but suggested that states and localities could adjust their budget priorities to make up the difference. He opposes higher federal spending for education.

Responding to complaints of some educators that merit-pay plans are too subjective and arbitrary, Reagan said, "Teachers who grade students ought to be able to grade each other." He also urged a lessening of federal regulations and controls over education and promised to continue pushing for education block grants with fewer federal strings.

The President also repeated his contention that federal aid for student loans has not been cut in real dollars, although the administration's own budget figures contradict his assertion. To back up his claim that he is not trying to cut federal education funds, Reagan said that in 1982, the country spent \$179 billion on defense and \$215 billion on education--a dubious comparison since the defense figure

is federal money only, while the education figure includes all local, state and federal outlays.

Reagan did not respond to an attack by Walter Mondale at the University of Minnesota this morning. Mondale said:

"Apparently, Mr. Reagan intends to make education an issue in this ~~/~~ Presidential campaign. And so do I. I'll be happy to debate the federal role in education and research with him. And I don't intend to let him whitewash his own record. He is willing to fight to the death for the MX, but not lift a finger for education."

The panel discussion was the second of 11 regional forums sponsored by the National Commission on Excellence in Education. Reagan said he endorsed the commission's report "in its entirety."

During a discussion before Reagan arrived, members of the panel questioned how school boards would come up with the additional money to pay for such commission recommendations as longer school terms and higher pay for teachers. One panel member suggested that the Reagan administration deploy one fewer MX missile in the West and use the money to fund education. Another panelist suggested a federal GI bill to educate better teachers.

Volcker. Larry Speakes read the following brief statement which he attributed on the record to Jim Baker: "The President has made no decision on the chairmanship of the Federal Reserve Board, and a decision is not

imminent.'" On background, Speakes said that a decision is not expected before next week at the earliest and possibly even later.

Note to GP: Larry Speakes tells me on background that the long-awaited Presidential address on the environment has been rewritten as a Saturday radio address that Reagan will deliver on June 11. The radio speech is designed to cool the ardor of environmentalists who vehemently oppose Reagan's policies.

(END FILE - JNM)

To: dxb (mls jf dr gp)

From: sjf

Re U.S.-Soviet relations.

Look for a warming trend in U.S.-Soviet relations.

The first evidence of it came in our recent interview with William Clark, who volunteered that Shultz and Dobrynin have begun meeting frequently.

Subsequent signs include: a U.S. offer to negotiate a new long-term grain agreement, new flexibility in arms negotiations, increased talk of a summit and the appointment of Jack Matlock to the NSC.

The State Department is encouraging Reagan to "stabilize relations" with the Soviets on grounds that he could do it now from a position of strength, with both Congress and the allies behind him. There are some doubters in the White House, however. "We can't rush pell mell into anything, or we'd lose our leverage," says a top White House aide, who fears the Soviets will try to take advantage of Reagan if he appears to be seeking better relations for domestic political reasons.

This warming trend will probably bring about a new long-term grain agreement and perhaps some new cultural exchanges and confidence-building measures.

A Reagan-Andropov summit or an arms control agreement are still long-shots.

(END)

~~D~~

Tc: nls lt jf bfp dr jg gp lh dcb dxb jwm rak pa pgh dlb
caw bk krs

From: sjf

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

* White House sentiment is shifting toward reappointment
of Paul Volcker as Federal Reserve Board chairman.

* Alan Greenspan can take consolation in these facts: (1)
He's no longer an enemy of the Reaganites and (2) he could
be Treasury Secretary in a second term.

* The State Department is encouraging Reagan to improve
relations with the Soviet Union, but White House officials
fear the Soviets will try to take advantage of him if they
think he's doing it to help his re-election.

* Reagan himself nixed a scheduled July 4th trip to New
Hampshire on grounds it would look ``too staged``

* Reagan may not announce his candidacy until ``late
fall`` Planning will begin around Labor Day, however.

* Reagan's decision to ease up on disability benefits was
purely political, based on evidence provided by Gergen that
these rules were causing ``an overwhelming percentage`` of
unfavorable stories about the administration.

* Reagan's new emphasis on education has caused Education
Secretary Terrell Bell to abandon plans for leaving the
administration.

Volcker appointment. Don't expect an announcement this
week, but it could be announced next week. ``If there's

(MORE)

been any shift in sentiment, it's been toward reappointing Volcker." Reagan discussed it with his economic advisers this week. No decision was made, however. White House officials would prefer Greenspan, but they think it might be too risky to appoint him now. "Greenspan would cause more difficulty through the election. Everyone would be reading everything he does too closely. Volcker can make moves without any risk to a budding recovery. If this were 1982, Greenspan would have a better chance."

Asian Trip. At Thursday's White House staff meeting, William Clark knocked down rumors of a Reagan trip to the Far East in October or November. But Gergen adds, "there's something going on there." This trip has been rumored many times previously.

Education. Reagan has decided to push the education issue based on findings by Wirthlin that it is a good political issue in Middle America. Reagan will make a fullblown speech on the subject next Wednesday to the PTA meeting in New Mexico. "The great bulk of people have kids in public schools. They are worried about thrift and competency of education." The hottest issues are: (1) competency of teachers, (2) merit pay and (3) emphasizing basic skills.

As a result of Reagan's new campaign for education, Terrell Bell is "having the time of his life over there, whereas before he was talking about leaving."

Gergen also volunteered praise for AFT President Albert Shanker, who came to the White House on Wednesday for a

(MORE)

meeting with the President. Having endured Shanker's pomposity for many years as a labor reporter, I nearly choked when Gergen called him "a compelling figure." Shanker apparently treated the White House crowd to a speech about how labor is going the "McGovern route" once again by supporting too many causes of the "liberal left." Shanker expressed support for Reagan's appointees to the Civil Rights Commission. Gergen says several Jewish groups also have expressed support for them.

U.S.-Soviet Relations. The State Department is encouraging Reagan to "stabilize relations" with the Soviets on grounds that he could do it now from a position of strength, with both Congress and the allies behind him. There are some doubters in the White House, however. "We can't rush pell mell into anything, or we'd lose our leverage," says Gergen, who fears the Soviets will try to take advantage of Reagan if he appears to be seeking better relations for domestic political reasons.

Gergen is skeptical about the prospects for a Reagan-Andropov summit. But he notes that Bud McFarlane thinks the prospects are good for a START agreement this year.

Tom Reed. Reed is returning to Washington next week. Gergen obviously fears that Clark might try to reinstate Reed on the National Security Council staff.

FIK Program. The White House must decide sometime this summer whether to continue the FIK program in 1984. It is likely to be trimmed, but not abolished. "We've got to run

(MORE)

the program in a disciplined way," says Gergen. "It cannot be just open-ended." He says John Block explained the situation at a Cabinet meeting yesterday. Gergen cannot explain what changes are being contemplated.

Disability. Changes in the Social Security disability program were in the works long before that Vietnam veteran was kicked off the rolls. Gergen claims credit for getting it changed. He has long viewed it as a public relations nightmare. "I've been pushing for it for weeks. It's been a sore point for us for some time now."

(END)

June 10, 1983

FROM: RK - White House

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

RE: White House update

Larry Speakes read the following statement today in response to the Soviet rejection of the President's new START proposals:

'We have made an important proposal to move the START negotiations forward, taking into account basic Soviet concerns. In the new round of negotiations which began this week we are offering a very flexible and equitable framework for a strategic arms reduction agreement which would benefit the security of both nations. Because we are serious about making progress on start, we do not intend to negotiate these matters through an exchange of press headlines and instant commentary such as yesterday's unhelpful Tass article.'

Responding to the economic ^bstatistics release today, Speakes said the 0.3 percent increase in the producer price index ''shows that we're holding the line on inflation and doing extremely well in holding down prices in all sectors.'' The 2.1 percent boost in retail sales in May indicates ''that our recovery is well under way and on target,'' Speakes said. Autos led the retail-sales increase, climbing ~~to~~ 5.4 percent over April. The increase in the producer price index is due almost entirely to energy price hikes, Speakes said.

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Reagan phoned Prime Minister Thatcher this morning to offer his congratulations on her election victory.

(END FILE)

June 10, 1983

FROM: RAK - Minneapolis

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

RE: Reagan interview and other topics

The President told local TV interviewers this afternoon that a summit meeting with Yuri Andropov is ''possible'' in the next year, but only if the meeting stood a good chance of setting differences.

Reagan said; ''There's no reluctance on my part to have one, except that there's a great danger if you have a meeting simply to have a meeting and get acquainted and then everyone says, 'What happened in the meeting?' and you say, 'Well, we got acquainted.' I think we have to have an agenda and I think it has to be one in which both sides have agreed that they are really going to try to settle some of the issues between us.''

Larry Speakes told me on background that there is no push within the White House for a summit, and senior aides were irritated at Senate Foreign Relations Committee Chairman Percy's call earlier this week for a meeting between Reagan and Andropov.

In the brief TV interview, Reagan said he hasn't ''even gotten around to making a decision yet'' on Paul Volcker's reappointment to the Fed. Speakes said on background that a decision may not be made before the end of June. Reagan has held no formal meetings to consider the Fed post, but Speakes said various people outside the administration have been funneling their views to Reagan through Jim Baker. The

strong consensus from outside the administration is to reappoint Volcker.

Reagan told the TV interviewers that he hasn't even decided when he will announce his intentions regarding a second term. Speakes does not expect a decision before September. Reagan told the TV station, "My thinking basically is that it is far too early for anyone of my position to announce his intentions."

Speakes said on background that the tentative plan for Reagan to stop in New Hampshire on his return to Washington from his ranch on July 4 were scrubbed because Reagan would have had to get up before dawn to get there from California. The trip never had been cleared with Reagan, anyway, Speakes said. In the interview, Reagan also said he would "fight to the death" against Speaker O'Neill's proposal to cap the third year of the tax cut.

Regarding Nicaragua, Speakes says the administration plans no further retaliation unless the Nicaraguans take further action against the U.S.

(END FILE--RW)

STORY:KEMP
MA:30 FMT:

QUEUE:JFK-JF
HJ:

MSG:
INI:

OPR:JF

;06/10,16:06

June 7, 1983

To: MLS (DR, LH, JNT, SJF, SXM)

From: JF

Background: Geoffrey Kemp, National Security Council specialist on Mideast

1. PLO: Arafat probably will win out mainly because he has the backing of most of the Arab states, particularly oil states that subsidize PLO. In past showdowns in Palestinian movements, leaders have been ousted because the challengers were supported by Arab states. There is a possibility that the PLO will split, with the anti-Arafat faction setting up shop on its own. But Kemp's judgment is that Arafat will emerge in charge of the bulk of the movement. When I asked Kemp whether Arafat might establish headquarters in Tripoli in northern Lebanon, he said no, but there is chance he might set up in Cairo.

2. Clark vs. Shultz: WHISPERS: While Kemp said that what is going on now does not in any way resemble the kind of power struggle we've witnessed in past between Kissinger and Rogers, Brzezinski and Vance, there is a serious situation. It stems essentially from the feeling in the NSC that Shultz has failed to asserted effective leadership over foreign policy, to manage it effectively, that he has in some areas left vacuums Whisper). Kemp was critical in particular of Shultz' handling of Mideast affairs, arguing that if Shultz had followed up Reagan's September 1 Mideast peace initiative more vigorously there might have been an

(MORE)

outside chance of progress. State Department--both Shultz and Assistant Secretary Nick Veliotes--were too passive. Now Kemp is critical of what he calls Shultz reversal on Israel--on Begin personally. He complains that Shultz, who initially was critical of Begin, now is appeasing the Israeli leader presumably because that is good politics in the U.S. (Note: That, I think, is really a cheap shot. Shultz actually believes that Begin has made reasonable concessions to get a Lebanon agreement and that the U.S. at this state can't make further demands on him until Assad reciprocates.) Kemp also is critical of Shultz' handling of Assad. Kemp suggests that the aim is to isolate Assad and that this is counterproductive. Either the U.S., he says, must give Assad a piece of the action--``treat with him as a serious player''--or give the Russians a bigger Mideast role if it hopes to get any movement on Lebanon.

On Central America, Kemp says that NSC-State difference was not so much over policy or strategy as over Enders' personality. Because of Enders' the State Department was increasingly being dealt out and Clark was being obliged against his wishes to assume greater responsibility on Central America. The Enders' removal was engineered to put somebody in charge.

3. More Lebanon. Kemp says there is no hope of getting any progress on Lebanon until ``we give Assad something.'' When I pressed for definition of ``something'', Kemp was a bit vague except to talk about recognizing Assad as one of the

(MORE)

players rather than trying to isolate him. Kemp said that Israel was finding the occupation of the south increasingly difficult and he alluded specifically to the challenge by the Labor Party, which he said was calling for unconditional withdrawal. He spoke somewhat bitterly of an Israeli policy in Lebanon that had brought the Russians to within a few miles of Israeli borders, something ``Israel certainly could not welcome.''

(END)

[6/15/83]

FGH, LJJ, LES

FRCM: RAK with Reagan

SJF

RE: Reagan's role in education debate

The President told the annual PTA convention in Albuquerque Wednesday that "education must never become a political football," but it is Reagan himself who has made the issue the focus of his early politicking for the 1984 presidential campaign.

In a series of speeches and appearances in the past month, Reagan has sought to use the education issue to broaden his appeal among middle-class Americans. The White House strategy, devised largely by political expert Jim Baker, is based on polls done by Richard Wirthlin and others showing widespread discontent among parents over the quality of public education. The White House offensive, which will take Reagan to Kansas City and Louisville in coming weeks, is also defensive in part--to divert attention from administration cutbacks in federal education programs, cuts which promise to hand the Democrats a major issue for 1984.

Reagan's push covers several themes, among them the need to:

- * Get back to basics in curriculum and educational discipline;
- * Impose stiffer requirements on students to graduate and on teachers to teach;

(MORE)

STORY: EDUCATI

PAGE: 2

* Increase state and local responsibility over schools and

to diminish federal controls;

* Reverse the declining quality of schools by redirecting existing resources instead of ``throwing money`` at the problem.

Specific Reagan proposals to implement these ideas include:

- * Merit pay for teachers to boost teaching standards;
- * Longer school days and mandatory multi-year classes in math, science and English;
- * Block grants that would loosen strings on federal education funds but not raise the level of funding; (In Reagan's view, where higher spending is necessary it should be the responsibility of state and local governments, not Washington.)
- * Legislation to stimulate (on a small scale, of course) the training of more math and science teachers;
- * Private-school tuition-tax credits;
- * Federal tax breaks for education savings accounts;
- * A Constitutional amendment allowing prayer in the classroom.

The catalyst for Reagan's drive is the National Commission on Excellence in Education, a bipartisan panel he appointed and on whose recommendations he is basing his education campaign. Reagan supports the commission's report ``in its entirety.``

The commission's proposals also have served to crystalize
(MORE)

other leading Democrats, who charge that the administration's budget cuts have contributed significantly to the problem. Mondale and others accuse Reagan of trying to "whitewash" his own record and of trumpeting the education issue for political ends. (The Democrats are above politics, of course.) For the Democrats, Reagan's policies themselves are the issue. The President, on the other hand, seeks to direct the debate to other points.

For a Current, here is a summary of Reagan's comments in recent weeks outlining his views:

Federal funding. "There was a time, not too long ago, when the solution to this problem would have been surmed up by most politicians in one big five-letter word: Money. Just pour money on the problem, the conventional wisdom went, and it would go away. Well, they tried that approach and it failed....

"The road to better education for all our people simply cannot be pave with more and more recycled tax dollars collected, redistributed, and overregulated by Washington bureaucrats....

"We spend more money per child for education than any other country in the world. We just haven't been getting our money's worth." [Commencement address at Seton Hall University, May 21.]

"Is just purely money an answer, or don't we have to look deeper for some of the answers to the problems we have in

(MORE)

incidentally...is that in 1982 the total budget for national defense was \$179 billion. It was \$215 billion for education." (This is a dubious comparison because the defense figure is federal spending only, while the education figure includes all local, state and federal spending.) [Panel discussion in Hopkins, Minn., June 9.]

"The truth of the matter is [that] we haven't cut any budgets. What we've done is reduce the proposed increase in the budgets. But each budget is still higher than the last one." (The administration's own budget figures contradict this presidential claim.) [Minnesota panel discussion.]

"Some insist the only way to meet this challenge is with one, big, five-letter word: Money. Well, we could travel down that road, but it won't be a new road to education's promised land. By now, it's an old road that leads to a dead-end in learning. During the 20-year period between 1960 and 1980, spending on education was shooting up and up, but by 1963 College Board scores began going down and down." [Speech to PTA, June 15.]

Back to basics. "True excellence in education will require much greater emphasis on the basics: Basic skills of learning and teaching with discipline; basic standards and rewards for excellence; and basic values of parental involvement and community control." [Speech to PTA.]

"To advance our agenda for excellence, I strongly endorse the commission's fundamental recommendations. The

(MORE)

school, three solid years each of math, science and social studies, and one-half year of computer science. It wants more and longer school days, tighter discipline, higher goals, and tougher standards for matriculation and graduation." [Speech to PTA.]

"I question the abandonment of compulsory courses. I challenge in my mind that the average person entering high school, for example, is not qualified to determine what courses they [sic] would choose to take." [Panel discussion in Farragut, Tenn., June 14.]

Merit pay for teachers. "If we want to achieve excellence, we must reward it....It's a simple American philosophy that dominate nearly every other profession, so why not this one? There are plenty of outstanding teachers....What we must do is find them, promote them, hold them up as role models." [Farragut panel discussion.]

"If we test other professionals, why shouldn't we test the people who will be responsible for teaching our children? And if we can evaluate people in other professions, and reward them for superior results, why should our schools be different?" [Speech to PTA.]

"Teachers who grade students ought to be able to grade each other." [Minnesota panel discussion.]

Increasing local responsibility, cutting federal role.

"The whole question of school funding comes down to one of laying out the layers of government. We built the greatest

(MORE)

it at the local school level. Local, the state and the federal government--right now, they have been lined up vertically. And it is local, and state and, then, on top is the federal government, which only provides 8 percent of the educational budget but which has...grabbed off about 50 percent of trying to regulate the schools." [Minnesota panel discussion.]

"There have been elements in our country over recent years that have thought of education and that it should become more and more national, a nationalized school system, if you will. [To that] I am unalterably opposed....The federal government has sought to have far more control than 8 percent [of funding] would justify." [Farragut panel discussion.]

Prayer in schools. This proposal, of course, has little or nothing to do with the quality of education but it has broad political appeal in nearly every region of the country. The White House regards this as a no-lose issue for Reagan. When Reagan made the following remarks at the PTA convention, he got a standing ovation:

"I know this may often be laughed and sneered at in some sophisticated circles. But ours is a Judeo-Christian heritage, and ours is a loving and living God, the fountain of truth and knowledge. I can't help but believe that He who has so blessed this land and made us a good and caring people should never have been expelled from our classrooms.

(MORE)

from out schools.'

Following are excerpts from a statement by New Mexico Governor Toney Anaya Wednesday in Albuquerque and by Walter Mondale on June 9 at the University of Minnesota:

Anaya: ``President Reagan is...masquerading as a champion of education when every fact and figure shows he is a foe of the classroom....New Mexico is one of the biggest losers in President Reagan's budget cuts...Our nation is at a crossroads in education and it takes cold cash to meet the challenge....The Reagan administration advocates reductions in federal aid to education, dismantling the Department of Education and providing voluntary school prayers as the solution to improving education. What would be a more significant respons than prayer in schools would be prayers for schools.''

Mondale: ``I don't intend to let [Reagan] whitewash his own record. He is willing to fight to the death for the MX, but not lift a finger for education....There are fewer physics teachers than school districts in America. Yet Mr. Reagan wiped out the one national program we have to promote science education in our schools....Our competitors are teaching two and three times more science than we are...Yet Mr. Reagan took the ax to civilian research and development support.''

(END)

STCAY:GERGEN
PA:60 FMT:

QUEUE:SJF-SJF
EJ:

MSG:
INI:

OPR:SJF ;06/16,11:11

To: mls it jf bfp dr jg gp lh dxb dcb jgm rak pa pgh alb
daw tx pms

From: sjf

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

* The White House is stymied in its efforts to come up
with a new program to appeal to women voters.

* White House officials expect Jimmy Carter's associates
to announce (or leak) the name of the turncoat in the 1980
Carter campaign who passed along the debate briefing books.

* If President Reagan fails to announce a new Fed chairman
on Thursday, it will probably be delayed until next week
because he has a busy schedule on Friday.

* The White House is gearing up for a fierce battle with
civil rights during Senate confirmation hearings for
Reagan's appointees to the Civil Rights Commission.

* Reagan's aides think House Speaker Tip O'Neill made a
tactical blunder when he proposed a cap on the tax cut for
upper income people.

Volcker. Although Gergen has been steering us in the
direction of Volcker for two weeks, he cautions that Reagan
has not decided on anyone yet. Therefore, we should not
entirely rule out the possibility that it could be
Greenspan or someone else.

He also warns that the Washington rumor-mill is working
overtime on this subject. Yesterday's hot rumor was that
Shultz would be appointed to the Fed and Kirkpatrick to

(MORE)

State. Since Reagan is not sharing his thoughts with anyone, Gergen notes, all rumors are suspect.

Baker told Gergen there are no plans (as rumored) to reappoint Volcker for only 18 months. Baker thinks such an agreement would be against the law. During his confirmation hearings, Volcker will probably be asked to swear that no such agreement exists. But Gergen thinks that Volcker has told Reagan that he does not want to serve any longer than an additional 18 months. According to Gergen, Volcker argued for his own reappointment on grounds that he would be more capable of dealing with the critical international debt situation.

Asked about Donald Regan's role in the process, Gergen concedes that the Treasury secretary was "never a great fan of Volcker." Regan is not critical of Fed policy, but he does disagree with the way that Volcker has administered Fed policy--"too erratic."

Administration officials disagree on how to interpret the dramatic increase of M-1 in May. Some are alarmed, but Martin Feldstein attributes it to "technical" problems. These developments have "colored the conversation, but not the decision" about Volcker.

Women. Efforts to narrow the gender gap are in disarray. Deaver has been forced to take over the planning. (I find it amusing to picture Deaver, the elitist, pretending to be an advocate for women's rights.) Gergen admits to being very upset about the inability of the White House to tackle

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this problem.

One obvious stumbling block has been Faith Whittlesey, who argues that there is no such thing as a gender gap. Whittlesey has three women on her staff designated to deal with women's issues, but none of them have established any ties with women's groups. None of them are members of Deaver's new committee either.

Gergen says the White House may be forced to do something in the next few weeks on women's issues. Congressional hearings will force the administration to take a stand on the issues of child enforcement and pension equity.

Margaret Heckler has also told the President she intends to take some independent actions on women's health issues.

But so far, there is no overall program being developed to appeal to women. "There will be no unveiling."

Stolen documents. Gergen is furious with Jody Powell for drumming up publicity about the stolen briefing documents. Gergen avoids the question of whether anyone in the White House knows who passed the documents along. Gergen says Powell has hinted that he knows who it is. He expects it to come out soon. "They are going to try to trump it up."

Gergen argues that espionage is commonplace in campaigns. The stolen documents contained "nothing more than publicly stated positions." Gergen adds that he helped to prepare Reagan's debate briefing books and he knows that the preparation was not affected by the stolen Carter books. Stockman remembers reading the stolen books, but "it was

(MORE)

no big deal in his mind." Baker remembers looking through them for about one-half hour and passing them along to someone else.

Civil Rights. White House officials were embarrassed this week when it was learned that the Department of Justice had failed to submit an affirmative action plan to the EEOC. The White House has ordered Justice to comply.

The White House is already gearing up for hearings on the civil rights commission nominees. "I think several of us are ready to do battle," says Gergen. "If the Democrats and the liberals want to come out behind quotas and busing, if they want to go down that road, that's their business."

Gergen feels comfortable that these nominees are better than Reagan's original choice, B. Sam Hart. "Were we to go up there with undistinguished appointees, there would be a trowaha." Gergen notes that one nominee, Morris Abrams, is a respected civil rights advocate. He notes that Abrams' book carries an endorsement by Vernon Jordan.

Gergen had hoped the Leadership Conference on Civil Rights would be divided in its recommendation on Reagan's nominees. Although one Jewish group dissented, the AFL-CIO did not dissent--as Gergen hoped--from condemning Reagan's appointees.

Gergen refuses to say whether the White House has chastized Clarence Pendleton, a Reagan appointee, for two reports this week from the civil rights commission criticizing the administration. Pendleton voted with the

(MORE)

majority on one report, which criticized the administration for failing to recruit women and minorities.

The Tax Cap. "We can beat it," says Gergen of the tax cap. "We can win an override in the House." He says it was a mistake for O'Neill to propose it because "it's a tax increase, pure and simple." People earning \$50,000 a year "are not rich people," says Gergen. "He (O'Neill) was vulnerable the moment he went out there and proposed it."

(END)

STORY:WHU.502
MA:50 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI: -

OPR:BW ;06/16,16:39

To: mls lt jf bfp dr jg gp jwm ln fcb dlb law dxb rak pa
pgn rsd

From: s,jf

THE FOLLOWING ITEMS COME FROM A BACKGROUND LUNCH WITH BOB
SIMS OF THE NATIONAL SECURITY COUNCIL STAFF:

- * A top-ranking Cuban general who was sent to Angola in 1976 and Ethiopia in 1977 has recently gone to Nicaragua to take command of the government forces there--a sign that fighting is about to heat up.
- * The Israelis are considering a unilateral partial pullout from Lebanon--an idea that the Reagan administration opposes because it could lead to partitioning of the country.
- * A full-blown summit between Reagan and Andropov is still unlikely, but the idea of a get-acquainted meeting at the United Nations is getting favorable consideration at the White House.
- * Although the Washington Post read Shultz testimony as more hostile toward the Soviet Union, it was intended by Shultz to signal an end to bellicose anti-Soviet statements by the Reagan administration.
- * White House officials believe that Andropov needs a summit more than Reagan to help consolidate his power.
- * The maximum number of military advisers that the President has considered sending to El Salvador is 200.

CENTRAL AMERICA. Reports of an increased Soviet presence in Nicaragua are inaccurate, according to Sims. But U.S. officials are taking seriously the arrival in Nicaragua of

Cuban General Ochoa, whose arrival in Angola in 1976 and Ethiopia in 1977 marked an increase in fighting. The U.S. believes that Ochoa is acting as a supreme commander of the Sandinista forces. He's not just directing the Cuban contingent. The Sandinists meanwhile are replacing reserve officers with government regulars in the fighting.

Scoop Jackson's proposal for a Central American "Marshall Plan" put the administration in bind. Although the administration wants more aid, they don't like the reference to a Marshall plan. What they'd really like is to send more military advisers and equipment. The maximum number of advisers under consideration is 200.

Bill Clark is extremely frustrated by the lack of public support for U.S. efforts in Central America. Polls show the people don't want a Communist regime in El Salvador, but they do not want to commit troops. The White House saw John Glenn's recent statement (that he would rather lose El Salvador than commit U.S. troops) as indicative of the public opinion hurdles facing them. Reagan does not rule out sending U.S. troops to Central American, but Sims notes that in the current political climate it could never happen. He notes that even the Pentagon opposes it.

U.S.-SOVIET RELATIONS. Sims says the Washington Post interpretation of Shultz' testimony was too harsh and the New York Times' interpretation was too upbeat. The Wall Street Journal piece reflected the National Security Council staff view. This follows the theme of my

(MORE)

discussion with Sims last week, the substance of which we used in Tomorrow. Sims made a point of saying that Reagan reviewed Shultz' testimony and resisted the temptation to toughen up the language. It's significant that Reagan's initial effort to set a less combative tone was misunderstood. This is not an easy task for Reagan.

Although Sims seemed to be ruling out a fullblown Reagan-Andropov summit, he--not I--brought up the subject of a meeting at the United Nations later this year. He left the impression that this would be Reagan's fallback position if pressure for a summit continues to mount on Capitol Hill.

MIDDLE EAST. The Israeli government is under severe domestic pressure to get its forces out of Lebanon. The citizens of Israel are upset by all the fatalities in Lebanon. As a result, the government is considering a unilateral partial withdrawal. Both the United States and Lebanon are opposed to the idea because they fear it would lead to a three-part partitioning of Lebanon. This will be discussed when an Israeli defense honcho comes to Washington soon. Sims did not know to what line the Israelis were proposing to withdraw.

Israeli Prime Minister Begin is expected to be in Washington in late July. No date has been set yet because Begin has not yet formally accepted the invitation.

U.S. officials are still quite worried about a flareup of hostilities between Israel and Syria. What worries them are recent skirmishes, plus the declared intentions of the

(MORE)

PLO to stir up trouble.

SHULTZ-CLARK. Sims says the Shultz-Clark feud story is being spread by ``someone outside the NSC and the State Department.'' (Translation: Jim Baker.) But he conceded that perhaps some middle level people in both the State Department and the National Security Council might be involved. He refused to concede any truth to the stories.

(END)

STORY:JOANNA
MA:60 FMT:

QUEUE:NRD-NRD
HJ:

MSG:
INI:

OPR:PAE 106/16,17:41

To: mls lt To: mls lt jf bfp dr jg gp jwn lb dcb dlb law
dxb rak pa pgn

SJF

From: sjf

THE FOLLOWING COMES FROM A BACKGROUND LUNCH WITH JOANNA
BISTANY, DEPUTY TO DAVID GERGEN:

* The final chapter of the William Clark-Jim Baker feud has
yet to be written. The smart money is still on Clark.

* Although Faith Whittlesey has been a disasterous
appointment, she is not likely to be fired. Reason: She has
become a close ally of Bill Clark.

* Gergen has prepared three different media strategy plans
for the announcement of a new Fed chairman. One for
Volcker, one for Greenspan, one for an 13-month Volcker
appointment.

CLARK-BAKER. Although Clark and Baker have settled some
of their differences, the standard wisdom at the White
House is that Clark does not forgive and forget. He is
known to be vindictive, despite his public image as a good-
natured fellow. (Example: He was still trashing Haig months
after the former Secretary of State was fired.) Many people
still expect Clark to become chief of staff some day.

WHITTLESEY. Whittlesey's biggest problem is that she has
no interest in being public liason officer. Her interest is
in foreign policy. Although she was appointed last January,
she has not yet filled many important positions on her
staff. She has three women assigned to handle women's
issues, but none of them have contacted any women's groups.

Whittlesey's view of women's rights is this: "I made it, so can other women. Discrimination is not a problem."

Other women at the White House are angered by her attitude.

Baker people at the White House are particularly suspicious of Whittlesey because she has gotten so close to Clark. They fear she will be around long after they are gone. Baker's people view John Rousselot, a former John Bircher, as Whittlesey's best appointment. Reason: "He's not as flaky as the others."

GERGEN AND THE PRESS. Joanna will be leaving the White House soon to take a job with ABC in New York. Although Gergen is losing both Joanna and his secretary, Debby, he plans to stay. But Joanna's departure will precipitate a reorganization of the communications staff that may create changes in the press office.

Gergen and Speakes still are feuding. Speakes is still resentful because many reporters go to Gergen and Joanna for information instead of him. Joanna usually knows more than Speakes. Joanna says that whenever she tries to share information with Speakes, he does not want to listen.

Gergen encouraged Joanna to leave. She quoted him as saying: "Because you wear a skirt you'll never get a better job than you already have in this White House. A better title and more money, perhaps, but never any more responsibility."

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[illegible]

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END
~~(MORE)~~

STORY: MAGANA
MA:50 FMT:

QUEUE:NRD-NRD MSG:
HJ: INI:

OPR:PAE ;06/17.15:07

TO: MLS, LT, JF, BFP, DR, JG, GP, DCB, LH, RPM, JWM, SJF,

PI, PGR, DAW

FROM: RAK at the White House

RE: REAGAN MEETS MAGANA

Acting Assistant Secretary of State Jim Michael made the following points at a background briefing following two hours of meetings between Reagan and El Salvadoran President Magana:

* THE WAR. Magana told Reagan that the military situation is improving, largely because of the government's new campaign in San Vicente Province, where the rebels have fled without offering any resistance. Magana said San Vicente is now militarily secure, providing an opportunity for the agrarian economy of the region to return to normal.

* THE MILITARY. The Salvadoran government has instituted a new bonus-pay program in an effort to stop the high attrition rate among the U.S.-trained troops. The program will boost from \$60 to \$120 the salary of soldiers who agree to re-enlist for two years. Reagan also raised the question of human-rights violations by military commanders, but Michael said Reagan did not pressure Magana to make changes.

* ELECTIONS. Magana and Reagan both pledged support for presidential elections by the end of the year, but Magana noted that it is up to the Constituent Assembly to set the date. The draft constitution has been completed and will be

submitted to the Constituent Assembly shortly.

* PEACE COMMISSION. Reagan and Magana reaffirmed their support for efforts by the Salvadoran Peace Commission to bring the leftists into the electoral process, but both restated their opposition to direct power sharing with the guerrillas.

* NUNS. The case of those accused of murdering the American church women will go to the jury within the next six to eight weeks, Magana said.

* STONE. Special ambassador Richard Stone will meet with Reagan at the White House on Monday morning. Reagan will make no decision until after that meeting as to whether Stone will meet with the Salvadoran insurgents as they have requested.

(END)

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

MANAGEMENT MEETING MINUTES

8 June 1983

ITEM

ACTION

- SJF*
And you say this isn't the work for a top white House aide.
1. Law Enforcement Authority for Federal Personnel: JW should revise his draft memorandum. This issue should go to a working group comprised of Treasury, DOJ, OMB and OPD -- then to CCLP. In the meantime, all law enforcement authority should be frozen. Any future requests will be submitted to OMB, with DOJ used as a consultant. The categories should be: (1) full investigatory power; (2) limited investigatory power; and (3) security. *Do you understand the importance of picking out the President's staff every week?*
JW/RP
 2. N.Y. Power Plant Closing: JK continues to monitor. JK
 3. Santa Margarita Project: JW reported that the outstanding problems have been resolved. JW
 4. International Travel Guidelines: DOC has proposed a relaxation of the guidelines. EM indicated that we should hold at present levels, but that JW and CF should talk to State to determine whether allotments are properly distributed among departments. JW/CF
 5. IG Investigatory Authority: It has been decided that the IGs will no longer investigate allegations vs. their own offices or against the heads of their own agencies. This should be presented at the next Cabinet meeting. BND
 6. Federal Regional Councils: Abolition of the FRCs has been completed. An audit should be instituted to determine what has happened to the former employees. EM should announce at the next Cabinet meeting. JW/BND
 7. Personnel Initiatives: EM will review the JW summary and bring up at the next Management Meeting. EM
 8. Trade Reorganization: JW will provide a one-pager for CLF of the items which need to be revisited. JW/CF
 9. Pornography: A working group on pornography has been established with Steve Galebach as the WH contact. Willie von Raab should be on the working group, along with Steve Trott or his assistant. BND
 10. President's Commission on Indian Reservation Economies: We need to appoint members. RP will report on necessary aspects at the next Management Meeting. RP
 11. Textiles: The new WH contact person will work under Wendell Gunn. CF
 12. Legal Fee Cap: The legal fee cap proposal should go to CCLP for resolution ASAP. CF
 13. PIK: OMB will closely monitor USDA's administration of the PIK program. JW
 14. Toxic Torts: Cabinet Affairs should determine the make-up of the working group. CF

June 23, 1983

FROM: SJF - Chicago

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

RE: Poland

President Reagan said today that the United States and its allies are reviewing their policy toward Poland in the wake of Pope John Paul's successful visit.

Speaking to a Polish American [?] in Chicago, the President repeated an earlier offer to help rebuild the shattered Polish economy if the Warsaw government will take steps toward "national reconciliation." Those steps, first outlined by Reagan last December 10, include an end to martial law, release of all political prisoners and restoration of free trade unions.

"We are currently consulting with our allies on the Polish question," Reagan said. "Once these consultations are complete we'll decide how to proceed in our relations with Warsaw.

"If the Polish government takes meaningful, liberal measures, we are prepared to take equally significant and concrete steps of our own . . . if the Polish government will honor the commitment it has made to basic human rights, we in America will gladly do our share to help the shattered Polish economy just as we helped the countries of Europe after both world wars."

The President's remarks do not reflect a change in U.S. policy. They do indicate, however, that the U.S. policy

toward Poland is under active review. This puts the Warsaw government on notice that the United States and its allies will be watching how ^{SH}Police~~s~~ authorities react following the departure of the Pope. In essence, the President is offering an incentive against further crackdowns in Poland.

Although the audience applauded Reagan, the idea of lifting sanctions against the Polish government clearly is not popular among Polish Americans. Aloysius Mazewski, president of the Polish National Alliance, indicated in his introduction of Reagan that his group believes that sanctions are still necessary.

(END FILE)

June 23, 1983

✓
FROM: SJF - Chicago

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

RE: Possible Tomorrow Item

In preparation for the 1984 presidential campaign, President Reagan seems to be adopting a more conciliatory tone on international issues and a hard-line tact^K on domestic matters.

On the foreign front, we're seeing a softer line in dealings with the allies on East-West trade, in Secretary Shultz's testimony last week on U.S.-Soviet relations, in increased talk of negotiations with the guerrillas in El Salvador, in new trade gestures toward China and in new offers to lift sanctions against Poland. In addition, Reagan is trying to downplay his arms build^{up} by emphasizing how he longs for a day when all nuclear weapons will be abolished from the face of the earth.

It should be noted that most of these initiatives represent more of a shift in emphasis than an actual change in policy. National Security Council spokesman Bob Sims emphasized in a telephone interview today that there is nothing really new in the latest offer to lift sanctions in Poland or talk of facilitating negotiations in El Salvador.

Although Reagan said the Allies are reviewing policy toward Poland, Sims added: "I don't think this suggests any significant policy review in addition to the discussions we normally have. We've got to wait and see

what the Polish authorities do.'" He said the President was simply trying to put increased emphasis on his willingness to lift sanctions following the visit of Pope John Paul.

Likewise in Central America, the United States has always given lip service to the idea of negotiations with the guerrillas. '"Nothing has changed,'" said Sims. But officials are trying to answer their critics by giving more weight to their offer to aid in negotiations. Ed Meese told me off the record last week that the administration has decided to put more emphasis on negotiations because officials fear that the specter of increased military involvement in Central America will hurt Reagan in 1984.

On the domestic front, meanwhile, Reagan is seeking a confrontation with Congress. Insiders say that he has decided to veto appropriations bills so that he can once again portray himself in 1984 as a white knight battling Democratic big spenders in Washington.

(END FILE - WKM)