

# WITHDRAWAL SHEET

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DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions	
1	LETTER	M. DEEVER TO CLYMER WRIGHT, JR.	1	5/18/1982	B6	131
2	LETTER	HELENE VON DAMM TO C. WRIGHT	1	5/18/1982	B6	132
3	LETTER	REAGAN TO C. WRIGHT	2	5/18/1982	B6	133

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 15, 1982

TO: WILLIAM P. CLARK  
FROM: MICHAEL K. DEEVER 

I keep hearing from various sources, including Phil Habib's conversation with the President on Saturday, that there are several Heads of State coming into the UN Sessions in June.

We need an analysis with recommendations of who may be coming. Who should meet with the President and what kind of time with him will be required.

BCC: C. TYSON  
B. SITTMANN

THE WHITE HOUSE

WASHINGTON

May 16, 1982

Dear Lee:

I understand that Rich Williamson has been following-up on the concerns you addressed in a letter to Jim, Ed and me.

Please let me know if there is anything further I need to do.

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

The Honorable Lee Sherman Dreyfus  
Governor of Wisconsin  
Madison, Wisconsin 53707

*BCC: R Williamson*

THE WHITE HOUSE  
WASHINGTON

May 15, 1982

Dear Lee:

I appreciated the opportunity to meet with you last Wednesday, May 12, 1982 regarding the Administration's posture on antitrust matters in general and, in particular, the proposed Stroh's-Schlitz merger. I hope Mr. Joanis and Mr. Schmitt found the meeting useful.

I was pleased by your comments which indicated that your meeting with Associate Attorney General William Baxter was informative and would assist you in communicating the Administration's position on the proposed Schlitz-Stroh's merger. As I mentioned, I believe the general area of antitrust is one that should be considered by the President's Cabinet Council on Legal Affairs. I want to assure you that I intend to make such a recommendation in the near future.

Please contact me if I can be of further assistance.

Kind personal regards.

Cordially,

Richard S. Williamson  
Assistant to the President  
for Intergovernmental Affairs

The Honorable Lee Sherman Dreyfus  
Governor of Wisconsin  
Madison, Wisconsin 53707

bcc: Edwin Meese III  
✓Michael Deaver

Dear Lee —  
I understand that  
Rich Williamson  
has been following  
up on ~~your~~ the  
concerns you addressed  
in a letter to

Jim  
of me.

Please  
let me  
know if  
there is anything

further I  
need to do.


MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 13, 1982

MEMORANDUM FOR JAMES M. MEDAS  
SPECIAL ASSISTANT TO THE PRESIDENT

FROM: J. MICHAEL LUTTIG   
ASSISTANT COUNSEL

SUBJECT: Response to Governor Dreyfus

Attached is a copy of the letter from Governor Dreyfus to Ed Meese, Jim Baker and Mike Deaver, all three of whom asked Fred to prepare a response to the Governor. Dick Hauser asked that I ask your office to respond to the Governor, perhaps over Rich Williamson's signature, given that you have been involved with this merger issue. We would be most appreciative if you would copy Fred, Ed, Jim and Mike. If there are any problems, just let me know.

Thanks, Jim.

Attachment



Lee Sherman Breyfus

Governor

April 22, 1982

*J. Felician*

Mr. Edwin Meese, III  
Counsellor to the President  
The White House  
Washington, D. C. 20500

and

Mr. James A. Baker, III  
Chief of Staff & Assistant to the President  
The White House  
Washington, D. C. 20500

and

Mr. Michael K. Deaver  
Deputy Chief of Staff & Assistant to the President  
The White House  
Washington, D. C. 20500

Dear Ed, Jim and Mike:

Let's see now. . . when I talked to the Justice Department about the desirability, from a Wisconsin viewpoint, of Schlitz merging with Heileman, they told me that this offended their tender sensibilities and abrogated the anti-trust laws. They gave me the time of day but not much more.

When they decided last week that a Schlitz-Stroh merger was inoffensive and legal, they didn't give me even the time of day.

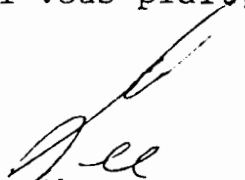
I understand that my parochial interests are showing. . . while I am no fan of merger mania, if there is to be a merger, I sure like intra-state a lot better than inter-state particularly when the mergee is ours and the mergor resides elsewhere. . . but I really think the Justice Department should tell me, so I can tell others, why Stroh and Schlitz are acceptable partners and Heileman and Schiltz are not.

Mr. Edwin Meese, III  
Mr. James A. Baker, III  
Mr. Michael K. Deaver  
Page Two  
April 22, 1982

Without some rational explanation, the speculation is that something politically nefarious is afoot is hard to rebut, unless, of course, one asserts that the Justice Department is simply inconsistent.

A reversal would be nice; an explanation that makes sense is essential.

Sil vous plait,



Lee Sherman Dreyfus  
GOVERNOR

0  
kad

THE WHITE HOUSE

WASHINGTON

May 17, 1982

Dear Hank:

Thanks for sending the copy of your speech on "The Safety Net". Hope you delivered it as good as you wrote it. It's very good.

I have taken the liberty of forwarding it to our speechwriters for their information.

Thanks for your continuing support. You've been a great help to us.

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Henry Lucas, Jr., D.D.S.  
Chairman  
The New Coalition for Economic  
and Social Change  
1375 Sutter Street, Suite 416  
San Francisco, CA 94109



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

May 17, 1982

TO: RICHARD G. DARMAN  
ELIZABETH DOLE  
KENNETH DUBERSTEIN  
CRAIG FULLER  
DAVID GERGEN  
EDWIN HARPER  
JIM JENKINS  
DANIEL MURPHY  
ED ROLLINS  
LARRY SPEAKES  
ARAM BAKSHIAN

FROM: MICHAEL K. DEEVER *mkd*

SUBJECT: ARTHUR J. FINKELSTEIN BRIEFING

---

I would like you to come to a meeting at 6:00 P.M. tomorrow, May 18th, in the Roosevelt Room.

Last week Arthur Finkelstein made a presentation to me regarding the realignment of the political parties which I thought was excellent. His presentation provided insights which I think will be helpful to many of us. Therefore, I have asked Arthur to make the same presentation tomorrow. I hope that you can sit in on this session.

THE WHITE HOUSE  
WASHINGTON

May 18, 1982

Dear Clymer:

I was going to make this a long letter, but I decided I was through wasting my time. You have not only hurt the President, but you have done a disservice to your country.

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Clymer Wright, Jr.  
Ambro, Short & Wright  
7333 Harwin, #115  
Houston, Texas 77036

THE WHITE HOUSE

WASHINGTON

May 18, 1982

Mr. Clymer Wright, Jr.  
Ambro, Short & Wright  
7333 Harwin, #115  
Houston, Texas 77036

Dear Clymer:

You've lost me! I no longer believe that  
you have the President's best interest in  
mind.

Sincerely,

Helene von Damm  
Deputy Assistant  
to the President

HvD/lis

bcc: ✓ The President  
Jim Baker  
Ed Rollins

May 14, 1982

Dear Friend of Ronald Reagan:

Our beloved President today stands alone under siege. His economic program is being undermined by White House Chief of Staff James Baker.

Examples of Mr. Baker's methods can be seen in the enclosed article published last December in the New York Post under the heading "Political Treachery in the White House"; this undermining of Reaganomics continues, in the enclosed Evans and Novak column "The Turning of the President" published April 23rd in the Washington Post. Please stop and read these two articles before proceeding.

Similar articles and comments are appearing with alarming frequency and this matter is a major topic of many private discussions, especially among President Reagan's long-time supporters in and out of Washington.

The result of this undermining is to create the image of Ronald Reagan as a vacillating President who can't formulate a program and stick to it. "For if the trumpet give an uncertain sound, who shall prepare himself to the battle."

Years of effort and hope helped to elect Ronald Reagan in 1980...and millions of Americans rejoiced that we now had our greatest opportunity to re-direct America on a true, bold course into the next century. And Ronald Reagan himself appears strongly and courageously committed to that course, maintaining the principles we support--a truly remarkable man.

But his image is being daily blurred and distorted, and his firmly stated, well-known principles are being consistently undermined and compromised by White House Staffers and spokesmen, constantly bargaining, hinting, explaining, re-stating and questioning the President's most basic policies. It is easy to see why media, international leaders, businessmen and the "average" American are uncertain about the outcome of his programs.

Quietly, steadily, the picture is forming of an amiable, uninformed, lazy, slightly confused politician...a far cry from the genuine, courageous statesman we know Ronald Reagan to be.

A failed economic program, an ambiguous social program, a deferred defense program, an uncertain foreign policy...any or all of these can demolish our nation's greatest opportunity for recovery. And history may well record a one-term Reagan administration as a bland, well-intentioned but ineffective interim between the disastrous Carter presidency and whatever comes next.

Why is this happening? What are the political qualifications of Mr Baker that embolden him to adopt the usurper's role?

He managed the 1976 Gerald Ford campaign which lost to Jimmy Carter.

He lost his own race for Texas Attorney General in 1978.

He managed George Bush's losing bid for the 1980 Republican nomination in a campaign that termed Ronald Reagan's program "voodoo economics".

And what is his expertise in economics that convinces him that President Reagan's program won't work? Why does he blame the recession on deficits when deficits always accompany a recession? Why does he advocate a tax raise during a recession?

Why do his allies in the Office of Management and Budget make five year projections that are not helpful to the success of the President's program? Normally the O.M.B. is supportive of a President's program in its projections.

A friend of mine in Washington told me this week, "Everybody in town knows that James Baker is working with Republican leaders in the Senate at cross-purposes with the President's economic program". In fact most of the President's opposition has come not from the media and Democrats as most suspect but from James Baker and Senate Republicans.

What chance does the President have of presiding over a successful administration in the midst of such disloyalty? None, I fear.

Although the situation is bleak, Ronald Reagan has faced such situations before and he has come away with victory at those times when he (1) ignored his advisors or (2) fired his advisors, and followed his own instincts. His instinctive concepts and policies are a large part of his appeal to the American public.

Page 3

Following a string of early losses in the 1976 primaries, Mr. Reagan disregarded his advisors and roared to victory in North Carolina and Texas, stunning the incumbent president.

During the 1980 race, he ignored his advisors and agreed to debate Jimmy Carter - a decision that landed him in the White House.

After his disastrous loss in the 1980 Iowa caucus, he met his campaign staff in Chicago and personally took charge. He fired John Sears the day of the New Hampshire Primary and began his successful march to the nomination.

The situation in the White House today is Iowa revisited.

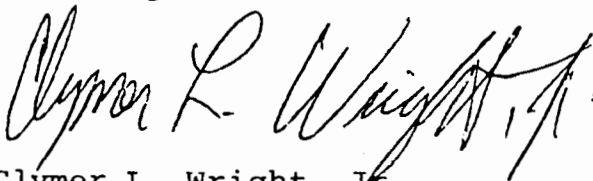
NOW IS THE TIME FOR THE PRESIDENT TO TAKE ACTION! Now is the time for Ronald Reagan to ask James Baker for his resignation. Now is the time to replace James Baker with someone who is loyal to Ronald Reagan personally and to his programs. Now is the time for the man we elected to assume command of his own administration. It is essential that his key staff be philosophically in tune with the President; Mr Baker obviously is not.

It is vital that the President know what his key supporters think about this matter.

Please write to me TODAY and give me your answer to the question "SHOULD PRESIDENT REAGAN FIRE JAMES BAKER?"

All replies will be held in confidence.

Sincerely,

A handwritten signature in dark ink, appearing to read "Clymer L. Wright, Jr.", with a stylized flourish at the end.

Clymer L. Wright, Jr.  
1980 Texas Finance Chairman  
Reagan for President  
7333 Harwin Suite #115  
Houston, Texas 77036

RUPERT MURDOCH Publisher and Editor-in-Chief  
ROGER WOOD Executive Editor  
KEN CHANDLER, JOHN CANNING Managing Editors  
BRUCE ROTHWELL Editorial Page Editor  
STEVE DUNLEAVY Metropolitan Editor

## Political treachery in the White House

The conduct of President Reagan's chief aides raises grave questions about their political loyalty, about the way the White House is being run, and about the sense of collective responsibility which the President's chief advisers owe him.

Nowhere is this more clear than in the vexed area of whether tax increases should be imposed in next year's budget as a means of reducing future deficits.

Clearly the President and the majority of his economic advisers are against this course.

### Managed leaks

Equally clearly the White House chief of staff James Baker, and the already discredited Budget Director, David Stockman, are for it. And, it seems, no matter what the President decides, they are determined, like querulous children, to get their own way, even to the extent of orchestrating damaging media leaks diluting the strength of the President's determination.

Take, for example the events just before Christmas. Reagan instructed Baker to announce that he

port of the Baker-Gergen version was that "the more traditional economists" urged Reagan to increase taxes. In fact, only the long-retired Arthur Burns and Herbert Stein did so: all the others were opposed.

Reagan took the first opportunity to correct this distortion at his Dec. 18 press conference, saying:

"I sure can promise the American people that . . . I have no plans for increasing taxes in any way."

Not a man to give up easily, Baker promptly retaliated. Within minutes, he instructed White House spokesman Larry Speakes to announce that Reagan had not meant what he said and did not mean to rule out all forms of "revenue enhancement" — a dreadful euphemism for tax increases.

### Outright lies

What a treacherous masquerade! What a revelation of disloyalty! What do these self-important, unelected appointees to Reagan's staff, dressed in their brief authority, presume themselves to be? More to the point, what are they trying to do?

They are certainly not supporting the President. Are they already ar-

was not prepared to countenance tax increases, selective or otherwise. Straightforward enough, you would think? Not so. Baker briefed his acolyte, White House communications director David R. Gergen, to add the following cryptic paragraph to what should have been an unequivocal announcement:

"It may be that proposals for selective tax increases . . . that would not conflict with the stimulative nature of his economic program will be presented by him to his advisers or by others, including the leaders of Congress."

That sounds and reads more like an attempt by the conspirators to prevail than a signal that all the President's men are now in accord.

## Figure fiddling

How many times must Baker and Stockman be told the President's policy by the President himself before they stop leaking to his demagogic opponents their distorted versions of what should be a confidential process?

The stratagems Baker and Stockman have been using to persuade Reagan he is wrong have been exposed here before. The pair simply fiddled with the basic assumptions of projected real growth and inflation to portray such soaring budget deficits that Reagan would have to capitulate.

Reagan has persistently refused to do so and, in the process, has been virtually unanimously supported by his economic advisers. This, specifically, was the position of those advisers at a White House meeting on Dec. 10.

It was not the position which Baker and Gergen leaked to "trusted" reporters. Indeed, the *New York Times* re-

-ranging their prospects for office three years from now?

The day after Reagan's press conference, Baker and Stockman, having made the President look foolish, proceeded to deliver the coup de grace.

Again declining to be identified, they leaked to their favorite snappers-up of ill-considered trifles that the tax increase was by now favored not only by Baker but also by the President's two other senior advisers, Michael K. Deaver and Edwin Meese.

That was pure disinformation. Meese was on the West Coast and had made no such decision, while Deaver, who looks after the President's appointments, is the man who constantly advises his chief to follow his instincts.

Baker and Stockman then overreached. They began suggesting that their dubious cabal included Treasury Secretary Regan. Thus the *Times*, next day:

"The new Administration economic forecast and tax proposal represents a growing consensus among the President's top advisers that tax increases are needed. It is significant, for example, that the Treasury Dept. supports the new forecast."

## Time to end it

It does no such thing. Nor does it support a tax increase. And it certainly does not support the devious moves by Baker and Stockman to push one through.

This damaging diversion has gone on for too long. It should never have gone on at all.

Baker and Stockman are not running this Administration. How long before the President tells them their time is up?



*Rowland Evans  
And Robert Novak*

## The Turning Of the President

Ronald Reagan, shielded from contamination by outside advisers for well over a month, reappeared before his congressional leaders April 20 looking like just another president. In embracing the compromise budget package shaped by White House chief of staff James Baker during discussions with congressional Democrats, President Reagan was following the trail blazed by his predecessors: futile bipartisan attempts to balance the budget by cutting defense spending and increasing taxes.

Rep. Jack Kemp, chairman of the House Republican Conference and the only dissenter that day among the GOP congressional chieftains, suggested the package was a terrible bargain for their party that would not be acceptable to rank-and-file members. His prophecy was fulfilled the next day when the conference shouted rowdy opposition to Baker's bargain. Actually, Democratic reluctance to accept anything less than a ripping apart of the Reagan tax cut (still resisted by the president) probably dooms the Baker package anyway. Nevertheless, the nature of Reagan's presidency has been subtly altered. He has shown for the first time a willingness to abandon deeply held principle for what the conventional wisdom perceives as something that will work.

This is a new triumph in the remarkable career of Jim Baker, who twice managed campaigns to keep Reagan from the presidential nomination and

then wound up managing Reagan administration policy. Since last September, he has stubbornly pressed upon a resisting president the doctrine of budget director David Stockman that only tax increases and defense cuts can cure the economy.

Baker's campaign for the last six weeks has quarantined the president from the likes of Kemp. Sen. William Roth somehow could not get time with the president for himself and 18 other Republican senators to pledge their loyalty to his tax program. Requests to see Reagan by the U.S. Chamber of Commerce were ignored by the president's senior staff.

The several dissenters on the White House staff, appalled at what was happening under Baker's direction, saw the president surrounded and pressured. They could not get word to him. Thus, Reagan tacitly approved Baker's package, repudiating the president's own principles and promises by advocating a surtax on "wealth," a doubled federal gasoline tax, deep defense cuts and reduced Social Security payments. Only Kemp protested at the April 20 meeting. But the next day showed that he was in closer touch with the House rank and file than his colleagues in the leadership. Such junior Republicans as Reps. Dan Lungren and William Dannemeyer of California and Newton Gingrich of Georgia opposed the shape of the emerging compromise at the House Republican Conference, producing cheers and applause.

Indeed, opposition to the surtax and higher gasoline taxes is so intense that the package would be supported by scarcely more than 70 out of 192 Republican House members. The regular Republican leadership in Congress, accustomed to both defeat and respectability, has insisted a deal with Speaker Thomas P. O'Neill is essential, even if the price is high. In permitting himself to be maneuvered into that posture, Reagan has followed an undistinguished presidential pattern.

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THE WHITE HOUSE

WASHINGTON

May 18, 1982

Dear Clymer:

I've just received a copy of your letter with the attached news articles and must tell you I'm very distressed. Yes, there is undermining of my efforts going on and, yes, there is sabotage of all I'm trying to accomplish. But it's being done by the people who write these articles and columns, not by any White House staff member and certainly not by Jim Baker.

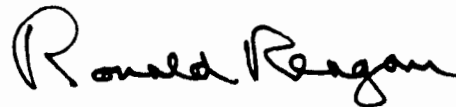
Some in the media delight in trying to portray me as being manipulated and led around by the nose. They do so because they are opposed to everything this Administration represents. I could show you similar stories with only the name changed -- stories in which other staff or Cabinet members are named instead of Jim Baker. Don't join that group, Clymer -- you are helping them with their sabotage.

Clymer, I'm in charge and my people are helping to carry out the policies I set. No, we don't get everything we want and, yes, we have to compromise to get 75% or 80% of our programs. We try to see that the 75% or 80% is more than worth the compromise we have to accept. So far it has been.

- 2 -

There has not been one single instance of Jim Baker doing anything but what I've settled on as our policy. He goes all out to help bring that about. I'm enclosing an article in this week's U.S. News & World Report. It is an interview with Paul Laxalt who remains as solid in his convictions as he has always been. Please note his comment regarding Jim Baker.

Sincerely,

A handwritten signature in dark ink, reading "Ronald Reagan". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Mr. Clymer L. Wright, Jr.  
7333 Harwin, Suite 115  
Houston, Texas 77036

Interview With Senator Paul Laxalt

# A President Under Fire— View of a Close Friend

How is Reagan bearing up in a period of crisis both at home and abroad? Does he get discouraged, worry about the polls, the fall elections, a second term in 1984? One of his oldest confidants in Washington gives a rare glimpse of the nation's Chief Executive in private moments.



**Q** Senator Laxalt, you're known as the President's closest friend in Congress. Just how much does he confide in you?

**A** We're in regular communication by telephone, and I go down to the White House for lunch from time to time. Sometimes I think I spend more time there than on Capitol Hill. They kid me down there that I'd better get a cot at the White House.

Our conversation isn't always heavy. We're just a couple of old buddies. I was governor of Nevada when he was governor of California. We've been together for many years, and we approach issues in basically the same manner.

**Q** Is Reagan discouraged as problems continue to pile up during this second year in office?

**A** It is absolutely amazing, but he's not. He continues to be supremely optimistic about the future. He has such great faith in the essence of his programs and feels it is just going to take some time to turn things around.

**Q** What about his drop in the public-opinion polls?

**A** He isn't overly worried about that, either. He understands it is part of the business he's in. Most of us understand that the second year is usually a slump year. In his case, it is particularly true because of the recession.

So he's aware but not upset that his personal popularity has come down. His concern now is how this will affect the Republican Party in the November elections.

**Q** Have you warned the President about the danger of heavy GOP losses this fall?

**A** Oh, yes. A lot of us have told him we could have difficulties if we don't get interest rates down and the economy continues in the doldrums. We've told him that unless things change for the better, the next two years could be long and miserable for Ronald Reagan.

But there's good news, too. Of our 12 Senate incumbents up for re-election this year, almost all appear to be in good shape, according to a recent poll we received.

**Q** Critics say Reagan is a stubborn ideologue. Is he flexible enough to adjust to the realities of domestic and foreign affairs?

**A** Sure. I think he has demonstrated that in the negotiations over the budget package. A lot of people cast him in this process as being standoffish and stubborn. But he was just waiting until something was laid before him.

On foreign affairs, he changed his mind and asked for a summit meeting with Soviet President Brezhnev. I personally wish he had done it last year.

**Q** Do you agree with those who say that too many Republicans in Congress show a lack of discipline by failing to support Reagan?

**A** I don't think that's totally accurate. I don't like the word *discipline*. I prefer to think in terms of loyalty. After all, the Congress should be independent.

Ron Reagan hasn't lost a single major initiative on our side yet. So I think you are hearing some complaints about policy differences, but it doesn't mean the Republicans won't be there when he needs them.

I do think you need some guidelines on loyalty. If someone sees fit to stray off and do his own thing, then he shouldn't look for help and support from the administration. Lyndon Johnson and Harry Truman certainly understood that game. Recently, we've become so sophisticated that no one knows what the guidelines are.

**Q** Is the President well served by his staff? There seems to be more disagreement and backbiting—

**A** There is always some backbiting, whether it is a state capital or the White House. That's part of the ball game.

The President hardly says a word about it—even over criticism from Republicans. There's no one in the world who is less of a headhunter than Ronald Reagan. In fact, he usually extends an olive branch to the complainers.

**Q** Did Reagan make a mistake and fill too many administration posts with moderates rather than conservatives?

**A** I hear this all the time—mostly from my fellow conservatives: "You've surrounded the President with all those moderates."

**A** But look at the White House. I don't think you can find anybody better than Jim Baker as chief of staff. He's extremely loyal and an extremely competent man. You've got Mike Deaver, Ed Meese, Helene Von Damme, Ed Rollins, and Bill Clark has come in to help.

Certain elements of the right wing would never be happy unless you conform to the 100 percent litmus test. I just ask them to demonstrate to me where these people have been disloyal. They can't.

**Q** What about Vice President Bush?

**A** He's just been marvelous—supportive, low-key and handling his responsibilities in the Senate extremely well. If we made a right judgment in that convention, it was the selection of George Bush.

**Q** In your opinion, do you think that Reagan will run for a second term?

**A** I hope so. I think it has always been in his framework that he can't begin to do this job in four years and it has to be an eight-year shift.

I spend a lot of time with him. He's upbeat. I've never seen him depressed. He loves Camp David. After the shooting, it was a little tough. But he's in marvelous shape, and he really enjoys what he's doing.

**Q** What's the best single piece of advice you can offer your friend in the White House?

**A** Talk to the people, and as often as possible. I've been encouraging him for weeks and months, maybe to the point of being a nuisance, that he ought to get off the bench more and on the field. We've got the greatest communicator. Let's use him.

In the campaign, some worried that we would overexpose him. Overexposing Ronald Reagan as President is like overexposing Bo Derek. It is just not going to happen.

He's got to use the media—more particularly radio and television—to tell the people his side of the story. □

May 14, 1982

Dear Friend of Ronald Reagan:

Our beloved President today stands alone under siege. His economic program is being undermined by White House Chief of Staff James Baker.

Examples of Mr. Baker's methods can be seen in the enclosed article published last December in the New York Post under the heading "Political Treachery in the White House"; this undermining of Reaganomics continues, in the enclosed Evans and Novak column "The Turning of the President" published April 23rd in the Washington Post. Please stop and read these two articles before proceeding.

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And what is his expertise in economics that convinces him that President Reagan's program won't work? Why does he blame the recession on deficits when deficits always accompany a recession? Why does he advocate a tax raise during a recession?

Why do his allies in the Office of Management and Budget make five year projections that are not helpful to the success of the President's program? Normally the O.M.B. is supportive of a President's program in its projections.

A friend of mine in Washington told me this week, "Everybody in town knows that James Baker is working with Republican leaders in the Senate at cross-purposes with the President's economic program". In fact most of the President's opposition has come not from the media and Democrats as most suspect but from James Baker and Senate Republicans.

What chance does the President have of presiding over a successful administration in the midst of such disloyalty? None, I fear.

Although the situation is bleak, Ronald Reagan has faced such situations before and he has come away with victory at those times when he (1) ignored his advisors or (2) fired his advisors, and followed his own instincts. His instinctive concepts and policies are a large part of his appeal to the American public.

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Following a string of early losses in the 1976 primaries, Mr. Reagan disregarded his advisors and roared to victory in North Carolina and Texas, stunning the incumbent president.

During the 1980 race, he ignored his advisors and agreed to debate Jimmy Carter - a decision that landed him in the White House.

After his disastrous loss in the 1980 Iowa caucus, he met his campaign staff in Chicago and personally took charge. He fired John Sears the day of the New Hampshire Primary and began his successful march to the nomination.

The situation in the White House today is Iowa revisited.

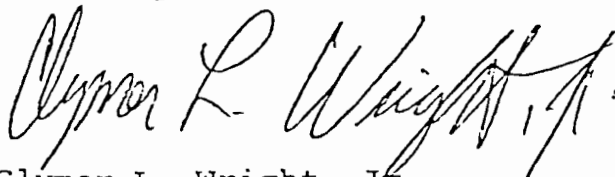
NOW IS THE TIME FOR THE PRESIDENT TO TAKE ACTION! Now is the time for Ronald Reagan to ask James Baker for his resignation. Now is the time to replace James Baker with someone who is loyal to Ronald Reagan personally and to his programs. Now is the time for the man we elected to assume command of his own administration. It is essential that his key staff be philosophically in tune with the President; Mr Baker obviously is not.

It is vital that the President know what his key supporters think about this matter.

Please write to me TODAY and give me your answer to the question "SHOULD PRESIDENT REAGAN FIRE JAMES BAKER?"

All replies will be held in confidence.

Sincerely,



Clymer L. Wright, Jr.  
1980 Texas Finance Chairman  
Reagan for President  
7333 Harwin Suite #115  
Houston, Texas 77036

*Rowland Evans  
And Robert Novak*

## The Turning Of the President

Ronald Reagan, shielded from contemnation by outside advisers for well over a month, reappeared before his congressional leaders April 20 looking like just another president. In embracing the compromise budget package shaped by White House chief of staff James Baker during discussions with congressional Democrats, President Reagan was following the trail blazed by his predecessors: futile bipartisan attempts to balance the budget by cutting defense spending and increasing taxes.

Rep. Jack Kemp, chairman of the House Republican Conference and the only dissenter that day among the GOP congressional chieftains, suggested the package was a terrible bargain for their party that would not be acceptable to rank-and-file members. His prophecy was fulfilled the next day when the conference shouted rowdy opposition to Baker's bargain. Actually, Democratic reluctance to accept anything less than a ripping apart of the Reagan tax cut (still resisted by the president) probably dooms the Baker package anyway. Nevertheless, the nature of Reagan's presidency has been subtly altered. He has shown for the first time a willingness to abandon deeply held principle for what the conventional wisdom perceives as something that will work.

This is a new triumph in the remarkable career of Jim Baker, who twice managed campaigns to keep Reagan from the presidential nomination and

then wound up managing Reagan administration policy. Since last September, he has stubbornly pressed upon a resisting president the doctrine of budget director David Stockman that only tax increases and defense cuts can cure the economy.

Baker's campaign for the last six weeks has quarantined the president from the likes of Kemp. Sen. William Roth somehow could not get time with the president for himself and 18 other Republican senators to pledge their loyalty to his tax program. Requests to see Reagan by the U.S. Chamber of Commerce were ignored by the president's senior staff.

The several dissenters on the White House staff, appalled at what was happening under Baker's direction, saw the president surrounded and pressured. They could not get word to him. Thus, Reagan tacitly approved Baker's package, repudiating the president's own principles and promises by advocating a surtax on "wealth," a doubled federal gasoline tax, deep defense cuts and reduced Social Security payments. Only Kemp protested at the April 20 meeting. But the next day showed that he was in closer touch with the House rank and file than his colleagues in the leadership. Such junior Republicans as Reps. Dan Lungren and William Dannemeyer of California and Newton Gingrich of Georgia opposed the shape of the emerging compromise at the House Republican Conference, producing cheers and applause.

Indeed, opposition to the surtax and higher gasoline taxes is so intense that the package would be supported by scarcely more than 70 out of 192 Republican House members. The regular Republican leadership in Congress, accustomed to both defeat and respectability, has insisted a deal with Speaker Thomas P. O'Neill is essential, even if the price is high. In permitting himself to be maneuvered into that posture, Reagan has followed an undistinguished presidential pattern.

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# Political treachery in the White House

The conduct of President Reagan's chief aides raises grave questions about their political loyalty, about the way the White House is being run, and about the sense of collective responsibility which the President's chief advisers owe him.

Nowhere is this more clear than in the vexed area of whether tax increases should be imposed in next year's budget as a means of reducing future deficits.

Clearly the President and the majority of his economic advisers are against this course.

## Managed leaks

Equally clearly the White House chief of staff James Baker, and the already discredited Budget Director, David Stockman, are for it. And, it seems, no matter what the President decides, they are determined, like querulous children, to get their own way, even to the extent of orchestrating damaging media leaks diluting the strength of the President's determination.

Take, for example the events just before Christmas. Reagan instructed Baker to announce that he was not prepared to countenance tax increases, selective or otherwise. Straightforward enough, you would think? Not so. Baker briefed his acolyte, White House communications director David R. Gergen, to add the following cryptic paragraph to what should have been an unequivocal announcement:

"It may be that proposals for selective tax increases . . . that would not conflict with the stimulative nature of his economic program will be presented by him to his advisers or by others, including the leaders of Congress."

That sounds and reads more like an attempt by the conspirators to prevail than a signal that all the President's men are now in accord.

## Figure fiddling

How many times must Baker and Stockman be told the President's policy by the President himself before they stop leaking to his demagogic opponents their distorted versions of what should be a confidential process?

The stratagems Baker and Stockman have been using to persuade Reagan he is wrong have been exposed here before. The pair simply fiddled with the basic assumptions of projected real growth and inflation to portray such soaring budget deficits that Reagan would have to capitulate.

Reagan has persistently refused to do so and, in the process, has been virtually unanimously supported by his economic advisers. This, specifically, was the position of those advisers at a White House meeting on Dec. 10.

It was not the position which Baker and Gergen leaked to "trusted" reporters. Indeed, the *New York Times* re-

port of the Baker-Gergen version was that "the more traditional economists" urged Reagan to increase taxes. In fact, only the long-retired Arthur Burns and Herbert Stein did so: all the others were opposed.

Reagan took the first opportunity to correct this distortion at his Dec. 18 press conference, saying:

"I sure can promise the American people that . . . I have no plans for increasing taxes in any way."

Not a man to give up easily, Baker promptly retaliated. Within minutes, he instructed White House spokesman Larry Speakes to announce that Reagan had not meant what he said and did not mean to rule out all forms of "revenue enhancement" — a dreadful euphemism for tax increases.

## Outright lies

What a treacherous masquerade! What a revelation of disloyalty! What do these self-important, unelected appointees to Reagan's staff, dressed in their brief authority, presume themselves to be? More to the point, what are they trying to do?

They are certainly not supporting the President. Are they already arranging their prospects for office three years from now?

The day after Reagan's press conference, Baker and Stockman, having made the President look foolish, proceeded to deliver the coup de grace.

Again declining to be identified, they leaked to their favorite snappers-up of ill-considered trifles that the tax increase was by now favored not only by Baker but also by the President's two other senior advisers, Michael K. Deaver and Edwin Meese.

That was pure disinformation. Meese was on the West Coast and had made no such decision, while Deaver, who looks after the President's appointments, is the man who constantly advises his chief to follow his instincts.

Baker and Stockman then overreached. They began suggesting that their dubious cabal included Treasury Secretary Regan. Thus the *Times*, next day:

"The new Administration economic forecast and tax proposal represents a growing consensus among the President's top advisers that tax increases are needed. It is significant, for example, that the Treasury Dept. supports the new forecast."

## Time to end it

It does no such thing. Nor does it support a tax increase. And it certainly does not support the devious moves by Baker and Stockman to push one through.

This damaging diversion has gone on for too long. It should never have gone on at all.

Baker and Stockman are not running this Administration. How long before the President tells them their time is up?

THE WHITE HOUSE

WASHINGTON

May 18, 1982

Dear Mr. Betteridge:

Thank you for your letter inviting me to address the Pierce County Republican Committee fundraiser in July.

I'm afraid I simply can't schedule any additional time away from the White House. I would like to suggest that you contact the White House Speaker's Bureau, Miss Judy Pond, to try to arrange for a substitute.

I do appreciate you inviting me and wish you success with your plans for the program.

With best wishes.

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Ben Betteridge  
Chairman  
Pierce County Republican Committee  
812 American Federal Bldg.  
950 Pacific Avenue  
Tacoma, Washington 98402

*BCC : Speaker's Bureau*

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## REPUBLICAN CENTRAL COMMITTEE of pierce county

May 13, 1982

Mr. Michael Deaver  
Rm. 171 Old Executive Office Bldg.  
The White House  
Washington, D.C. 20500

Dear Mr. Deaver,

As chairman of the Pierce County Republican Committee in the State of Washington it is my pleasure to invite you to be the guest speaker at a fundraising gathering we are planning for the month of July.

We have the exciting prospect of several good races materializing in our county this election year and all of these fine Republican candidates will be looking at us for as much support as we can muster. With this thought in mind, we would be grateful if you would come out and help us raise some money during this year's mid-summer election period.

Pierce County, as you may already be aware, breaks down demographically into a large portion of the 6th Congressional district and smaller parts of the 8th and 3rd Congressional districts. The County encompasses 6 state legislative districts. Considering our thin Senate majority in Olympia we will be very interested in maintaining a large degree of interest from local Republicans so that we can help increase the Republican control in Olympia during the 1982-83 session and add a couple of Republican Congressional delegates to the entourage that represents us in Washington D.C.

It is my feeling that your agreement to speak to the local Pierce County constituency could help us tremendously in building the momentum of the local County Party efforts and the efforts of the candidates towards a successful conclusion in November.

We are very willing to work with other area Republican County Committees or groups in an effort to coordinate with them other engagements that you may want to participate in in the Pacific Northwest.

I will be in touch with you or your aides shortly in order to determine your response. Your prompt attention to this matter will aide us greatly in our planning process.

Many thanks for your time and consideration.

Sincerely,

Ben Betteridge

Chairman

Pierce County Republican Committee

812 AMERICAN FEDERAL BLDG.  
950 PACIFIC AVE  
TACOMA, WASHINGTON 98402

THE WHITE HOUSE

WASHINGTON

May 18, 1982

Dear Monsignor Kenney:

It was my pleasure to pass along the envelopes addressed to the Vice President, the Secretary of State, and the Secretary of Defense.

We appreciate your continued support and prayers.

Sincerely,

MICHAEL K. DEAVER  
Assistant to the President  
Deputy Chief of Staff

Reverend Monsignor Lawrence J. Kenney  
Secretary to the Cardinal  
Cardinal's Residence  
452 Madison Avenue  
New York, N. Y. 10022

CARDINAL'S RESIDENCE  
452 MADISON AVENUE  
NEW YORK, N.Y. 10022

*Kenney*

May 14, 1982

Dear Mike:

I take the liberty of asking this favor of you. The enclosed envelopes addressed to the Vice President, the Secretary of State, and the Secretary of Defense contain invitations to a Solemn Pontifical Mass for Peace and Justice on the occasion of the Opening of the Special United Nations Session on Disarmament.

His Eminence, Cardinal Cooke, will celebrate that Mass in St. Patrick's Cathedral on Sunday, June 6th, at 10:00 A.M. Archbishop Joseph Bernardin of Cincinnati, who is Chairman of the Ad Hoc Committee on War and Peace of the National Conference of Catholic Bishops, will preach.

I was afraid that these invitations might go astray unless someone, like your good self, assist in their delivery.

With continued prayers for our President and First Lady and all of you who assist him in his responsibilities, I am

Very sincerely yours,

*Lawrence J. Kenney*  
Reverend Monsignor Lawrence J. Kenney  
Secretary to the Cardinal

Mr. Michael Deaver  
The White House  
Washington, D. C. 20500

*Mike  
They have been  
delivered  
P.*