

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** Cicconi, James W.: Files

**Archivist:** dlb/bcb

**File Folder:** [Cicconi Memos, 1981]

*Box 1*  
OA 10793

**Date:** 2/19/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to James A. Baker re Intelligence Executive Order, 2p.	11/30/81	<del>P5</del>
2. memo	JW Cicconi to James A. Baker re Relations with Organized Labor, 2p.	12/7/81	<del>P5</del>
3. memo	JW Cicconi to James A. Baker re <u>Human Events</u> Article on Loret Ruppe, 4p.	12/22/81	<del>P5</del> B6  CCB 10/19/00

### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** Cicconi, James W.: Files

**Archivist:** dlb/bcb

**File Folder:** [Cocconi Memos, 1981]

**Date:** 2/19/98

OA 10793

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to James A. Baker re Intelligence Executive Order, 2p.	11/30/81	P5
2. memo	JW Cicconi to James A. Baker re Relations with Organized Labor, 2p.	12/7/81	P5
3. memo	JW Cicconi to James A. Baker re <u>Human Events</u> Article on Loret Ruppe, 4p.	12/22/81	P5

### RESTRICTION CODES

**Presidential Records Act - [44 U.S.C. 2204(a)]**

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

**Freedom of Information Act - [5 U.S.C. 552(b)]**

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

I have memos both Elizabeth & John did if you want detail on this.

THE WHITE HOUSE  
WASHINGTON

11-9-81

TO: JAB III

*file*

RE: Public Liaison's Travel Budget

*JE:*  
Tell Red to give it a try & let's see what happens. If they run out we

This is the matter Elizabeth Dole raised with you today. You asked that I check into it.

Red Cavaney says the \$15,000 allotted is too little, and will not allow them to perform all the public speaking they feel you want to drum up support for Administration positions. Red says, though, that they will of course live with it if they have to and without a fuss.

*can address that later!*

*JAB*

John Rogers told me he feels the \$15,000 is fair, and feels it is much too early for them to complain. He is very firm.

I agree with John. Suggest we tell them to please give it a shot. If there are things that are important that they cannot attend due to budget, we can always readjust later.

Decision?

Do you want to convey, or do you want me to break the news?

*Jim*

~~file memo~~

THE WHITE HOUSE  
WASHINGTON

11-10-81

TO: JAB III

RE: General Revenue Sharing

This memo from Rich Williamson makes two key points to the President:

1. The Administration proposal to cut revenue sharing by 12% (\$552 million) has caused a "hemorrhaging" in our relations with city and county officials.
2. The main reason for the extreme reaction is that the President made campaign promises which at least appear to strongly support revenue sharing as a program consistent with his notion of federalism.

JC

Cicconi

THE WHITE HOUSE  
WASHINGTON

November 5, 1981

Rich said  
you wanted this  
based on you'll  
convention you'll  
last night in your  
car on your  
way to  
parties  
MOT  
11/5

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD S. WILLIAMSON *Rich*

SUBJECT: GENERAL REVENUE SHARING

As you know, the Administration has proposed a 12% (\$552 million) cut in General Revenue Sharing. This proposed reduction has caused more hemorrhaging of our relationship with city and county officials than any other action the Administration has proposed in the past nine months. Since the announcement of this action, we have received (and continue to receive) 1700 phone calls, letters and telegrams in opposition.

I thought it would be useful for you to know some of the reasons for this reaction from state and local officials:

1. Broken Campaign Promises

Many local officials feel that you broke your promise during the campaign that you wouldn't cut revenue sharing. Attachment #1 is a sampling of campaign statements on this subject.

2. General Revenue Sharing is an Entitlement Program

Both city and county officials have argued that general revenue sharing is an entitlement program. OMB has agreed with local government on this point. The entitlement nature of revenue sharing is a particular problem because local officials are in the middle of their fiscal years and have been planning on using these federal funds.

3. The Federal Program Most Consistent with Reagan Federalism

In talking to elected officials in cities, towns and counties, they all felt that general revenue sharing is the only program that allows them the flexibility to maximize federal dollars for service delivery. Many other federal programs

are laden with mandates that reduce the level of funding for the actual service to be provided. The National Association of Counties' immediate past President, Roy Orr, has said on numerous occasions, "If I could receive half of the total federal dollars that come to my county in the form of general revenue sharing, I could do more in my county with less money than all those other federal programs combined".

4. No Urban Policy Statement

Because the Administration thus far has not issued an urban policy statement, local elected officials are concerned about the Administration's apparent ignorance of their problems. They would like to begin to plan programs that are consistent with the Administration's plans for municipalities, but they see no Administration urban policy. Many have concluded that the Administration is more concerned about budget cuts than about establishing a meaningful partnership with state and local governments.

5. Contrary to Returning Revenue Sources

General revenue sharing is the closest thing we have to returning revenue sources to local governments. Reducing or repealing the revenue sharing program cuts at the heart of federalism. You have said that you would like to find a revenue source to return to state and local governments in place of revenue sharing. However, inasmuch as it will take some time to return revenue sources to local governments, general revenue sharing is the best interim program.

6. Congressional Opposition

Some of our key supporters, such as Congressman Bud Brown (R-Ohio), have strongly opposed the 12% cut in revenue sharing. Republicans on the Hill generally have told us they view revenue sharing as a "Republican" program and a pure block grant.

ATTACHMENT I

Examples of your campaign statements in support of revenue sharing are as follows:

"I am astonished that the Carter Administration and the Democratic Congress have allowed the general revenue sharing program to expire . . . . I pledge that when elected reenactment of revenue sharing will be among my highest domestic priority (sic)." 1/

"One of the goals of my Administration will be to decentralize responsibility and resources to mayors under federal revenue sharing." 2/

"We should maintain general revenue sharing, at least until the transfer program [of returning responsibilities to state and local governments] is completed." 3/

---

1/ Telegram to the National Association of Counties, October 4, 1980.

2/ Speech to the U.S. Conference of Mayors, Seattle, Washington, June 8, 1980.

3/ Speech to the National Urban League, St. Louis, Missouri, August 5, 1980.

130 memo?

THE WHITE HOUSE  
WASHINGTON

11-11-81

TO: JAB III

RE: Houston Mayor's Race

Word I get is that there are efforts by supporters of Jack Heard to get the WH involved in the runoff of the mayor's race. Some former RR supporters (the Vannersons?) reportedly feel this is "owed" to them.

Apparently, the statement they coaxed out of Rich Williamson (which really was nebulous) was part of those efforts. As you know, they played it up.

They want more, and my info is they feel you and other "Bush Republicans" are blocking them.

Wanted you to know before trip, especially since President is along.

(If you confirm this is going on, suggest a "true" Reaganaut like Nofziger call and put a stop to it.)

JC

~~File - Cab Council on Econ Aff~~  
f JC memo

THE WHITE HOUSE

WASHINGTON

November 13, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Report on Economic Outlook

A. The Cabinet Council on Economic Affairs met today. Primary business was a report on the economy by Beryl Sprinkel, Under Secretary of the Treasury for Monetary Affairs.

Sprinkel reported:

1. We are now "in an optimum position to achieve a non-inflationary rate of monetary growth." The target rate for 1981 was 3% to 6%; we project it will come in at 4.5%. In light of this, a 1982 target range of 2 1/2% to 5% is realistic.
2. There is "a dramatic downward movement in interest rates." A significant fact is that Monday's Treasury auction yielded the lowest interest rates in over a year.

The only real spurts of interest rates upward was last spring at the same time as a rapid rate of growth in the money supply. Though intuition leads one to question this, the reason is clearly the feeding of inflationary expectations.

3. The economy is still likely to bounce back from recession next spring. Outlook is good because:
  - a. Tax cut is in place that will encourage savings and investment.
  - b. There is now no doubt that inflationary expectations are down. The money market reflects this.
4. It is critical to now move from zero growth of money to a moderate rate of growth. Otherwise the recession will grow deeper.

Sprinkel expects resistance on this from the Federal Reserve. Though they follow policy publicly, he says they are Keynesians who privately feel they must be careful not to let interest rates come down too much. They feel this would fuel inflation, but Sprinkel says that view is absurd: lower interest rates can only help.

Sprinkel says we need the moderate growth in money supply, but there is a good chance we will not get it. The Fed should not resist the decline in interest rates, or else it will postpone real recovery until the third quarter next year (NOTE: perhaps too late for the 1982 elections.)

- B. Only other business was a report on the proposed merger between Kuwait Petroleum Corp. (100% owned by government of Kuwait) and Santa Fe International Corporation (whose main holdings are drilling rigs). This is being reviewed by the Committee on Foreign Investment in the U.S. (no real authority to block) and by Antitrust Division of DOJ.

Initial report is that there is no real competitive overlap; Kuwait would not control anything significant. This is being studied further, though.

cc: Richard Darman

*f. JE memo*

THE WHITE HOUSE

WASHINGTON

November 16, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JIM CICCONI *Jim*

*EB* → SUBJECT: Cabinet Council on Commerce & Trade

At its meeting on November 13, the Council discussed three topics: the USPS electronic mail proposal, the steel industry, and the auto industry.

1. USPS Electronic Mail Proposal

This proposal envisions a system whereby companies could send an electronic message to a USPS terminal where a hard copy will be made for delivery. Much money has already been spent on preliminary work, aiming for a start-up after the first of the year.

Commerce opposes the proposal claiming government should not enter an area where there is no demonstrated need for intervention. They also argue this violates a 90 year old decision (Western Union acquisition attempt) to keep government out of telecommunications. Postal Service argues they are not entering telecommunications, but instead want to use the technology to make their operation more efficient; they further say they would work with Administration and Congress to make the limits clear.

Consensus of Cabinet Council is against the proposal, with Baldrige and Lewis strongest opponents. Bolger suggested a small study committee, Lewis wanted immediate vote. Baldrige decided on one more full meeting on issue.

2. Steel Industry

Discussion about the Trigger Price Mechanism (TPM) that is in place to prevent U.S. producer lawsuits against the rest of the world.

Commerce (DOJ) is filing lawsuits against Belgium, France, South Africa, Brazil and Romania for violation of the TPM and damage to the U.S. steel industry. More cases will soon be filed by the government. The industry wants up to 90 cases filed, but Commerce opposes the shotgun approach. Public approach is to keep the process non-political, quasi-judicial.

3. Auto Industry:

Roger Smith, the head of G.M. (with whom you are meeting Wednesday), has told Baldrige that General Motors will shortly lay off 40-50,000 workers. This means another 40-50,000 among suppliers, and untold others among dependent industries. The effect of this added unemployment will probably be more outside pressure on us to alter our economic program.

Auto sales are now abysmal, and the 1982 outlook is not much better. The deterioration is especially pronounced at G.M. which has tried to operate normally in present circumstances (as opposed to Ford, which did not).

G.M. has a projected \$0.6 to \$3.6 billion negative cash flow even assuming a 40% cutback in investment plans. Factors involve following:

- a. Americans still feel foreign cars are built better;
- b. Japanese have enormous cost advantage; and
- c. people are using cars less to reduce expenses, and keeping them longer.

G.M. is thus in a most difficult situation: it must postpone investment to deal with today's problems, yet the effect of delaying investment makes their long-term prospects even worse.

cc: Richard Darman

*file*  
*combine*  
*JE memo*

TODAY

THE WHITE HOUSE  
WASHINGTON

11-18-81

TO: JAB III  
RE: Consumer Handbook

Elizabeth never got an answer on  
this handbook (which was revised,  
but which Meese wanted cancelled).

Do you want to discuss at breakfast,  
or do you want her to discuss directly  
with Meese?

Discuss at Breakfast

JAB

Dole discuss with Meese  
*I've mentioned it to him*  
Drop the Matter + said?

JC

*thought she*  
*had a point.*  
*He's agreed to*  
*hear her*  
*arguments.*

*Done*  
*JC*  
*11-18-81*

11/10/18.

Memo For: Jim Ciccone  
From: Rec Cavaney  
Subject: Consume Resource  
Handbook

The latest memo I provided you on the subject is the one that Jim should use. As we discussed, if it does not fly then Elizabeth would like to make a presentation to Meese re the project. Is this ok with you?

File  
RE names

THE WHITE HOUSE  
WASHINGTON

JAB,

Mark White wanted to discuss the prison case, and is blaming last night's disturbance in one of the units (3 injuries, no deaths) on the presence of federal monitors in the prisons. He says it has broken the chain of authority. He's talking to Brad Reynolds on this also, and "wanted the President to know."

Personally, I don't buy that-- though I'd bet the problems are at least due to rising expectations caused by the lawsuit.

He said he fully understands your not wishing to talk about the case.

I mentioned the conversation to Ed Schmults, along with fact we asked White to talk with DOJ instead of us.

11-19-91

*for memo*

THE WHITE HOUSE  
WASHINGTON

11-30-81

TO: JAB III

RE: School Lunch Program

The Cabinet Council on Human Resources and the Agriculture Department have recommended that the President approve a change in the child nutrition programs that would allow children to accept smaller meal portions than the norm if they do not intend to eat it all. This would be an option resting entirely with the child (unlike the earlier proposals that would have mandated smaller amounts).

Ag Dept says this will be well received by some in nutrition areas because it will allow children to be exposed to a wider variety of foods. This would also reduce plate waste and probably save money at the local level.

Criticism is still possible, but I feel this is a much better thought out idea than the original. Some change is felt necessary due to congressional mandate to reduce State and local costs of program.

Decision will be made by President on Thursday or later.

JC

*file Te memos*

THE WHITE HOUSE

WASHINGTON

November 30, 1981

MEMORANDUM FOR JAMES A. BAKER III

FROM: Jim Cicconi

SUBJECT: Intelligence Executive Order

The following are points on which the proposed order might draw public criticism, though adequate justification can be given for many of the changes. (References are to pages in the Analysis.)

1. AG no longer has to approve CIA counterintelligence inside U.S.; DCI no longer has to approve FBI counterintelligence outside U.S. Instead each "coordinate" with the other under a procedure agreed to by the AG and DCI. (pp. 36 and 58).
2. "Consistent with applicable law" language eliminated in section on conduct of special activities (p. 38). It is now redundant due to other sections (especially 2.8 on p. 80); could easily be reinserted to eliminate misunderstanding.
3. Eliminates language that required intelligence activities to be conducted "in a manner that preserves and protects established concepts of privacy and civil liberties." Substitutes a requirement for consistency with the Constitution and applicable law, and that the activity respect traditional US principles (p. 61).
4. Allows CIA to gather intelligence within US for foreign intelligence purposes only, and only in "significant" matters; it may not gather info re domestic activities of US persons. (p. 64)
5. Allows free (probably automatic) dissemination of intelligence gathered on US persons to other agencies in the Intelligence Community. (p. 67A)
6. Allows physical surveillance by CIA of former employees (now allowed only for present employees). Also eliminates the "reasonable belief" standard for overseas surveillance of US persons; would allow it to obtain significant information that cannot otherwise be obtained. (p. 72)

7. Eliminates the requirement that the President specifically authorizes intelligence techniques "for which a warrant would be required." Instead, the AG can approve without the President's involvement.
8. General: Question re our use of the term "aggressive" in describing the ways in which we will gather intelligence. (section 2.1, pg. 61). While this may be accurate, the word itself is a red flag. For example, in the Q & A we state "the new Administration supports an aggressive and effective intelligence effort.." Suggest we might substitute the word "active", or some other word in order to avoid the deliberate misinterpretations some might wish to put forward.

THE WHITE HOUSE  
WASHINGTON

December 4, 1981

MEMORANDUM FOR JIM JENKINS  
FROM: Jim Cicconi *Jim*  
SUBJECT: Possible Visit of Bolshoi

*Jim - Please tell them  
that "we do not  
anticipate having any  
objection to this visit."  
JJ*

Frank Hodson, Chairman of the National Endowment for the Arts, advises that the Metropolitan Opera is presently discussing with the Bolshoi the possibility of their visiting the United States. Such a visit would not actually take place for 6 months to a year.

The Metropolitan is seeking guidance from the Administration before going further. They do not wish to proceed if such a visit would be officially opposed.

I would appreciate it if you would get this information into the proper channels.

12-9-81

Called Kate Moore, 634-6005, and gave above "JJ" message.

*JE memo*

*JAB has READ 12/7*

THE WHITE HOUSE  
WASHINGTON

12-5-81

TO: JAB III

RE: Cabinet Council on Economic Affairs

Two points were discussed at the meeting yesterday:

1. Federal Credit Policy: efforts are proceeding to tighten up. The loan guarantee reductions of \$20.3B decided on by the President are being effected largely by administrative action.

Housing guarantees, which are about 60% of federal credit activity, are targeted for a 25% cut. HUD disagrees, citing the depressed housing industry. President will probably have to decide.

There is disagreement with HUD over the scope of its FHA effort, too, with dispute centering on whether the credit limitation will hurt first-time and inner-city home buyers.

Further dispute is over scope of GNMA cut-back. President has already OK'd cut in '82 commitments from \$64B to \$48B. Now a further cut in '83 to \$38B is being proposed (and opposed by HUD).

HUD is exploring privatization of GNMA.

All of this will give our opponents ammunition in a housing crunch since rightly or wrongly, it (ctd.)

Memo to Jim Baker  
12-5-81

appears that, in a time when it is hard to buy and hard to build, we are making it even harder by cutting back federal credit for housing purposes.

2. Housing and Construction Industry:

Housing starts and residential construction have fallen steadily all year. The economic forecasters differ on whether there will be a rapid recovery through next year, or further declines.

The construction industry, as a whole, is in better shape because it has been successfully shifting its resources between different construction sectors (such as office, or hotel/motel).

JWC

cc: Dick Darman

THE WHITE HOUSE  
WASHINGTON

December 7, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: Relations with Organized Labor

The recent AFL-CIO meeting was, by most accounts, productive in that it:

- a. showed Administration responsiveness;
- b. highlighted labor's leadership as the party resisting a dialogue; and thus
- c. helped force labor leaders to choose between either further isolating themselves from the rank and file or moderating to a small degree their public stance toward the Administration.

By taking certain steps, and allowing the public to be made aware of them, we may be able to cause the AFL-CIO to moderate its stance:

1. We could move to quickly schedule a second meeting sometime next year. Obviously it must be tentative this far in advance, but the act of follow-up on the President's expressed desire for continued dialogue will help solidify the impressions that we are seeking views from a somewhat reluctant labor leadership. Perhaps a letter could be sent to each of the Council members stating how valuable the President found the exchange of views to be, and stating that we are already planning on another meeting next year. It could be important for the AFL-CIO Council members to know they will be coming back to the White House since such a perception underlines our "open door" statement.
2. We could save a few small budget programs important to specific unions whose leaders more clearly reflect rank and file thinking. One example of this is the Office of Construction Industry Services in DOL, a \$1 M program we have previously discussed that is important to the Ironworkers. There are probably others that Elizabeth Dole's office could identify. The President could then save a few from anticipated cuts or phase-out. This is a small way to demonstrate the Administration's willingness to work with unions that are more concerned with the well-being of their members than they are with inciting political opposition to the President.
3. We could assure labor at the highest levels that in the future we will make every effort to consult with them in advance on any appointment that directly affects labor and its responsibilities.

Memorandum for James A. Baker, III

December 7, 1981

Page 2 of 2

Such a commitment might have the effect of loosening the hold on Van de Water, but should not be presented or viewed by either ourselves or labor as a quid pro quo. The idea makes sense on its own and, at very least, might prevent unnecessary (or unanticipated) confrontations on future nominees. I have discussed this informally with both Max Friedersdorf and Pen James, and they indicated agreement (Pen said he has an upcoming appointment on which consultation would be useful). Max also said Bob Bonitati had previously suggested such an approach.

In the meeting, the President, by stating he personally knew Van de Water and that it never occurred to him that consultations would be needed, at least implied that consultations might henceforth be useful. The President could personally call Kirkland and assure him that from now on the Administration would make every effort to consult with labor on appointments which directly affected it (such as NLRB, DOL, Conciliation and Mediation), but being careful to state that he reserved final judgment. Van de Water should not be mentioned. It is in our interests to know labor's views in advance: if we then choose to fight on a nomination they oppose, we can at least do so with our eyes open.

THE WHITE HOUSE  
WASHINGTON

December 7, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*

SUBJECT: Enterprise Zones (Follow-up)

Decision paper will be circulated soon, perhaps today. There will probably not be a meeting with the President on this subject before next week.

Kass feels Baldrige will win his argument that other federal programs should not be excluded from enterprise zones. This will be an option discussed before the President.

Federal cost will be as follows (figures are not cumulative, and are based on 25 zones each year for 3 years):

1984	\$310 M
1985	620 M
1986	<u>930 M</u>
TOTAL	\$1.86 Billion

The above figure will increase between \$300 and \$400 million (depending on new figures from Treasury) if the payroll tax credit option is decided on. Most feel this is one of the best additions to the bill in terms of helping the zone concept succeed, but question if it can survive Congress (since it amounts to paying some social security from general revenue).

Regarding the idea of "targeting" certain portions of federal grants (or block grants) into enterprise zones, Kass says there has been no agency study made as to how this might be done or what it might mean in terms of "smaller slices of the pie" for other urban areas. Apparently the idea was not studied closely due to the philosophical problems it posed: it was felt that Congress would be inclined to argue for an amendment along such lines anyway, and it would be better if our proposal went up to the Hill in a "pure" state.

As this gets closer to a Cabinet Council meeting with the President, I will have more information.

cc: Dick Darman

f JC memo

THE WHITE HOUSE  
WASHINGTON

December 9, 1981

TO: James A. Baker, III

Do you want a quick oral briefing on the  
DOE dismantlement options, or nothing at  
all due to recusal?

Jim Cicconi

*Nothing at all.*

*JAB*

7

Letter mailed

AA:  
Please file this  
where we can  
find = (A.C.?)  
Also see that K.C. gets  
orig of Wallop letter for her  
files. We can  
keep a copy  
Thanks  
JC

THE WHITE HOUSE  
WASHINGTON

*SKES You Should  
SEE TODAY  
12/11  
MAT*

December 11, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jm*

SUBJECT: Keyworth Response to Senator Wallop

I have a question in my mind as to the extent Jay's remarks were misinterpreted on laser BMD. His draft letter does not really convince me, and it probably won't convince Wallop.

However, I feel we should probably let him send his response. My reasons are:

1. I think there really is a policy difference that cannot be explained or resolved in one letter;
2. A request that he revise will upset Jay and probably not result in a better letter; and
3. The key is the offer to sit down and discuss the issue, discover any differences and work them out. If it's important to Wallop, he'll accept.

I also feel you should call Wallop, tell him the letter is coming, and express the hope he will come to an understanding with Keyworth. If he still feels there are problems, Wallop should then let you know.

Decisions

1. Keyworth's draft letter:

OK to send *JAB*                      Revise letter \_\_\_\_\_

2. Wallop phone call:

Will call \_\_\_\_\_                      No need to call \_\_\_\_\_

*JC: You please call Malabar for me.  
Tell him I would be pleased to speak w/ him  
if he wants & if he still feels a problem to please  
call me. Thomas Baker  
Done 12-15-81  
He'll call if there's a  
problem.*

THE WHITE HOUSE

WASHINGTON

December 10, 1981

Dear Jim:

As you requested, I penned the attached response to Senator Wallop's letter to you regarding my purported stance on space-based ballistic missile defense. However, upon further examination of the relevant dates, I realized that I had a personal meeting with Senator Wallop in his office on November 19, six days subsequent to transmittal of his letter. Accordingly, I believe that some substantial progress has already been made toward ameliorating his attitudes toward me. In fact, I believe that the underlying rancor belongs not to him but to a member of his staff who is a zealous advocate of this very tenuous technology. If you concur I will proceed to meet with Senator Wallop personally to both further allay his concerns and to establish a supportive relationship between himself and our administration on this issue. I am, however, concerned about the Senator's reference to the President's specific support of space-based ballistic missile defense, which I believe is simply a narrow interpretation of the President's support for pursuing ballistic missile defense in general.

I regret that this Congressional staff-generated flap has come to your attention. Rest assured that it has made me more aware of Congressional sensitivities, and I will make every effort to ensure that no support will be lost for our policies over this issue.

Sincerely,



Jay Keyworth

THE WHITE HOUSE  
WASHINGTON

11-30-81

TO: JAB III

RE: Wallop Letter on Keyworth

Steps in response to letter:

- Do
1. see Keyworth; get written response
  2. call Sen. Wallop
  3. consider letter to industry execs explaining Admin's position.

JC

4/25

United States Senate

MAT:

WASHINGTON, D.C. 20510

November 13, 1981

*This is very serious.  
I want to see Keyworth  
& get a written response.*

*11/20 How handle? I think the  
letter to*

Mr. James Baker  
Chief of Staff  
The White House  
Washington, D.C. 20500

*industry execs.  
might be approp. and  
I want to call*

Dear Jim:

It has come to my attention that on Wednesday, October 21, Dr. Keyworth of your staff spoke to a group of executives from the aerospace industry. As reported by his audience, he told them that they had done the country a disservice by telling "irresponsible elements" on the Hill -- clearly meaning me, since I have been leading the effort -- that it is possible to build space laser weapons and that since taking his job he has spent three-fourths of his time trying to "rebuff these advocates." He strongly suggested to his audience that they go to the Hill and "convince Congress otherwise."

*Sen. Wallop  
Please  
raise with  
me right  
after  
T-birring.*

By this speech, Dr. Keyworth has undermined the President's policy on strategic weapons, has delivered a personal insult to me, and has attempted to bias the information coming from the private sector to the legislative branch.

*Frank  
J. [Signature]*

First, Dr. Keyworth said that the advancement of directed energy weapons "as an alternative to Mutual Assured Destruction" is "interfering with strategic decision-making," and that he is "fundamentally frightened" about developing directed energy ballistic missile defense. The President, however, thinks otherwise. Mutual Assured Destruction is the last President's policy, and the antithesis of this President's policy. This President has said any number of times that he wants to develop space-based laser defenses against ballistic missiles. We in the United States Senate voted 91-3 to develop laser defenses against ballistic missiles as soon as possible. Not we, but Dr. Keyworth is interfering with strategic decision-making. It should be intolerable to you that your subordinate has spent "three-fourths" of his time on the job working against the President's strategic orientation.

Dr. Keyworth also said he was not against research and development, and spoke of developing an R&D plan. But he said that we are moving too fast in making chemical lasers into a weapons system, and said we must work on more exotic technologies. It just so happens that these technologies come from Dr. Keyworth's old laboratory. Of course no one knows when and if these technologies will be ready. I suggest that his rejection of present technology for something beyond the horizon is responsible for bringing us to our present sorry strategic state. I has thought we had gotten rid of that sort of thing last November 4.

Mr. James Baker  
Page 2  
November 13, 1981

Second, Dr. Keyworth did a disservice to me and to these Senators who co-sponsored my amendments, by telling his audience that we contend that a space laser BMD system could be operational in 3 years and be 100 percent effective. I know the Congressional Record is not exciting reading, but had he read it he would have known that we forecast 10 to 12 years, and a high-but-indeterminable rate of effectiveness. That estimate is reasonably widespread in industry, and not far from the Carter Administration's own conclusion.

The Carter Administration fought our efforts -- incidentally they used the same staffer now on Dr. Keyworth's payroll -- but they never descended to this level of deliberate misrepresentation.

Third, I do not see how one can condone a member of your staff trying to bias the information which the private sector gives to the U.S. Senate. By what authority did Dr. Keyworth do that? Not once during its efforts against us did a responsible official of the Carter Administration give industry such marching orders. This subversion of President Reagan's publicly expressed preferences, this attack on the President's longtime supporters and this attempt to bias industry's presentation of facts is irresponsible.

→ { I really think it would be appropriate for every industry executive who attended Dr. Keyworth's speech to receive a letter from you stating clearly the President's views on Mutual Assured Destruction, his desire that space-based BMD be accomplished as soon as possible. I am reluctant to bring this to your attention, but neither I, nor my cosponsors, nor the 93 Senators who voted for the amendment should be considered "irresponsible elements" on the Hill. The task of protecting Americans from the threats of strategic nuclear warfare is too important for such pettiness. I intend to remain loyal to the President's programs, but not to the extent of suffering insult for a deeply held belief that we can begin to defend our country.

Sincerely,



Malcolm Wallop  
United States Senator

MW:ac

*ADP  
for reading file  
of memos*

*L*

THE WHITE HOUSE  
WASHINGTON

December 12, 1981

TO: JAB III

RE: Japanese Non-Tariff Barriers

Per your request at Senior Staff meeting, this has been made an issue for Cabinet Council discussion.

USTR is preparing a list of such barriers imposed by Japan. Also, Treasury is identifying differences between Japanese and U.S. customs procedures.

The info should be ready for full-scale discussion soon.

JWC

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi

SUBJECT: Revenue Sharing

Per Dick Darman:

1. Revenue sharing is the same as the March level--4.6 B.
2. It was exempted from the 12% cut of Sept. 24, and exempt from cut below our March request.
3. We have been satisfied to get the full March/RR level (4.6 B) in the current Continuing Resolution.

THE WHITE HOUSE  
WASHINGTON

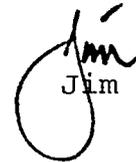
December 14, 1981

TO: Richard Hauser

RE: Financial Statement

This is to request an extension of several weeks in the filing of my required financial statement.

The reason for this request is that all of my financial records, including income tax returns, pay receipts, etc., are still located in Texas. I will be able to retrieve them over the Holidays from the boxes in which they have been packed.

  
Jim Cicconi

THE WHITE HOUSE

WASHINGTON

December 15, 1981

MEMORANDUM FOR JAMES W. CICCONI

FROM: RICHARD A. HAUSER *RHA*

SUBJECT: Financial Disclosure Report

Pursuant to our discussion and for the reasons set forth in your note of December 14, 1981, the deadline for filing your financial disclosure report has been extended an additional 45 days. The report is now due on January 19, 1982.

Thank you

~~for the meeting~~  
file of memos

✓

THE WHITE HOUSE

WASHINGTON

December 15, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jim*

SUBJECT: Economic Impact of Defense Buildup

Cabinet Council on Economic Affairs Meeting  
December 8, 1981

Murray Weidenbaum presented a paper on the above subject which, along with the discussion, made these key points:

- Economy should be able to handle our defense buildup without increasing the underlying inflation rate.
- Current recession is a propitious time to launch a defense buildup.
- What about problem in '84, '85, '86--defense buildup then even greater, economy should be in full stride--prospects of inflationary impact then? Question not fully answerable.
- Shipyards - losing people, will go under at more rapid rate next year unless Navy contracts move in quicker to help--could become the bellweather contracts.
- Wages - need for DOD settlements with defense contractors to hang tough on wages, avoid setting pattern for other sectors.
- DOD has some real problems with proposed cuts in NASA; will affect strategic systems.

*f JC memo*

✓

THE WHITE HOUSE  
WASHINGTON

*JAB  
reul*

December 15, 1981

TO: JAB III

OMB says that no rescission is planned for EDA "at this time... for 1982 anyway."

The above is per someone who called Aileen back, saying he had checked with Stockman (we had not asked them to do so).

The first answer she got, from the boss of EDA's budget examiner, was that "no decisions have been made, but it hasn't been ruled out."

Bottom Line: they really have not thought it through, though Stockman is tending against right now.

JC

~~Decision~~  
~~File~~  
JC

THE WHITE HOUSE  
WASHINGTON

December 16, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jim*

SUBJECT: Letter on Multifibre Arrangement

Legislative Affairs Office says Senator Heinz would like a copy of the same letter we sent to Thurmond and Campbell on the Multifibre Arrangement, addressed to him.

Textiles are a big issue in Pennsylvania, and he says this will greatly assist him in his reelection campaign.

As you recall, you signed the previous letters.

DECISION

Do you want to send letter to Senator Heinz?

YES *If the* NO \_\_\_\_\_

*context of the letter  
makes sense just going to Heinz*

*JAB's decision*

AA: please pull letters sent Thurmond/Campbell, change context as we need, and then prepare "Dear John" for JAB sig.  
Thanks  
JC

Reading  
File

f SE memo

*[Handwritten mark]*

THE WHITE HOUSE  
WASHINGTON

December 16, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*

SUBJECT: FYI

The Department of Agriculture made a proposal to the President that they offer to sell, on a competitive bid basis, 70,000 tons of cheese to the private U.S. trade for export, without restriction as to destination. For the private trade to compete on the world market, offers to buy will be substantially below USDA's acquisition cost.

President may make decision very soon (not sure when).

*JC*

JAB  
reading file  
of RC memo  
memo

~~\_\_\_\_\_~~  
✓

THE WHITE HOUSE  
WASHINGTON

December 18, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*

SUBJECT: Appalachian Regional Commission (1983 Budget)

For your information, OMB is proposing to terminate the Appalachian Regional Commission and all its non-highway funding by the end of 1982.

A 3-year finish-up of the Appalachian Highway Program will be funded from the DOT Highway Trust Fund.

The Regional Commission and Appalachian Governors had wanted much more, including transition job and health care programs.

f 5c memos

THE WHITE HOUSE  
WASHINGTON

December 21, 1981

TO: Richard Hauser  
FROM: Jim Cicconi  
RE: Gift Received

This date I was given a three-volume set of books, "The Life of Benjamin Disraeli" by Monypenny.

The books are copyright 1910, and were purchased in a second-hand bookstore. The purchase price, I have been assured, was under \$35.00.

The gift is from a close personal friend, James Spears, who is Special Assistant to the head of the Land & Natural Resources Division of DOJ. He and I have exchanged gifts at Christmas for the past three years during our time in Texas State Government.

The books are in my office, and will remain there pending advice from Counsel's Office on how I should handle this (I am uncertain after reading the gift policy memo.)

Thanks for your help, Dick.

THE WHITE HOUSE

WASHINGTON

December 21, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jim*

SUBJECT: Cabinet Council on Economic Affairs

At its meeting on December 21, the Council discussed two main points:

Ex-Im Bank

The Council has reached an apparent decision to reduce credit subsidies generally, and feels the Ex-Im Bank must share in those reductions. Baldrige has real reservations about this, and likens it to a type of unilateral disarmament in which the Germans, French, etc., will not participate. Matter will continue under discussion for at least awhile.

Recession

Murray Weidenbaum reported that we are clearly still in the recession, and that the "early bird" signs of a recovery are not yet evident. He also noted that it is now clear the primary cause of the recession was high interest rates.

In addition, Murray referred to an article in Fortune in which its leading economists agreed with our forecast of a second-quarter recovery (though for different reasons).

One final note: Murray mentioned to me last night that his sources tell him it now looks like the Fed will loosen up a bit.

cc: Richard Darman

*JAB  
reading  
file of memos*



THE WHITE HOUSE  
WASHINGTON

December 21, 1981

TO: JAB III

RE: Appropriations

For your information:

Darman is now circulating the following appropriations bills for comment prior to the President's signature:

- Agriculture      Interior
- HUD                      Transportation
- DOD-Military      Construction

Stockman has recommended the President sign all of them. If you have a particular interest in any one of them, please let me know. I've reviewed them all, though, and see no problems which have not previously been discussed.

JC

president of the Khmer Peoples National Liberation Front (KPNLF), was told by Under Secretary of State Walter Stoessel, and Assistant Secretary of State for East Asian Affairs John Holdridge, that the U.S. would provide "moral and political support," but no military aid.

Based on discussions with State Department officials, HUMAN EVENTS has learned that the U.S. has entered into an informal alliance with the Communist Chinese on the Cambodia issue, relying on Peking to supply the Cambodian resistance, including the 30,000-40,000 guerrillas still loyal to Pol Pot, with military aid.

Son Sann told HUMAN EVENTS that his troops, who supervise "liberated zones" containing more than 100,000 Cambodians, are receiving a few small arms from the Chinese, but that most of the Chinese aid is going to the Pol Pot forces. He said Pol Pot is getting anti-tank and anti-aircraft weapons, while the KPNLF is getting a few rifles and automatic weapons. He said the KPNLF relies mostly on captured arms. As a result, he told us, if the 200,000 Vietnamese troops now occupying the country are eventually forced out, the Pol Pot forces could overwhelm his men and establish another brutal Khmer Rouge dictatorship.

U.S. policy on Cambodia has been in a shambles since the Vietnamese invaded the country in 1979 and overthrew Pol Pot, the man responsible for the deaths of more than two million Cambodians. The U.S. and other countries didn't want to recognize the Vietnamese-installed regime, so they voted to give Cambodia's United Nations seat to the Khmer Rouge.

This policy, begun under Jimmy Carter and continued under President Reagan, was usually rationalized by saying that there was no "third force" alternative in the country. In fact, Son Sann, a respected Cambodian nationalist, is that alternative.

Son Sann, 69, has held a number of high positions in previous Cambodian governments. He is a staunch opponent of the Khmer Rouge, as well as the Vietnamese invaders, and he indicated to us

vide moral and political support."

"There's a certain amount of sharing going on," the official said. "China is providing material support and there may be material forthcoming from other concerned countries." He did not elaborate.

Thus, the U.S., despite President Reagan's expressed concern about helping those who want to fight for their freedom, has seemingly turned a deaf ear to pleas for military support from Son Sann, and is prepared to let Communist China play the major role in the area, even if this means an eventual return to power of the Khmer Rouge.

## The Heritage Report: Justice Under Fire

The conservative Heritage Foundation, in reviewing the performance of the Reagan Administration, has not only been sharply critical of the State and Defense Departments (see HUMAN EVENTS, December 5, page 3), but the Justice Department as well. Justice, charges Heritage, "has been a major disappointment" during the first year. It has "not taken the lead in revising regulations, opinions and Executive Orders; it is actively blocking reforms proposed by other departments."

Even worse, says Heritage, "A number of indicators suggest that improvements at Justice are unlikely."

The problems, as so many of the problems of the Reagan Administration, "begin with personnel." The Department "resembles a Wall Street law firm. Top appointees are business lawyers who have little or no experience in the constitutional or public policy issues with which Justice deals on a daily basis."

In addition to lacking critical expertise, charges Heritage, "these officials are accustomed to using junior associates for legal research. Thus, they are

★ Free speech, liberal-style: Harvard economist J. Kenneth Galbraith agreed recently to address Washington's Gridiron Club, made up of some of the Capital's most prestigious journalists, on the subject of Reaganomics. But Galbraith laid down one caveat: Under no circumstances could the Club invite supply-side economist Arthur Laffer of the University of Southern California to appear on the same program.

the right attitude on a number of issues, the department has frequently just "not issued formal orders or regulations, and has failed to pursue Executive Orders which would bind staff attorneys to these positions."

One major recommendation made by Heritage called for the enhancement of a system to control and review all litigation activity in the department, but all indications are that this has not been achieved. Indeed, since January 20, the department has implemented the following liberal actions:

- Pursued a suit compelling Yonkers, N.Y., to build low-income housing on sites chosen by Justice;
- Challenged the constitutionality of a proposed legislative veto of agency regulations;
- Entered into a settlement agreeing to terminate use of the federal PACE exam and, potentially, any future employment tests which fail to produce an acceptable number of minority job candidates.
- Opposed Department of Education regulations which would have exempted colleges from "some of the more onerous affirmative action regulations."

Heritage recommended at the beginning of the Reagan presidency that Justice "exert better control over those staffers who have worked actively to undermine the official policies and actions of the department." And while some uncooperative staffers have been transferred to non-sensitive positions, "the abuse of internal information con-

PRESERVATION COPY

## **House Rewards Ruppe for Bad Judgment, Disloyalty**

Peace Corps Director Loret Ruppe, a very lukewarm Reaganite at best, won a handsome victory last week. In opposition to stated White House policy, the House, in effect, voted 258 to 155 to totally separate the Peace Corps from ACTION, headed by a tough, no-nonsense presidential loyalist, Tom Pauken.

"What this means," said a close observer of the Corps, "is that Ruppe will find it far easier from now on to do her own thing. It proves that loyalty to the President doesn't really pay."

Here's why many of the President's admirers

1104

PRESERVATION COPY