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STORY: MEMO
MA: 60 FMT:

QUEUE: RAK-RAK
HJ:

MSG:
INI:

OPR: RAK ; 01/21, 10:17

TO: MLS, LT, JF, BFP, GP, JG, JBG, LH, DXB, DCB, TJF, SJF,
PA, PGH

FROM: RAK

RE: Reagan's hiring freeze

The executive order signed by Reagan after taking the oath of office holds little apparent promise of substantially reducing the federal work force.

The new White House crew has not yet had an opportunity to fully explain what the hiring freeze is expected to accomplish, but the fact sheet handed out yesterday makes no promises about the projected results of the freeze:

"The net reduction in federal civilian employment as a result of the order cannot be predicted with confidence at this time since it will depend upon retirements and other departures from government employment, [and] upon reductions in programs and funding proposed in the revised budget for fiscal year 1981 and 1982."

Reagan's hiring moratorium is more stringent in two respects than the one imposed by Carter. Reagan's order applies to all civilian employees, while Carter's order exempted those hundreds of thousands ^{OF} workers classified as part-time employees. Also, Carter's order allowed agencies to hire one worker for each two who left the government, while Reagan's allows no replacements.

The order instructs department heads to carry out the freeze in a way that insures "the smallest impact

(MORE)

possible'' on such services as ``the processing of social security claims and the payment of veterans and retirement benefits.''

Reagan delegated to the Office of Management and Budget the job of issuing detailed guidelines to enforce the freeze, and the task of granting exemptions ``in those rare and unusual circumstances where exemptions are necessary for the delivery of essential services'' [Reagan's words in the order].

The White House indicated that Reagan intends to impose lower personnel ceilings for agencies when he sends up his revised budgets for '81 and '82.

The President also warned in the order that ``contracting with firms and institutions outside the government to circumvent the intent of this directive must not be permitted.''

According to figures put out by the Reagan team, civilian Executive Branch employment--excluding the Postal Service--as of September 30, 1980, was 2.154 million. That's 37,800 employees more than in January, 1977. During the same period, however, full-time employment dropped by 45,000 to 1,866,773.

The hostages. Jim Brady announced late Tuesday that Carter will be accompanied to Wiesbaden by a Reagan foreign policy adviser, Dr. Kenneth Adelman. Adelman is not joining the Reagan administration and is going along only as an observer, according to Richard Allen.

~~(MORE)~~ (END)

STORY:MEMO
MA:60 FMT:

QUEUE:RAK-RAK
HJ:

MSG:
INI:

OPR:RAK ;01/21,16:38

TO: MLS, LT, JF, BFP, GP, JG, JBG, LH, DXB, DCB, TJF, SJF,
PA, PGH

FROM: RAK

RE: Brady on background

SJF and I talked with Jim Brady this afternoon about our request for a day-in-the-life story. Jubilant in his new White House digs, Brady seemed very receptive to the idea, even suggesting that he would have to find for us a day when Reagan's schedule is interesting. We told Brady that we would like to do the story within the next month, and he didn't think that would be impossible but he suggested that we might have to settle for something less than a full day with the Chief Executive. It has occurred to me that Nancy Reagan could become a problem on this subject if she becomes overly gun shy about reporters.

When I gave Brady JWM's day-in-the-life story on Jerry Ford, he looked at the photos and said something like, "Wow, you even got into the bedroom." So, he's got the idea of what we want. We will continue to press this with Brady and possibly with Meese and Deaver later if it appears that would be helpful. Brady made no promises, but he seemed to at least endorse our idea.

Private briefings. We also raised with Brady the subject of weekly briefings for us. He has agreed to follow Jody Powell's practice of giving briefings late in the week (we mentioned Thursday afternoons) for the three magazines. He

(MORE)

also is willing, at least for now, to brief us separately. [I suspect time will not allow this luxury to continue for long.] At any rate, SJF and I are to see Brady Thursday afternoon for this week's briefing. He said he has some quotes and "little tidbits" that he wants to give us. He doesn't seem to realize that we don't need all of the color details that Time and Newsweek want, but we'll take any and everything he wants to dish out, for Whispers sake if nothing else.

Possible Whispers. Brady says that in Ronald Reagan's first week as President he is striving in every way "to make a clean break with the past...It's a new ballgame." He quoted Reagan as telling his first cabinet meeting today that "we're not here to be a better caretaker." Reagan wants, of course, to chart an entirely new course. "He's moving swiftly," says Brady, "with a plan to get control of the government. He believes it's unresponsive, doesn't serve the people and has a life unto itself."

Reagan's action today removing the 15 inspectors general that serve as watchdogs in government departments reflects the President's obsession with eliminating waste, fraud and mismanagement, Brady says. Reagan firmly believes that with a tough "Reagan team" of inspectors general, enough billions can be saved to make a difference.

Brady says that fraud and waste is "such an emotional, personal thing with Reagan" that he wants to start with an entirely new team and has directed E. Pendleton James, the

(MORE)

White House assistant to the President for presidential personnel, to give top and immediate priority to recruiting a cadre of inspectors general who, in Brady's words, are "meaner than a junkyard dog." Brady hints that replacements for some of these IG jobs are waiting in the wings and may be announced shortly.

"These are the people walking the point," says Brady. "He wants them to be the toughest of the foot soldiers."

Brady also defends the obvious slowness with which deputy cabinet secretaries are being appointed by insisting that Reagan (through James) is making a valiant effort to find the very best people for the "middle level" jobs. Brady says Nixon made the mistake of hiring "political hacks" for mid-level posts which really run the government on a day-to-day basis. Brady seems to blame all of the problems of past presidents on mid-level bureaucrats who fell down on the job. "That's why government has not worked," he says in no slight exaggeration.

The press secretary says, also, that so much preparation has been done by the transition teams that there are several OMB circulars that will be issued very soon covering such subjects as the hiring freeze and ways to save money. "All these advisers that people were screaming about were really doing something," he claims.

(END)

STORY:MEMO
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;01/21,17:16

To: mls lt jf gp dr lh dxb jwm dcb tjf jsl rak pa
From: sjf

Today's White House briefing:

__President Reagan has requested the resignations of an estimated 200 non-career appointees in policy-making or confidential positions--plus the federal government's 15 inspector generals.

The request for resignations of non-career appointees, made in a memo today to all department and agency heads, is another one of Reagan's long-promised executive orders. More orders are promised ``soon,`` over the next few weeks.

In bureaucratic jargon, the memo covers all presidential appointees as well as non-career Senior Executive Service and Non-career Executive Assignment people. It does not cover people in independent regulatory agencies or U.S. attorneys. ``It is our intention to accept most such offers of resignation,`` the memo says.

Although Reagan's request for the resignations of the Inspector Generals was not immediately released, Jim Brady said the order reflects Reagan's comitment to uncover fraud, waste and abuse in government. He says Reagan will replace most of them with ``people who are meaner than a junkyard dog when it comes to ferreting out fraud, waste and abuse.`` A few existing people might be reassiged and those working on a hot case will be kept on as consultants until that case is completed.

Also, Reagan formally withdrew about 30 nominations made

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recently by Carter that were never acted upon by the Senate. Included was John Sawhill as chairman of the board of the Synthetic Fuels Corporation.

The economy, government spending and future executive orders dominated discussion in today's one and one-half hour Cabinet meeting. Reagan gave his Cabinet officers these instructions on the hiring freeze: "While there will be exceptional circumstances, I want to stick to that. We've got to get control of the budget. The budget has increased 100 billion dollars in the past year. Through attrition, we can reduce the size of government very drastically. The changes will have to be made."

Hostages. As a result of the Iranian hostage episode, the Reagan administration has begun reviewing the U.S. policy toward hostage situations. A senior White House official (Dick Allen) told today's briefing that the "matter is under intense study."

There have been strong indications during the past two days that Reagan intends to declare that the United States will never again negotiate for the release of American hostages--that any future hostages will be viewed as prisoners of war. The key word is "prisoners." Reagan has referred to the hostages on several occasions as "prisoners," not hostages. His aides have called attention to the distinction between these words, but they so far refuse to say exactly what is intended.

Allen today dodged questions on this subject. He said the

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Secretary of State will have an announcement on the subject, but gave no indication when it might be.

Likewise, Allen declined to say whether Reagan stands behind the deal that Carter made for the release of the American hostages in Iran. Brady explained that the Reagan does not yet feel he knows enough about the details of the arrangement to endorse. But there was no indication that Reagan intends to abrogate the agreement.

Reagan received a three-minute telephone call from Carter today before the ex-president landed in Germany. Reagan told him to, "Express my joy and pleasure at the release of our Americans. Speaking for all the nation we are looking forward to seeing them on their return."

Carter will report to Reagan personally when he returns, although details of this are yet unknown. Reagan also hopes to have some sort of welcoming ceremony for the hostages.

Foreign Visitors. Edward Seaga of Jamaica will come to Washington January 28 for an official visit at Reagan's invitation. Korean president Chun Doo Hwan will make an official visit February 2 to discuss "bilateral economic, political and security" matters as well as "regional issues." Chun also will go to Los Angeles, New York and Honolulu. Reagan also will meet with the foreign minister of France sometime during his visit here with Secretary of State Haig, February 23-25. They are still trying to arrange a meeting with Trudeau.

Reagan's first day. With unusual pomp, Reagan's White

(MORE)

House aides were sworn in this morning by the Chief Justice in the East Room. Hail to the Chief was played. No one can remember such a ceremony for previous White House aides.

A Waterford jar of jelly beans was on the table when the Cabinet convened. The meeting went from 10:25 to 11:58 am.

Reagan had lunch with Meese, Deaver and Baker. While photographers were recording to beginning of this meal, a reporter asked Reagan if he intended to ask his aides to pay for their meals as Carter had done. "No," Reagan replied. Meese noted that he had no money because he had not yet figured out how to cash a check in Washington. Reagan said he had not yet unpacked his checkbook. The new president added: "I haven't carried money for years."

(END)

SJF - RAK

January 22, 1981

To: LH

From: DM

Haig sworn in - says he is going to be the "vicar of American foreign policy."

General Alexander Haig was sworn in as Secretary of State in a private ceremony at the White House, "in order to assure the continuity of leadership at the highest levels of the Foreign policy process."

A public ceremony will be held later, Haig then came to the State Department and received an ovation by promising that State and State alone will articulate foreign policy under the new administration.

"The Congress^f of the United States provides that the President has the ultimate responsibility for the conduct of American foreign policy. But I am extremely pleased that President Reagan has clearly enunciated his intention to make the Secretary of State the vicar of American foreign policy and by that I mean the delegation of the general managership if you will, for the formulation and the conduct and indeed the articulation of American foreign policy to the Congress, to the American people, and indeed to the world at large. And I want you to know I intend to carry out that mandate while I am Secretary of State."

Just what the bureaucrats wanted to ~~hear~~^{hear}. Haig then repeated much of the theme of his Senate testimony, building foreign policy on consistency, reliability and balance.

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Consistency: The interest of the American people is paramount in the conduct of our affairs abroad. We should not be self conscious about adhering to a policy that expresses American values in a forceful, effective manner.

Reliability: Friends and potential enemies should know on a day to day basis where the U.S. stands, this guarantees a deterrence.

Balance: Foreign affairs are a mosaic of economic, social, moral, political and security related concerns. It can only succeed as an umbrella.

Haig is confident in America's strength, its values. The next decade is the most dangerous and the most promising. Recent events ie the hostages, bring home the dangers and importance of the foreign service. The diplomat will be the cutting edge, not be singled out for failure while denied praise for success etc.

DM

January 22, 1981

FROM: SJF - White House

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, SJF, RAK, PA, PGH

RE: Reagan and the Hostages

President Reagan has received a report from Jimmy Carter that the hostages were abused more than anyone had previously imagined. Carter advised Reagan to abide by the agreement that freed the hostages, but to do nothing more to help the "hoodlums" in Iran.

Carter's report to Reagan, a four-page, handwritten letter on blue Air Force One stationery, was delivered to Reagan today by former Vice President Walter Mondale. Aides report that Reagan was outraged by the details of how the hostages were abused during their captivity. According to Vice President George Bush, ["the brutality that has been dealt to our citizens causes the President great concern."

The Letter. The following is Jim Brady's description of the letter from Carter: It was written aboard Air Force One on Carter's return trip from visiting the hostages, whom the former President described as "the liberated Americans." Carter described it as "one of the most exhilarating experiences of my life." He said the hostages were in "fairly good shape." They need to remain in ^{THE} hospital for three or four more days, according to Carter. He said he told them to remain together as a group so "the strong could help the others." He also reminded them that they are "no longer foreign prisoners, but liberated free Americans." He said they were "abused more than I had previously known." Up to the last moment, the Iranians acted like "savages" toward the hostages. The hostages were forced to "walk a gauntlet through a human corridor, receiving verbal and physical abuse from both sides" on their final departure from Iran. Carter briefed the hostages on the agreement that freed them. He told Reagan to abide by the agreement, "but never do any favors for the hoodlums who persecuted innocent American heroes." He described the whole incident as "an official criminal

act of terrorism." The letter ended: "Mr. President, you have my best wishes and my prayers as you begin your administration. I am available to you any time as you see fit."

Will the agreement be honored? Brady said the President "fully intends to carry out this agreement consistent with international law and domestic law." But he cautioned that the new administration is still reviewing the terms of the "very detailed and complicated" agreement and "good faith actions will be necessary on the part of both parties" as the agreement is implemented.

Mondale's view. Mondale told reporters after his meeting with the President that the agreement is "heavily stacked in favor of the Americans and American claims." While the Carter administration froze between 11 and 12 billion dollars in Iranian assets, he said, the agreement gives back only about 2.6 billion dollars. He added: "We have in this last year imposed sanctions that have cost Iran dearly. The disarray in the Iranian economy is massive. The isolation of Iran in the international community is disastrous, and many aspects of their own ability to defend themselves have been fundamentally weakened."

Mondale said Reagan was "outraged" by what he heard of the treatment of the hostages during their captivity. "The degree of harassment exceeded that which even we thought and we've had great fears about the treatment of hostages, and this mistreatment continued up to the last minute."

During their meeting with Carter, Mondale said, the hostages "seemed to know" without being told that he was no longer the President of the United States. Otherwise, Mondale said, there were "great gaps in their information."

"The overall feeling in that room was one of relief, unity, one of emotion," Mondale said. "The outpouring there between Carter and the hostages was truly remarkable. It began with handshaking and ended in hugs."

Both Bush and Mondale predicted that Americans will be upset when they hear the hostages' story of abuse. "Every citizen across the country is going to be outraged by it," Bush said.

Although Reagan refused to answer questions on the matter, Brady indicated that the new President's first press conference will be timed in conjunction with the return of the hostages.

Other announcements today:

o The President today made six telephone calls to the heads of state of six allied countries: Canada, Italy, Great Britain, France, West Germany and Japan.

o Haig and Weinberger already have been sworn into office privately to protect "the continuity of office." They will take their oaths again when it is done publicly in a ceremony for all cabinet members.

o The first outside group to meet with Reagan since he became President is a group representing today's right-to-life march.

(END FILE - LC)

SJF - RAK

January 22, 1981

To: LH

From: DM

The State Department spokesman said today that he thought "barbarian" was an apt description of the people in power in Iran. He also said that the Reagan administration had the hostage package under review but that, "The administration consistent with international and domestic law alike, fully intends to carry out the obligations of the United States."

On the record from acting spokesman William Dyess:

The Reagan people now contend that while they were kept informed during the negotiations, they were not privy to detail. As the package is very complex, the new administration wants to scrutinize the deal carefully. The review is going on and will be completed as quickly as possible.

While Dyess says that the government will carry out its obligations, he seems to be leaving open the question of interpretation as to exactly what it is obligated to do under law.

The purpose of the review is, "to find out what obligations may have been undertaken in the name of the United States."

Dyess said that the Reagan people were not aware of any evidence about mistreatment of the hostages, and first heard about it from Germany. The reaction is one of anger, and like all Americans Dyess is irate. Officially, there will be "forthcoming a form of reaction from this administration."

The hostages will be debriefed upon ^{then} ~~their~~ return here, and the mistreatment, "certainly won't make it any easier to carry out the terms of the agreement."

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So far all of the executive orders issued have gone ahead, including the one which lifts the trade embargo against Iran. "But the broader question of U.S.-Iranian trade is under review."

All 52 hostages held a meeting this morning and unanimously agreed not to talk to the press. The plans as outlined in separate memo, are for them to fly to a secret secluded location to meet with their families for a day or two. UPI says it is West Point, and since all families are to travel there to meet the hostages we should know the secret soon.

After the reunion, the hostages will come to Washington for a formal ceremony at Andrews Air Force Base.

DM

January 22, 1981

FROM: ✓ SJF

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, SJF, RAK, PA, PGH, JG, JBG

President Reagan today issued another executive order designed to cut federal spending by limiting travel, consultants and the purchase of furniture in the agencies. Included was an order to all cabinet members that they are not permitted to redecorate their new offices.

The executive order was portrayed by White House advisers as an interim measure. "The impact of these requirements and the need for even more-stringent measures will be considered over the next two months," aides said. "During that time a full review of fiscal year 1981 and 1982 spending will be completed as part of the ongoing revision of the 1982 budget."

The four-part directive included:

o A 15 percent cut in obligations for travel for the remainder of the fiscal year. Travel by federal employes and officials for purposes that ^{is} are not essential to the performance of agency missions is the principle^{al} target of this requirement.

o A 5 percent reduction in obligations for consulting, management and professional services and special contract studies and analyses. This cut is intended to help assure that contracts and consultants are not used to evade the hiring freeze which Reagan imposed on Tuesday.

o A temporary moratorium on the procurement of certain furniture and equipment. This is designed to limit purchase of furniture, office machines, automatic data-processing equipment and a variety of other equipment ~~and a variety of other equipment~~ that is not needed for national defense or to carry out essential activities.

o A directive to cabinet members and other appointees to avoid unnecessary expenditures in setting up their personal offices. "Appointees are not to redecorate their offices," the directive said. "This does not preclude reasonable and necessary

cleaning, painting, and maintenance, or structural changes essential to the efficient functioning of an office."

"These four actions, together with the freeze on hiring of federal civilian employes announced on January 20, will help redeem our pledge to the American people of a government that lives within its means," Reagan said in his order to cabinet members. He instructed the director of the Office of Management and Budget to oversee the first three orders.

(END FILE - ES)

January 22, 1981

FROM: SJF - White House

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, SJF, RAK, PA, PGH, JG, JBG

More on Reagan's economy measures.

Reagan's first actions as President signals his seriousness to trim back on the federal government. They were mostly symbolic actions, however. To summarize what we've gotten to date:

- o A freeze on federal hiring that is expected to cut the government payroll by as much as 5 to 7 percent in the current fiscal year.

- o A demand for resignations of 200 noncareer appointees in policymaking posts.

- o A demand for the resignation of 16 inspector generals, with the intention to replace them with people who are "meaner than a junkyard dog in ferretting out waste, fraud and abuse."

- o A 15 percent cut in obligations for travel during the rest of fiscal 1981.

- o A 5 percent cut in obligations for consultants and contract studies.

- o A temporary moratorium on procurement of new equipment.

- o A directive to cabinet members that they cannot redecorate their offices. This order, by the way, does not apply to First Lady Nancy Reagan's plans to redecorate the White House residential quarters.

- o A Presidential task force headed by Vice President George Bush to review regulation and come up with proposals to eliminate unnecessary regulation, including a legislative proposal.

The task force on regulation was announced personally by Reagan this afternoon. He told reporters: "Regulatory reform is one of the keystones of our program to return the people to prosperity and to set loose again the ingenuity of the American people. Government regulation imposes an enormous burden on large and small business in America, discourages productivity and contributes substantially to our current economic woes. To

cut away the thicket of irrational and senseless regulation requires careful study, close coordination between agencies in the federal structure."

Reagan said the goal of the task force would be "a reduction in the number of pages in the federal register." No deadline was set for the task force to report to the President. Bush indicated that the idea of an overall moratorium on regulation has been scrapped. But he did not rule out a freeze on certain specific pending regulations, which James Brady says could be announced within the next few days.

"The President is fully determined to do what he said he was going to do in the economic areas -- controlling the growth of spending and of taxes," Bush said. He added that one of those things the President had promised to do was to control regulation.

There is no indication yet when Reagan intends to announce the decontrol measures discussed yesterday by David Stockman. But energy and decontrol were the primary topics today in Reagan's meeting with his economic advisers.

(END FILE - ES)

January 22, 1981

FROM: RAK - White House

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, SJF, PA, PGH, JBG

In a series of meetings with House committee chairman this afternoon, Reagan indicated that his economic-recovery plan is far from ready to be sent to Congress.

Reagan told Rep. Jim Jones (D - Okla), chairman of the Budget Committee, that he does not expect to finalize the package of tax cuts and spending curbs before late February — nearly a month later than Reagan had hoped to get the plan to Capitol Hill.

Jones made clear that such substantial questions as the effective date of a tax cut, proposed budget cuts and the size of defense-spending hikes are still up in the air.

"There's still a rather active debate going on" over these issues, says Jones.

The President also indicated that he expects to deliver an economic message to the nation in late February or early March. This probably would take the form of a televised address, Jones speculated.

The Congressman also said he expects the process of slashing government programs to be more painful ~~experience~~ than Reagan may have anticipated.

"Frankly, there's not enough waste, fraud and abuse to be found for us to balance the budget in the near future," says Jones.

Possible Whisper: President Reagan's conviction that government waste is rampant was underscored recently when he discovered that the Secret Service paid \$2,500 to have a wooden stairway built on the outside of his house in the Pacific Palisades section of Los Angeles, and then paid another \$1,500 to have the stairway dismantled when the Reagan^s moved to the White House. "He just couldn't believe that a simple wooden stairway cost the government that much," said one insider. [This comes from Rep. Jack Brooks (D-Tex.), who said Reagan related the story during a meeting in the Oval Office today.]

(End File-ES)

SJT-RAK
~~PJ~~

1/81

REAGAN'S FIRST ACT--THE HIRING FREEZE

If you are planning to get a job with the federal government, the best advice is to forget it. Reagan's hiring freeze calls for government agencies and departments to cease taking on new civilian workers, except under very limited circumstances.

Fulfilling one his campaign promises, President Reagan imposed an almost complete hiring freeze on civilian employes in all executive departments and agencies. The latest word from OMB is the freeze will be in effect until "further notice".

To the best knowledge of our sources at OMB and OPM, Reagan's freeze will be the first true complete freeze in the last 10 years. Nixon had a 5 week freeze in late 1972 and early 1973. It's the intention of the Reagan Administration to keep this freeze on much longer than 5 weeks.

How will the freeze work? Basically it will mean almost no further hiring in the executive branch of government, excluding the Postal Service. This order will cover all types of federal positions: full-time, part-time and temporary. There will be a few exemptions from the order. These exemptions are 500 executive level cabinet and subcabinet jobs, 2,300 Schedule C policy level positions and 700 non-career Senior Executive Service (SES) posts. There are 6,300 SES positions that are part of the freeze.

Currently there are about 2,154,000 jobs covered by this order. We were told by the Director's office of OMB that no transfers will be allowed between government agencies, exemptions will be granted when life and property are in danger (this could apply to Air Traffic Controllers and Medical persons), agency appeals will be considered by OMB but probably will not be granted, and temporary employes can only be hired if there was a prior seasonal pattern such

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as in the IRS in spring and the National Park Service in summer. Also, at this point in time, the "summer intern" program will not take place unless OMB makes an exception at some later date. There may be further details coming out after Stockman signs the more detailed order on the freeze.

What will be the impact of the freeze? If past federal turnover patterns hold, this freeze could mean around a 6 percent annual reduction in the number of federal workers. This would work out to a drop of around 129,000 jobs. Based on the average annual compensation of federal workers of around \$24,000 the budgetary saving could run \$3.1 billion at an annual rate. Note the saving in the first 12 months would only be around half, or \$1.55 billion. The estimate for total federal payroll costs in fy 1981 is \$56.5 billion, or about 8.5 percent of total outlays.

President Carter had three partial freezes during his term, all of which only applied to full-time permanent workers. The first was a three for four freeze between March 1977 and June 1977. Three for four means that three could be hired for every four that left. The next was a one for two freeze (one hire for two leaving government) between October 1978 and February 1979. Carter's last freeze, another one for two was in effect between March 1980 to January 20, 1981, or when Reagan's order superceded it. The last freeze that anyone could remember was a brief one month effort in 1972 in the Nixon administration.

Carter's limited freezes didn't stop the growth of non-postal federal workers. Total civilian employment (Jan. 1977 to September 1980) rose by 37,800 in his term. However, full-time permanent employment fell by 45,000 in the same period. This implies that partial freezes don't work because part-time and temporary workers are hired to make up the loss. Reagan's full freeze could get around this problem.

(MORE)

What are some of the operational problems that this freeze could cause? First, it could limit the flexibility of the new Administration to circumvent deadwood bureaucrats by hiring around them. Second, since historically the government has had higher turnover rates at the clerical level, it's possible that a shortage of secretaries and clerks who process benefits could develop. It should be noted that Reagan's order says that agencies should switch staff around to prevent service breakdowns. Third, will the agencies just "contract out" to the private sector and spend the same amount money. The order is supposed to ban this practice. Finally, since some of the best people leave government for higher paid private sector jobs their talents could be hard to replace.

Thus, it should be said that many believe that there is a great deal of excess manpower in government and that a 5 to 15 percent reduction in force would do no harm. Will such a dramatic freeze prove unworkable? Only time will tell.

(END)

STORY:WHISPER
MA:CS FMT:

QUEUE:RAKX-RAK
HJ:

MSC:

INI:

OPR:RAK

101/22,19:27

TO: MLS, LT, DR, GP, JWM, SJP

FROM: RAK and SJP

RE: Whispers candidates

These tidbits come from a background briefing SJP and I got from Jim Brady this afternoon:

Because of reservations he has over the terms of the deal made by Jimmy Carter for release of the American hostages in Iran, President Reagan has told aides that he wants, for now, to leave open the door for the United States to renege on the pact. Reagan is keeping his options open pending a thorough review by the new administration of the terms of the deal.

President Reagan ordered the portraits of Franklin Roosevelt and Harry Truman hanging in the White House Cabinet Room be replaced by paintings of Calvin Coolidge and Dwight Eisenhower. Reason: Reagan admires Coolidge because he slashed taxes and reduced the national debt, and Eisenhower because, Reagan tells aides, "I beat him for \$10 the first time we played golf together."

Reagan is having some trouble adjusting to his new title, aides report. Even though he is now President, Reagan still likes to be called governor, and, as a result, many senior White House aides still refer to him that way. [On the

(MORE)

inauguration eve, according to Brady, Nancy Reynolds asked Reagan what he wanted to be called the next day. "Call me governor, I like that," Brady quotes Reagan as saying.]

Reagan and House Speaker Thomas P. O'Neil (D-Mass.), found some early common ground on their first meeting after the new President was sworn into office. During a brief session in O'Neil's Capitol office after the inaugural ceremony, both men spent most of their time exchanging baseball trivia. Also, O'Neil had little trouble persuading the new President to autograph souvenirs for House members. "It's not an imposition for him," O'Neil reported. "He'll be coming up here wanting a lot of things, too."

The tall Waterford crystal jar of jelly beans that Reagan proudly displayed on his cabinet table during his first cabinet meeting had to be replaced with a shorter jar, aides report, because the President "had a problem seeing people over it."

(END)

January 23, 1981

FROM: SJF - White House

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, RAK, PA, PGH, JG, JBG

RE: Reagan's appointments

President Reagan today made several more appointments, including Murray Weidenbaum as chairman of the Council of Economic Advisers and William P. Clark as ~~Deputy~~ Secretary of State.

In announcing the appointment of Clark as General Haig's deputy at the State Department, the new administration sought to squelch reports that Clark was being forced upon Haig. The White House issued a statement by Haig praising Clark and saying: [""]The President reached this decision after deliberations in which I provided my enthusiastic endorsement to Justice Clark's candidacy, and I welcome the President's decision as a superb choice.""

Other appointments included Richard E. Lyng as ~~Under~~ Secretary of the Department of Agriculture. Lyng previously was considered for the job of Agriculture Secretary.

Edward C. Schmults was appointed ~~Deputy~~ Attorney General. He is a New York lawyer.

Verne Orr, who was finance chairman for Reagan's transition, was nominated to be Secretary of the Air Force. Orr complained previously when he was not appointed to be ~~Secretary~~ of the Office of Management and Budget, a position that he wanted.

John O. Marsh[?], Jr., was appointed as Secretary of the Army. Marsh was a leader in the national-security group during the Reagan transition and served as legal adviser to the transition team that Reagan sent to the Department of Defense.

John F. Lehman was appointed Secretary of the Navy. Lehman currently is president of Abingdon Corporation.

R. T. McNamar was appointed as ~~Deputy~~ Secretary of the Treasury. He has been executive vice president of Beneficial Standard Corporation since 1977.

In addition, Linda ~~FA~~ Faulkner, of Dallas, Tex., was appointed to the position of assistant social secretary to First Lady Nancy Reagan. She was formerly manager of public relations for Neiman-Marcus in Dallas, a position she has held since 1978.

(END FILE -- rw)

STORY: BRIEF
MA: 75 FMT:

QUEUE: JBG-JBG
HJ:

MSG: WH briefing
INI:

OPR: JBG ; 01/23, 15:44

To MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, RAK, SJF, PA,
PGH, JG

From JBG

White House briefing, 1/23/81: hostages, press conference, staffing

President Reagan made more appointments:

Helene von Damm to be his special assistant. She'll manage his personal office, take care of his appointments and work on special projects.

M. Peter McPherson, acting White House Counsel to the President. He was general counsel in the transition, and before that head of the Washington office of the Ohio law firm Vorys, Sater, Seymour and Pease.

Glenn R. Schleede, executive associate director of OMB, the number 3 position. He'll be in charge of OMB's management duties. He formerly was senior vice president of the National Association, and worked on the Domestic Council under Nixon and Ford.

At the briefing, Jim Brady tried to put a good face on the delays in sub-Cabinet appointments. He pointed out that it's as important to take at least the same amount of care in filling lower-level positions as Cabinet spots because "these people are the engine of government." In an oblique reference to Nixon, he said that mistakes have been made in the past in not filling these jobs with the right people. When asked if he was concerned that the delays would impair the functioning of the new administration, he replied that "we would have a problem in carrying out the function of government if we didn't have the people we want in these jobs." He also says the White House personnel director Pendleton James warned him this morning to "brace for the flood" of appointments because

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it's coming.

``Background guidance`` on the former hostages: He confirmed they'll return to the U.S. Sunday. Brady had no specifics on location and time. When told that Tip O'Neill did, Brady replied, ``Pick your source.`` At this time, Reagan has no plans to meet them on their arrival. He feels strongly that Sunday should be a ``private day`` for the hostages and their families. The group and their families will be invited to come to the White House Tuesday. Again no specifics. More details could come at the briefing set for Saturday, no time given.

Reagan may hold his first presidential press conference next week. He had planned it for Monday, but it's been scratched because of bad timing with the hostage arrival. Brady says it will be rescheduled ``as soon as it's appropriate.``

There will be a second Cabinet meeting this week, Saturday, 10 A.M. No agenda or reason given for it. Brady says if for no other reason, it will be to assure Cabinet wives (and Jeanne Kirkpatrick's husband) that there won't be any more Saturday meetings.

I'll do a separate memo on Murray Weidenbaum's press briefing, which preceded Brady's.

(END)

STORY:WEID
MA:75 FMT:

QUEUE:JBG-JBG
HJ:

MSG:weidenbaum
INI:

OPR:JBG ;01/23,17:02

To MLS, LT, JG, DXB, DR, GP, PGH, SJF, RAK, PMS

From JBG 1/23/81

On the record session with Murray Weidenbaum, nominated today to be chairman of the Council of Economic Advisers.

Weidenbaum came across as a total team-player, speaking only in generalities. He offered absolutely no specifics on such questions as size of budget deficits, timing of tax cuts, 1981 economic outlook and details and timing of the economic package. The administration, he says, faces "a very serious set of economic problems."

His job will be chief economic adviser to the President and the Cabinet. He called that an "awesome" task and said he sees no downgrading of the CEA role, as has been suggested in some press reports. Thus, he seems willing to defer to Donald Regan at Treasury as chief economic spokesman. He said several times that he expects Treasury to take the lead on tax cut questions. He supports sweeping action by the administration, saying that "gradualism" is not in his vocabulary.

He used humor a couple times to deflect questions: When asked why it took so long to fill the CEA spot, he replied that it "took a considerable amount of time for the President to select from a very small group of handsome Republican economists."

Reagan's meeting with Volcker: He attended Reagan's lunch with Federal Reserve Board Chairman Paul Volcker today in the Treasury Building, said it was a get-acquainted session that was "very useful and constructive." Reagan reaffirmed the Fed's independence and explained how the new administration's tight fiscal policy would reinforce Fed monetary policy. The question of Volcker staying on as chairman did not arise. Also, there

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was nothing specific on what Volcker said about tax cuts this year. Weidenbaum said only that there was a "strong consensus" among the luncheon group on the need for tight fiscal policy as the Executive Branch's contribution to the inflation fight. Besides Reagan, Weidenbaum and Volcker, others attending were Edwin Meese, Martin Anderson, James Baker. (Gives us an idea who's on the economic team.)

Tax cuts: He supports the full Kemp-Roth personal income tax cuts, along with "very generous expansion and liberalization" of depreciation allowances, and says they will not be inflationary. He's taken no position on timing of the tax cuts and expects Treasury Secretary Regan to take the lead on that. In general, however, he feels "the sooner the better" on tax cuts. He is a true believer in supply-side economics, saying that tax cuts are essential to deal simultaneously with the problems of high inflation and unemployment. His reasoning is that they will generate increased employment and investment and thus get at the high underlying inflation rate.

He isn't expecting quick miracles, however, and indicated that it would be at least a year--and more like two--before inflation and unemployment rates improve.

Regulations: The appointment of George Bush to head the regulatory panel indicates the "high priority" that Reagan gives to regulatory reform, according to Weidenbaum. He expects an executive order dealing with regulations will be an "early item" on the commission's agenda. Weidenbaum thinks that regulatory reforms will act as another "supply-side tax cut" because they'll reduce the cost of doing business.

Budget deficit: He'd "like very much" to see the budget balanced by fiscal 1983, but doesn't know if it will be. Says a lot will depend on the

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public support for Reagan's budget cuts and the willingness and cooperation of congress. Carter, he said, "certainly bequeathed us a budget that can be cut."

___Reagan__: weidenbaum says yes, Reagan does understand economics. The President realizes that the important thing is to lower growth rates in federal spending and taxation. Weidenbaum says it "doesn't make sense" to think that federal spending in the future will fall in absolute terms.

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STORY:MEMO
MA:60 FMT:

QUEUE:RAK-RAK
HJ:

MSG:
INI:

OPR:RAK ;01/23,17:40

TO: MLS, LT, JF, BFP, GP, JG, JBG, LH, DXB, DCB, TJF, SJF,
PA, PGH

FROM: RAK

RE: Session with Meese RE operation of the White House

Meese was very candid with us about how he intends the White House to function, settling a number of questions that in recent weeks have been the subject of speculation only:

The White House will be structured in pyramid fashion, something like the Eisenhower White House. The President is at the top of the pyramid and Baker and I are underneath him, says Meese. The so-called spokes-of-the-wheel configuration tested by Carter never was seriously considered, according to Meese.

Meese's role. As counsellor to the President, Meese, of course, wields more clout than Baker or anyone else.

Although he doesn't want to be quoted saying so, Meese concedes that he can't recall any presidential adviser in recent times who was given such broad powers as he has carved out for himself. [And Meese methodically studied the White House operations of Presidents going back to FDR.]

Meese says he wouldn't quarrel with the characterization of his role as unique in White House history.

The Reagan White House, moreover, is organized differently than any of its predecessors. We've organized the thing

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differently, so it's hard to compare us with previous administrations," he says.

The triumvirate. As now planned, the first thing on the President's schedule each day will be a briefing by the so-called "triumvirate" of Meese, Baker and Deaver. This session will begin "at 8:30 or a quarter to nine," so Reagan won't be up before dawn like his immediate predecessor. The last thing on Reagan's schedule each day will also be a briefing by the Big Three. This session will be held around 6 p.m. or thereabouts, so Reagan will more or less be the nine-to-five President that his senior aides hate to hear described by the media.

After the meeting with Meese, Baker and Deaver in the morning, Reagan will get the daily national security briefing from Allen. Then on many mornings Reagan will meet with his cabinet--either the entire crew or some designated committee composed of cabinet secretaries studying a specific policy. Afternoons have been reserved, more or less, for meetings with folks from the Hill. And Meese suggests that there will be more consultation with congressional leaders than there has been in previous administrations.

Reagan's style. A key point is that Reagan likes to spend most of his day in meetings, instead of poring over briefing books, etc. The President's gregarious nature causes him to prefer thinking aloud and working with people instead of making decisions alone. I think the guy hates to

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spend much time by himself. It strikes me that Reagan is different from his recent predecessors in this regard. He likes making a gang-bang decision after hearing issues debated in front of him.

Meese insists that Reagan reads voraciously to keep abreast of things. "He reads a lot of material and he's very conversant on the issues...[But] he does his reading and studying and planning at night at home." I think Meese always has exaggerated how much reading Reagan gets done at home. [Some longtime aides have said that Ronnie and Nancy like to watch TV at night.]

The President is not reluctant to delegate authority, or as Meese puts it, "Once a policy decision is made, he doesn't get bogged down with the details. He does free himself from the implementing details."

Supercabinet. Meese says the concept of a supercabinet composed of members with more power than the rest of the cabinet is still being kicked around. Meese has always been a proponent of the supercabinet, but he dislikes the term and admits that the idea probably never will be implemented. [Meese says refers to the supercabinet as "a planning group of cabinet members."] More likely to be implemented is the proposal for, in effect, several committees composed of cabinet secretaries assigned to come up with solutions to specific problems. Already, various cabinet secretaries have been assigned to "ad hoc working groups" to tackle separate policy questions. "We really

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are using the cabinet to develop policy proposals."

What has definitely been rejected by Reagan is the old Nixon arrangement of having certain cabinet secretaries responsible for reporting to more senior cabinet secretaries designated by the President. "All cabinet members will report directly to the President."

Another proposal likely to be implemented is the stationing of a representative of each cabinet secretary in the White House, Meese says.

Meese vs. Baker & Deaver. Meese describes his position this way: "My responsibility is to handle policy development and oversee the relations with the cabinet and specifically to direct these four areas":

* The Office of Policy Development--This is Reagan's new name for the domestic policy staff, headed by Martin C. Anderson.

* The National Security Council. The role of National Security Adviser Richard V. Allen, Meese emphasized, will not be "downgraded" but returned to the position envisioned by the 1947 legislation creating the job as a staff adviser to the President. (Meese, of course, is a lawyer's lawyer who digs into the detailed history of nearly everything.) Allen will not have a press aide as did Zbigniew Brzezinski, Meese noted with some contempt.

* Office of Cabinet Administration--This is a euphemism for the fact that Meese oversees the cabinet in addition to being a member of it.

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* The Office of Planning and Evaluation--This is another Reagan creation whose mission, Meese says, is to "plan long-range strategy and keep us apprised of our progress toward long-range goals."

Beal

Jim Baker's job. Baker, says Meese, "will direct activities relating to congressional liaison, the press, public liaison and the administration of the White House." Although Baker's list of responsibilities is long, he really got only the crumbs when it comes to deciding White House policy. Meese has, at this point, an unshakable grip on shaping Reagan's policy decisions.

Mike Deaver's job. Deaver is, technically, a deputy to Baker, but Reagan has depended on Deaver so long for so much that Deaver really has his own unique sphere of influence. No one could cross Deaver lightly. Deaver's job, says Meese, is "to deal with those things that pertain to the President personally...and, to some degree, to coordinate communications activity." Deaver is far from a glorified valet, as some suggest. He is among Reagan's most tried and true. The President will depend on Deaver.

Senior staff. The Big Three, along with the rest of senior White House staff (including Max Friedersdorf, Elizabeth Dole, Anderson, Allen, Lyn Nofziger, etc.) will meet each morning at 8:00.

A leaner White House staff. Meese says Reagan will more than keep his promise to cut the staff of the Executive Office of the President by 10 percent. "We will exceed

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that. We're going to cut everything we can as an example to the rest of government," Meese boasts.

Under the last months of the Carter White House, the Executive Office of the President (including OMB and related executive agencies) consisted of a staff of about 1,700. Of that total, 300 were actually on the White House staff. Meese expects no reduction in the White House staff, about half of which are secretaries and support personnel who survive successive Presidents.

The 10 percent reduction will come by eliminating the Council on Wage and Price Stability, a savings of 200 staff slots. Meese says, incidentally, that "we have some ideas" to abolish COWPS prior to June, when the agency's budget lapses. He insists that it is not necessarily true that Reagan has to keep COWPS until its budget authorization expires.

Bush's role. The Vice President will have "a major role" in the administration, Meese claims. Bush's role "is very much patterned on the role carved out by Vice President Mondale. He [Bush] is in on virtually everything...He will be a very active member of the National Security Council." Bush also will receive national security briefings with Reagan each morning, Meese says.

Congressional relations. Reagan has promised to upgrade the congressional liaison's post in an effort to improve relations with Congress, which were obviously strained during the Carter years. Toward that end, says Meese,

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Reagan is making it clear that ``Friedersdorf has access to the President, and if they [members of Congress] talk to Max Friedersdorf, that's as good as talking to Baker or me.'' It is clear that Reagan, who spent as much time this week in meetings with Hill leaders as anything else, intends to show considerable deference toward Congress, with as much advance consultation as possible, in an effort to generate a friendly climate for his initiatives.

(END)

2 Who Runs Who = 4 pgs.

~~Who Runs Who~~

Cabinet - 2 pgs.

STORY: BRIEFIN
MA: 60 FMT:

QUEUE: SJF-SJF
HJ:

MSG:
INI:

OPR: SJF ; 01/26, 14:48

To: mls lt jf lh dr gp jsl dxb rak

From: sjf

The results of today's White House briefing:

__President Reagan's speech to the hostages tomorrow will be designed to assuage many of the fears they have expressed since their release from Iran. Jim Brady said Reagan intends to deliver "a presidential message not only to the nation, but he's also talking to them."

One thing the hostages apparently wanted from the president was an assurance that this incident has not destroyed their careers in the foreign service. "One of their chief concerns is what their future will be," Brady said. "They want to get back on their career path--this is extremely important to their mental health and well-being. Their most often-voiced concern has been that their career path be resumed as fast as it possibly can."

Brady declined to say whether the hostages would be given special treatment in promotions. But he added, "they certainly served with distinction."

Former President Carter will not attend tomorrow's ceremony. Carter told the White House that he did not want to be invited, according to Brady.

Here's a rundown of tomorrow's events:

1230pm--The first of four planes carrying the hostages and their families arrives at Andrews Air Force Base.

Thereafter, the planes will arrive at 15 minute intervals. Open press coverage. Official greeters include Bush, Haig,

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Weinberger and congressional leaders.

From Andrews, the entire group (about 400 people) travels in buses to the White House. The bus route is as follows-- Suitland Parkway, South Capitol, Constitution, Pennsylvania Avenue. Crowds are expected along the route.

235pm--Buses arrive at White House. The 52 hostages, plus Richard Queen, will be escorted into Blue Room to meet with the President. Relatives go to the South Lawn.

3pm--Beginning of a ceremony on South Lawn with most of the ritual of a state visit. Some 6,000 people have been invited to attend. President makes brief remarks. Spokesman for hostages replies. President makes closing remarks. U.S. Army Band plays National Anthem.

After the ceremony, the hostages return to the Blue Room where Reagan presents them all with a memento--a miniature American flag gift set in a rosewood box. Then the hostages, their relatives and a few dignitaries will mingle in the East Room.

4pm--President makes informal remarks in East Room.

Hostages or prisoners? Throughout the last week, Reagan and his aides have refused to call these people hostages. Instead, they are "freed Americans," "liberated Americans" or "former prisoners." Reagan himself prefers the term former prisoners. Today, however, he described them as "professional soldiers." The implication here is that the Reagan administration intends to return to the Nixon era policy toward terrorists, a policy declaring that

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the United States does not negotiate with hostages takers. Today, Brady hinted for the first time that the administration may soon announce what he described as "new doctrine" for dealing with terrorism. His exact words: "At the time that we're ready to have a new doctrine, we'll announce it with its full ramifications."

(END)

January 28, 1981

FROM: RAK - White House

TO: MLS, LT, JF, BFP, GP, DR, LH, DXB, JWM, DCB, TJF, JSL, SJF, PA, PGH, HAL, JBG

RE: Oil decontrol and other notes

The President today lifted, effective immediately, nearly all remaining controls on U.S. oil. Under the Carter administration's oil-decontrol schedule, price lids would not have expired until September 30 of this year.

The executive order signed by Reagan today removes price controls from about 25 percent of the oil produced in the U.S. The other 75 percent of U.S. production already had^s been decontrolled.

Energy Secretary James B. Edwards, who briefed reporters at the White House, displayed appalling ignorance about the impact of the presidential order. Asked how much increased production would result from the action, Edwards^{replied:} [""]We have no estimate of that...I'm the new guy on the block and must admit I don't have all of the data at my finger[tips]."

But Edwards asserted that projections of a 13-cent-a-gallon hike in gasoline prices are too high. Edwards maintains that a price increase of 3 to 5 cents^{is} a more appropriate figure." That would mean a jump of ~~1/10 to 2/10~~^{one tenth to two tenths} of a percent in the consumer price index, he says.

Murray Weidenbaum^{is}, chairman of the President's Council of Economic Advisers, interjected that it is his view that gasoline prices will be no higher at the end of 1981 than they would have been under Carter's decontrol schedule.

Edwards concedes that there is nothing in Reagan's order to prevent producers from immediately adding the remaining \$3 a barrel to the price of their existing swollen stocks, which were pumped while controls were still in place. But Edwards say^s "I doubt that will take place."

Conservation. The Energy Department estimates the higher gasoline prices will curb consumption by 50,000 to 100,000 barrels a day.

Increased revenue. Largely because of the "windfall profits" tax, which Edwards says he opposes, the federal treasury will reap 3 billion to 4 billion dollars more in revenue in this fiscal year.

Heating oil. Says Edwards, "The home-heating oil is for the most part deregulated now and I think it [deregulation] will have very little effect on the price."

A White House fact sheet indicates that, in anticipation of price decontrol, the number of oil rigs operating in the U.S. grew from 2,000 in mid-1979 to 3,300 today.

The executive order also ends the gasoline-allocation regulations but maintains the standby gasoline-rationing plan drawn up by the Carter White House and Congress. Edwards says he expects there will be some regulators who can be fired from the Energy Department now that there are fewer rules to be enforced.

Some minor price controls on certain kinds of oil production will remain until March 31, but White House aides dismissed this as an insignificant amount of oil.

Press conference. Reagan's first press conference as President will be held at 4 p.m. Thursday.

Seaga visit. Jamaican Prime Minister Edward Seaga today was the first foreign head of state to visit the Reagan White House. At a state luncheon, Reagan praised Jamaica's return to a free-enterprise economy, saying, "His election is a hopeful event.[]" Seaga called for a resumption of friendship between his country and the U.S. and urged Reagan to consult with Jamaica about problems in the Caribbean. The biggest news of Seaga's state visit was his offer of one week's vacation in Jamaica for each of the 52 freed hostages.

The White House today announced the following appointments: Anne Higgins as director of presidential correspondence, working with James Baker; Melvin L. Bradley[?]

as senior policy adviser to the President, working for Martin Anderson; Gregory J. Newell as special assistant for scheduling, working for Mike Deaver.

(END FILE -- rw)

STORY:MEMO
MA:60 FMT:

QUEUE:RAK-RAK
HJ:

MSG:
INI:

OPR:RAK ;01/28,11:02

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

FROM: RAK

RE: Hostage homecoming and other tidbits

During the East Room reception Tuesday for the former hostages, Marine John D. McKeel, 27, of Mesquite, Texas, offered reporters some insights into the ordeal:

McKeel believes the Iranians were very nervous about the onslaught of the Reagan administration. "Some of them [the captors] were afraid of President Reagan and Haig. So we just beefed up the stories. We told them President Reagan would send in the troops...We stretched the truth. We believed the Iranians were afraid of President Reagan and General Haig. That was fine with me," says McKeel. [Is this a whisper?]

McKeel seems to give Reagan the lion's share of the credit for the hostages' release, but he adds: "I know President Reagan has done a great deal and President Carter also. I think I owe my life to both these gentlemen."

McKeel, who lost 40 pounds during his captivity, was kept in solitary confinement for 42 days, he says, for firing a canister of mace into the face of one of the captors on the day the embassy was overrun. "That's when they knocked the filling out of my tooth," says McKeel, pointing to a swollen spot on his left jaw.

The Marine complained mildly that the ex-hostages had been

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given little time to rest since the time of their release. "At West Point they said we were going to be able to rest but every time you sat down or tried to eat, there was something new for us to do."

He also repeated his remarks from the West Point press conference: "I don't know how the rumor got out that some of us were suffering mental [problems]--but I don't think it's true. All the hostages look wonderful."

But some of the Americans did suffer depression while in captivity. "One hostage who roomed with us was depressed and couldn't eat; he wouldn't eat. There was another Marine in with me. To get him to eat, we made him exercise and play cards...He finally beat the depression."

Unlike some of the freed hostages, McKeel says he is eager to return to embassy duty, but not necessarily Iran. "I'll go back to Iran tomorrow if my country sends me...If I do, I'd like to take a few friends with me--a few B-52 bombers."

Hostages' moods. There were no hints from the White House gathering of the 550 or so hostages and their families that any of the freed Americans were experiencing apparent mental or emotional traumas. Moreover, they all appeared healthy and happy. The air on the State Floor of the White House was very relaxed and festive, with the hostages and their families greeting each other casually and spending most of their time piling their plates high with the fancy French pastries from the White House kitchen. All of the

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State Rooms on the first floor were opened for the families to browse through. The guests made themselves comfortable lounging on the antique furniture, admiring the portraits, etc. One family posed together for a family portrait in front of the fireplace in the Blue Room.

Bruce Laingen, the senior embassy official captured by the Iranians, told us that the hostages were very much surprised by the depth of the public response. "I had access to some news but I had no idea that the concern was of these dimensions...There's been such an emotional outpouring...I'm really staggered by this."

Reagan's response. The President, of course, was appropriately moved throughout the day. Jim Brady said that Reagan and Nancy watched from the upstairs window of the family dining room as the hostage buses pulled into the driveway outside the North Portico. "They both started to tear up...and Mrs. Reagan went and got a few more tissues."

The salient point made by Reagan during the ceremony on the South Lawn: "Those henceforth in the representation of this nation will be accorded every means of protection that American can offer. Let terrorists be aware that when the rules of international behavior are violated, our policy will be one of swift and effective retribution. We here have said that we live in an era of limit to our powers, well, let it also be understood, there are limits to our patience."

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There was no briefing Tuesday for White House officials to elaborate on Reagan's remarks. But it is worth noting that all administration officials have been told to refer to the 52 as ``freed Americans`` instead of hostages.

___Pageantry. If the ceremonies for the hostages is any indication, the Reagan White House will be very much into stage productions. Before the hostages' arrival, White House aides were promising a ceremony ``that will send chills up your spine.`` Everything was done to maximize the dramatic effect--and that objective was accomplished. Reagan's flair for electrifying a moment was very much in evidence.

___Appointments. The following appointments were announced today: W. Dennis Thomas as assistant secretary of Treasury legislative affairs; Donald T. Hodel as under secretary of Interior; Donald I. Hovde as undersecretary of HUD; William Gene Lesher as director of economics, policy analysis and budget at OMB.

(END)

STORY:CURRENT
MA:62 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;01/30,16:23

To: mls lt dr rak ljl gp dxb hal jg jbg mfd hal ldm pms

From: sjf

Regulations Freeze:

President Reagan's advisers cannot estimate the impact their 60-day "midnight regulation" freeze because they don't exactly know what orders are frozen.

"Do we know what all these regulations are and what they do? Of course, we don't," says an official of the Office of Management and Budget.

The Council on Wage and Price Stability has a list of more than 100 regulations that clearly are subject to the freeze because they were published in the Federal Register between December 29 and January 23. Although OMB officials claim to be familiar with some of the regulations on the CWPS list, they admit they have no idea what other regulations with effective dates over the next two months are frozen.

Reporters seeking information about these regulations were getting a runaround today. The CWPS list is of no help

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because it provides only the titles of the regulations.

Martin Anderson's office was referring everyone to OMB, but OMB officials were refusing to discuss the substance of the frozen regulations. White House Press Secretary James Brady advised reporters during his daily briefing that the frozen regulations were listed in a National Journal story, but OMB officials claim most regulations listed in National Journal are not involved in the freeze. If we want to do a story on this subject next week, we're going to be forced to call each of the agencies individually for information.

Jeff Eisenach of OMB's Office of Regulatory Affairs said his agency has no idea whether dire consequences could result from freezing these regulations. He said agency people have been instructed to contact David Stockman if they encounter a regulation that should not be frozen.

"If the agencies feel there is cause for a less than 60-day delay or no delay at all, they will grant an exception," he said. "We will address exceptions on a

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case-by-case basis."

What happens after 60 days? At the end of the suspension period, all off the "midnight" regulations will automatically be implemented unless they are officially withdrawn by the agencies. Neither the White House nor OMB will set any standards for deciding which ones will be withdrawn. The decision will be entirely on the shoulders of the agencies.

What do they expect to find during the freeze? OMB officials suspect many regulations were issued at the end of the Carter administration that would be unacceptable to the newly installed conservative officials. "Let's face it," says one official, "Joan Claybrook knows that her replacement is not going to be as sympathetic as she is to imposing costly regulations on the auto industry. Departing officials know there is a limit on how long they are going to exercise influence over the government, so they try to exercise as much influence as possible at the last

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moment."

(END)
