

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Fritz, Sara: Papers
**Folder Title: White House Notes – 05/01/1981-
05/31/1981**
Box: 1

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

STORY:AUTOS
MA:60 FMT:

QUEUE:RAKX-RAK
HJ:

MSG:
INI:

OPR:RAK ;05/01,13:53

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

FROM: RAK

RE: Japanese auto deal

The White House expressed relief today over Japan's voluntary plan to restrict auto exports to the United States. The administration clearly believes Japan now has gone far enough toward assisting U.S. auto manufacturers. Spokesman Larry Speakes confirmed the figures reported from Tokyo yesterday.

"The President is pleased with this statement by the Japanese government. We believe it will go a long way toward eliminating the need for congressional action. We believe it will give the U.S. auto industry time to retool...We're hopeful it will allow the U.S. auto industry to recover," Speakes said.

Reagan's satisfaction with the restrictions agreed to by Japanese automakers was relayed to Republican Senator John Danforth this morning by Commerce Secretary Malcolm Baldrige, Speakes said. The White House seems to think Danforth will accept this deal worked out by trade negotiator Bill Brock.

Speakes insists, of course, that Reagan's free-trade policy has not been compromised by Japan's voluntary constraints. "It has always been our policy to be a basic free-trade policy (sic)...They're (the Japanese) aware of

(MORE)

our opposition and general feeling toward legislation" restricting imports, Speakes said. But he noted, "We had discussions with the Japanese...We were faced with legislation and it was a very real possibility." In other words, the administration never overtly threatened to support legislated restraints, but the administration's subtle persuasion was not lost on the Japanese.

The White House hedges considerably on the question of what this agreement will do to auto prices for American consumers. "We're hopeful that it will not result" in higher prices, says Speakes. "We're hopeful that allowing the U.S. auto industry to recover will help everybody."

Grain deal. The White House also announced today that agreements will be signed shortly for the purchase by Taiwan of 17 million tons of wheat, barley, soybean and maize from American producers over the next five years. The deal is worth about 4 billion dollars to American farmers.

(END)

STORY:MEMO
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;05/04,15:55

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

FROM: RAK

RE: White House notes

Reagan met with some two dozen wavering House Democrats today in an effort to nail down the votes he needs this week on the budget cuts. The lawmakers met with the President in small groups during sessions spread over three hours this morning. More sessions are scheduled for the next few days.

Reagan apparently is promising most of the members that he will pay close attention to their special needs when the cutbacks are fine tuned as the budget process progresses in the months ahead. The long hours of personal contact between Reagan and the legislators are paying off.

After meeting with the President, Representative Donald J. Albosta (D-Mich.) said he intends to vote for the Gramm-Latta package that Reagan wants. "I was undecided, but I expect I'll be voting" with Reagan, said Albosta. "This [meeting] helped me decide how to vote...What we in Michigan need is equity and the President has assured me...that he's willing to look at the problems of Michigan."

Spokesman Larry Speakes insisted that Reagan is not making specific promises to individual congressmen to win their votes. "We've promised them that we'll listen to their

(MORE)

concerns...We have no plans to compromise on the budget at present time," says Speakes.

The White House refuses to announce whom Reagan is meeting with from the Hill. But many of the congressmen talk outside the West Wing after they emerge from the Oval Office. Speakes says a list of the several dozen legislators Reagan has met with will be released later-- probably after the vote on the first budget resolution.

Arms reduction. On a slow news day, most of today's White House news briefing focused on Ed Meese's comments Sunday on television. Speakes sought to make no more news than did Meese, but he managed to make the point that the White House is, at least for now, more interested in talking to the Soviets about reductions in theater nuclear forces than in reducing strategic weapons. "Obviously we're moving at a quicker pace toward TNF reductions," said Speakes, stressing at the same time that the administration is not concentrating on theater-nuclear-force reductions at the expense of reductions in strategic weapons. Speakes refused to confirm or deny reports from Rome that Reagan sent a letter to Brezhnev on the subject of arms control.

Mideast. Speakes does confirm that Reagan sent a letter to Prime Minister Begin regarding the war in Lebanon, but Speakes wouldn't discuss the contents. "The U.S. continues to actively urge all parties to maintain the restraint which we welcome, restraint that has been shown in the last week...We are proceeding with diplomatic efforts...and are

(MORE)

hopeful, there will be results," Speakes said.

(END)

STORY:NOTES
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;05/05,17:19

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

FROM: RAK

RE: White House notes

Mideast emissary. The President has dispatched former ambassador Philip Habib to the Middle East as a special emissary to help resolve the conflict in Lebanon between Israel and Syria. Habib met with Reagan this morning and was to meet with Secretary of State Haig before departing for the Mideast, probably Wednesday.

Habib will meet with the "leaders of government" in Lebanon, Israel and Syria, but the White House refuses to name specifically whom he will see in each country.

Reagan apparently is not sending specific peace proposals with Habib. "He will go there to explore ways to reduce the tensions," says spokesman Larry Speakes. "It will be a listening session...We have been seeking ways to defuse the situation ever since the recent outbreak of violence...Our immediate concern is that he talk to these three countries and report back to the President."

Israeli ambassador Ephraim Evron met with Reagan this afternoon.

Budget cuts. Rawhide saw another couple of dozen Congressmen in small groups spread over two hours this afternoon to continue his push for the Gramm-Latta budget resolution. The White House, from Reagan on down, refuses

(MORE)

to say the President's victory is locked up. During a brief photo opportunity this afternoon over lunch with Senator Dole, Elizabeth Dole, Nancy Reagan and others, Reagan said, in usual good humor: "You know me, I run scared all the time. I'm going to wait for the count...If it turns out like the one [victory] last November, I'll be very happy."

Interest rates. Speakes says the President supports the Federal Reserve's decision to hike the discount rate. "We feel like it's an essential step that is needed at this time...This high prime rate is a result of high inflation," says Speakes.

Note to DR: I checked back with the State Department regarding Mrs. Annenberg's curtsy. There is no State Department policy on how royal visits will be handled in the future, no edict against curtsying if the chief of protocol chooses to. A spokesman at State says no one there is unhappy that Mrs. Annenberg curtsied to Prince Charles. Mrs. Annenberg's aide says she hasn't made any decision about whether she will curtsy the next time she greets a member of the British royal family...My guess is that she will forgo the courtesy in the future to avoid the political harassment.

(END)

STORY: JAPAN
MA: 60 FMT:

QUEUE: CWF-CWF
HJ:

MSG:
INI:

OPR: ALC : 05/06, 15:20

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

FROM: RAK

RE: Suzuki visit, etc.

At a background briefing this morning, national security adviser Richard Allen stressed that the visit of Japanese Prime Minister Zenko Suzuki is not expected to produce "concrete agreements" to resolve differences between the U.S. and Japan. Rather, the trip is intended to establish a better "framework" for the two countries to operate under, and to "reinforce the strong partnership" between Tokyo and Washington. [Allen is to be identified only as an administration official.]

Defense spending. The White House seems resigned to Japan's unwillingness to sharply boost its defense spending. Reagan will move cautiously to promote gradual increases in Japan's military budget. Allen said the administration is sympathetic to such "special constraints" on the Japanese as their long tradition of not spending more than 1 percent of GNP on military needs, and a constitutional ban against placing Japanese troops outside the country.

The administration will, nevertheless, do what it can to encourage Japan to shoulder more responsibility for its own defense. "The basic trend of Japanese defense spending is healthy and good," said Allen. "We think this basic trend

(MORE)

toward increased defense spending...is one we can encourage." But Allen made clear that the White House believes Japan should be doing more in terms of defense surveillance and in providing economic-development assistance "that would enhance security" in Third World countries.

Allen cited a need on the part of Japan to establish "a credible defense of their own territory...A larger Japanese maritime self-defense force would be a highly desirable measure." Japan's defense system is inadequate, Allen said, "in some respects if there were to be a full-scale assault" against the country.

Reagan is not prepared, however, to press Suzuki hard for a rapid hike in military spending. Allen warned of repercussions throughout Japan and Asia" if the U.S. tried to force Japan to "fulfill the role of guardian of the Pacific" as the U.S. seventh fleet now does.

The Soviets, Allen conceded that the Japanese were miffed over the level of consultations between Tokyo and Washington over the lifting of the grain embargo. "The Japanese understanding of consultations may have involved a more comprehensive approach than the U.S. had in mind." In essence, the Japanese merely were alerted in advance of Reagan's decision.

Relations with Moscow are an important item in the talks with Suzuki, and Reagan will urge Japan "to stand firm" withholding advanced technology from the Soviets.

(MORE)

Recent incidents. "I do not think any serious strains were introduced," says Allen, by such recent problems as the sinking of the Japanese merchant ship, the demand for restraint on auto exports, and the lifting of the grain embargo.

Budget cuts. For the first time, the White House says victory is at hand for Reagan's budget cuts in the House. "We do feel today that the tide is running our way," says spokesman Larry Speakes.

The President has met with 60 members of Congress since last Thursday. According to Speakes, Reagan met with five congressmen on Thursday; five on Friday; 26 on Monday; 15 on Tuesday; and nine today.

Rawhide has been spending two to three hours a day jabbering with these lawmakers. He seems paranoid that Tip O'Neil was setting some sort of trap by declaring repeatedly that the Democrats were beaten.

(END)

STORY:TALKS
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:CWF 105/07,15:18

SJF

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

FROM: RAK

RE: Suzuki_talks

Reagan met alone (except for interpreters) for 50 minutes this morning with Japanese Prime Minister Zenko Suzuki in the Oval Office, then convened a larger 40-minute session that included Vice President Bush, Secretary of State Haig, Japanese Foreign Minister Ito, etc., in the Cabinet Room. More talks are scheduled at the State Department today, but Reagan is not participating. He is resting in the family quarters. He will see Suzuki at tonight's state dinner and other meetings Friday.

National security adviser Richard Allen briefed reporters on the progress of the talks thus far, but revealed no secrets. Allen is to be referred to only as an "administration official."

As he has done with foreign heads of state in the past, Reagan relied heavily this morning on establishing a personal rapport with Suzuki, spending most of the time in their private session joking, reminiscing etc. The White House places great stock in the belief that if Reagan is on friendly terms with foreign leaders, he will have laid the groundwork for tackling problems later. "The President and the Prime Minister feel they have established a very close personal relationship," says Allen.

(MORE)

The two leaders, according to Allen, discussed the fact that they both were born within a few weeks of each other, that they both switched political parties during their careers, and that they both own homes overlooking the Pacific and "may have looked out on the Pacific, perhaps at the same time."

In a more significant vein, Reagan virtually apologized to Suzuki for not consulting further before lifting the grain embargo. Reagan promised fuller consultations in the future. "The President indicated that the U.S. will closely consult with Japan in the future on issues important to them," says Allen.

Reagan also expressed "appreciation" for Japan's voluntary auto-export agreement. The President, according to Allen, raised the subject of the sunken Japanese merchant ship. "It was agreed that the Japanese side would continue its investigation and, when the results are completed, forward the report to the U.S. side." Also discussed was Reagan's recent letter to Soviet President Brezhnev on arms control, but Allen refused to elaborate on this. He also declined to say whether Brezhnev has responded to Reagan.

In the larger, Cabinet Room meeting, Suzuki--speaking through an interpreter--praised the warmth of the Oval Office session and said he and Reagan had been "speaking openly as real buddies," according to Allen's notes. "The Prime Minister said that he hoped that in the future, he

(MORE)

could pick up the phone when a problem arises and call the President...The President readily assented," says Allen.

There followed a discussion that covered various topics: China, Korea, the Indian Ocean, the ASEAN alliance and its role in trying to get the Vietnamese out of Cambodia, and Japanese defense spending.

More specifically, Suzuki said "the Japanese people applaud" the U.S. decision to keep troops in South Korea to deter aggression from the North; indicated that Japan has benefitted from closer U.S. ties to China and stressed the need for the West to support China's efforts to modernize.

Reagan did not make a big push for Japan to boost military spending. And, says Allen, "no commitment was made" by Japan to spend more on defense. Allen would only go so far as to say that the subject of Japanese defense spending "will be fully discussed" during Suzuki's visit.

A joint communique is expected to be issued on Friday before the prime minister departs.

(END)

May 8, 1981

FROM: SJF - White House

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

RE: Budget vote post-mortem

White House officials suggested strongly on Friday that President Reagan would accept a Gramm-Latta style compromise with conservative Democrats on the proposed tax cut.

"He's not actually seeking compromise but a few feelers have been put out and he's always willing to listen," said White House Chief of Staff James A. Baker.

Asked whether the effective date of the tax might be one area of compromise, Baker added: "Only in circumstances of an overall compromise. He's not talking about a piecemeal alternative."

Baker said he understood that members of the Conservative Democratic Forum were working on a Gramm-Latta style compromise as an alternative to Reagan's three-year, 30 percent tax cut.

The White House also drew encouragement from the fact that five Democrats on the House Ways and Means Committee voted in favor of the budget. Max Friedersdorf, Reagan's chief lobbyist, indicated that he expected these five Democrats to as ~~more~~ willing to compromise on the tax plan.

"We're much further ahead than when we started our efforts on the budget," Friedersdorf said.

All of this material comes from an on-the-record session

that Baker and Friedersdorf had with about a dozen reporters Friday afternoon.

The President's meetings with Democrats on the budget were important in turning the tide, according to these White House officials. All but four of the 60 Democrats who met with Reagan in the Oval Office voted in favor of the budget. "These meetings certainly did produce votes," says Friedersdorf. Reagan also met with 10 Republicans.

One longtime liberal Democrat from the Northeast who has served under five Presidents told Reagan that this was his first opportunity to sit in the Oval Office and discuss with a President what was on his mind. He later voted with Reagan.

Strategy on the tax package will be similar to the White House strategy on the budget, Baker said. He said he earlier viewed the budget fight as "tough, but doable." He says he now views the tax-cut battle as "tougher, but doable." He adds: "The fact that the President won as convincingly as he did should give us momentum and make it easier on the tougher but doable problem we've got on the tax cut."

(END FILE)

STORY:FRANCE
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:ALC ;05/11,16:44

TO: MLS, LT, BFP, DR, JG, JF, DXB, JWM, GP, DCB, LH, SJF,
PA, PGH, JH
FROM: RAK
RE: White House notes

The White House reacted with extreme caution today to the election of Francois Mitterrand. National security adviser Richard Allen held a background briefing, largely to deny wire reports that Reagan was slow to offer his congratulations to the President-elect. (Allen's comments should be attributed to an "administration official.")

Reagan sent a congratulatory message to Mitterrand promptly, Allen said, but release of the message was delayed in Washington until it was received in Paris.

Allen hinted that U.S.-French relations might even benefit from Mitterrand's election. Mitterrand is considered a hard-liner vis-a-vis the Kremlin, and he is more pro-Israeli than was Giscard. He has expressed support for the Camp David peace process.

During his election campaign, Mitterrand pledged not to bring Communists into his government, but there is no certainty now that he will not be forced to include Communists. Allen was asked whether the prospect of Communists in the French government would concern the Reagan administration:

"I think it would, certainly the role of the Communist Party in a cabinet of a European ally would be something

(MORE)

...that would attract our attention, and cause us to examine the situation carefully, although we don't feel that it is a foregone conclusion whatsoever that there will be Communist participation in the new French government...Let's recall that the Communist Party...was strident in its opposition of Mr. Mitterrand...So, Mr. Mitterrand is a socialist in the European socialist tradition...That does not mean that he understands Marxism-Leninism to be a guide for the present or for the future."

Allen refused to answer most of the questions put to him, saying it is too early to assess the consequences of Mitterrand's victory and that a full analysis is underway. He was cautious not to say anything that might be interpreted as criticism of Mitterrand.

"It's anticipated that, based on the long-standing warm relationship between our two countries, that our relations will continue to develop with France...We are not drawing any conclusions other than that we are standing prepared to work with the new French leadership...One should exercise a healthy caution and due respect for a new administration without trying to prejudge it whatsoever," Allen said.

Social security cuts. Reagan was to make several important decisions this afternoon concerning new administration cuts in social security programs. For fiscal '82, the cuts are supposed to total about 8 billion dollars. Reagan met this morning for an hour with the cabinet council chaired by HHS Secretary Richard Schweiker to discuss the additional cuts.

(MORE)

This clearly is a politically explosive problem for the White House, since Reagan has pledged not to tamper with the so-called "safety net" programs, which include basic retirement benefits under social security.

Said Larry Speakes: "We will not violate the pledge the President has made. Full retirement benefits will not be cut...It's our desire that those now receiving social security retirement benefits will not have their benefits cut...Full retirement benefits will be continued for those now on social security."

Reagan clearly will try to make the necessary changes in social security without cutting basic retirement benefits. All other social security programs are vulnerable. And Speakes noted that changes in the cost-of-living increases that recipients now get twice a year are a possibility, but he said the administration would try to make these cuts "minimal."

It seems likely that benefits for future recipients will be delayed or otherwise cut to bolster the financial condition of the social security system.

Congressional deals. The President met this morning with the 22 ranking Republicans on the House committees to discuss upcoming appropriations bills. There was little discussion of the tax bill, according to Speakes, who quoted Reagan as telling the lawmakers: "I think this sets stage for the reconciliation process. I hope we'll keep the ceiling when we get down to the specific programs. This

(MORE)

gives us momentum as we move forward."

Reagan held a reception this afternoon for the 263 House Republicans and Democrats who voted for his budget cuts. Those who voted against the President were not invited.

(END)

STORY:NOTES
MA:60 FMT:

QUEUES:CWF-CWF
HJ:

MSG:
INI:

OPR:CWF 105/12,15:52

TO: HLS, LT, BFP, DR, JG, JF, DXB, JWM, GP, DCB, LH, SJF,
PA, PGE, JR

FROM: RAK

RE: White House notes

El Salvador. The White House stated its opposition today to the Senate Foreign Relations Committee bill setting conditions for continued aid to El Salvador. Said spokesman Larry Speakes: "There are some goals in the legislation with which we tend to agree...But we do not feel it is helpful to impose conditions on the aid that we think is needed to give that government a chance to develop the stability necessary for the advancement of reforms...We don't feel it's particularly helpful to what we're trying to do."

Governors. The President met with a group of governors this morning and pledged to go "all out" to win congressional approval of block grants that would replace categorical aide programs, thereby giving states greater flexibility in spending federal dollars.

Reagan has been able to sell his budget cuts to the governors by promising block grants and a loosening of federal regulations and red tape. Most of the bipartisan group of 19 governors were pleased with Reagan's commitment. Said Illinois Governor Jim Thompson: "I've never heard the President voice as strong support for a program as he did for block grants." Thompson, always

(MORE)

eager to get on the network news and in the headlines, wrote down Reagan's exact words to the group: "The block grant approach is a major goal of our administration. It's absolutely imperative that it pass Congress," Reagan said.

'82 deficit. Reagan is hedging a bit on his pledge to keep the '82 budget deficit to 55 billion dollars. Asked whether the President might accept a higher deficit in 82, Speakes responded: "We're committed to hew as closely to the line of a 55-billion-dollar deficit as is humanly possible."

(END)

STORY:POPE
MA:00 FMT:

QUEUE:CAF-DWP
HJ:

MSG:
INI:

OPR:DML 105/13.14:49

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

FROM: RAX

RE: White House notes

The Pope. After the pope was shot this morning, Reagan telephoned Terence Cardinal Cooke in Yonkers, N.Y., and "expressed the sorrow of the American people and expressed his personal concern for the pope," Larry Speakes said.

Cooke promised to relay Reagan's sentiments to the Vatican.

When Ed Meeseid notified Reagan that John Paul II had been shot, the President expressed shock, and his first words, according to Speakes, were, "I'll pray for him." William Wilson, the U.S. representative to the Vatican, was on his way to Washington from the West Coast when the shooting occurred. Reagan has never met the pope.

Several events planned for today at the White House were cancelled because of the shooting, including a presidential reception for senators who supported Reagan's budget cuts, and a performance for Mrs. Reagan by women Olympic gymnasts.

Social security cuts. "Our initial reaction to the social security proposal has been generally favorable," says Speakes, referring to reaction in Congress. "We were faced with a very stark reality: Either we do something or the system would go broke next year...We have done the very best we could in light of the present circumstances."

(MORE)

Speakes claimed ignorance of public reaction as measured by White House switchboard. In the past, when public reaction to Reagan's proposals was favorable, the White House proudly reported the number of approving calls vs. the number of complaints. No such tally has yet been released on reaction to the social security cuts.

Crime. Reagan met with a group of Senate Democrats this morning to discuss upcoming crime legislation. Speakes quoted the President as telling the group in the Cabinet Room: "I can assure you of cooperation on our end. Whenever the American government can help, I will say yes." Reagan also noted that anti-crime measures by the feds should never compromise states' rights.

Soviet jetliner. The four-hour detention of the Aeroflot jetliner by Customs agents at Dulles airport was done without "any violation of diplomatic immunity," says Speakes. The agents "had reason to suspect certain outbound cargo was on board without valid export license." But Speakes refuses to say what the cargo was. There was no search of diplomatic baggage or mail, according to Speakes. He adds: "The Tass charges are colorful but absurd. We categorically deny them."

(END)

STORY:COALITI
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:CWF ;05/14,10:47

TO: MLS, LT, DR, BFP, JF, JG, DXB, JWM, GP, DCB, LH, SJF,
PA, PCH, JH, CAS

FROM: RAK

RE: The Reagan coalition

The House. Chief White House lobbyist Max Friedersdorf believes the coalition of House Republicans and conservative Democrats who backed Reagan's budget cuts can be preserved as a permanent entity, largely because these congressmen share the same basic views as the President.

Says Friedersdorf, in typically understated fashion: "How long the coalition will last, I have no real idea. But it would appear not to be just a single, once-in-a-lifetime, flash-in-the-pan coalition. There are the dimensions of something permanent there...There are a lot of Democratic congressmen who have the same basic ideology and philosophy toward government as the President does...On spending, taxes, deregulation, cutting government, I think we're going to get a lot of support from the other side of the aisle." [All of Friedersdorf's comments are on the record.]

He notes that many of the boll weevils in the House who voted for Reagan's budget cuts hold safe seats and supported the President more because they agreed with him than because of pressure from constituents. Friedersdorf also refers to a group of 22 Democrats in the House that he calls the "nervous" list. These are congressmen who

(MORE)

opposed the Gramm-Latta substitute but voted for it on final passage. They are more moderate members who might not be as inclined to agree with Reagan, but will support him often because the President is very popular in their districts. Budget Committee chairman Jim Jones is one on the ``nervous`` list.

The Senate. Although the 53 Republicans in the Senate pretty much assure Reagan a majority on major issues, there are six to 15 Democrats who tend to be philosophically aligned with the President in the same way as the conservative House Democrats, says Friedersdorf. ``The potential is there on every vote for a Reagan victory`` in the Senate, he says. But he gives most of the credit to Edward Baker, who he says has done an extraordinary job of promoting Republican unity.

Although it would appear unnecessary, Reagan is working hard to cultivate conservative Senate Democrats. On Wednesday he met with a group of about 15 moderate to conservative Democrats such as John Stennis and Russell Long to talk about crime. Crime, of course, is not a partisan issue, and Democrats don't have to be persuaded to oppose crime. But the senators requested the meeting and Reagan was eager to oblige them. Spokesman Larry Speakes says the President took advantage of the time to bring up other subjects and to play the friendly role of concerned listener.

The coalition. Speakes suggests that the bipartisan

(MORE)

coalition Reagan is building in Congress will be stronger than Nixon's southern coalition and at least equal LBJ's coalition, which gave him the Great Society. Friedersdorf is more precise. "The Nixon coalition was strong, but not nearly as strong as this one (Reagan's), because Nixon didn't have nearly the Republican unity that the President has. And Johnson's majority wasn't really a coalition. He had such strong Democratic majorities in the House and Senate that it really was party control."

Friederdorf insists there has been no agreement by the White House to lay off conservative Democrats in 1982, but he says: "Politics and the '82 campaign are the farthest thing from his [Reagan's] mind. But I can't imagine him breaking his pick trying to defeat somebody who has supported 100 percent of his programs...The President has said repeatedly that he doesn't look at this Congress as Republicans and Democrats."

Speakes says there is a possibility of another Gramm-Latta-type bipartisan vehicle for the tax bill. The White House has been working closely with Representative Kent Hance, a conservative Democrat from Texas who supports Reagan's three-year, 30 percent tax cut. The boll weevils were to caucus this week and may come up with a bipartisan alternative that Reagan could embrace. "It may turn out to be Hance-Latta this time," says Speakes, on background.

The President. To preserve the new coalition, Reagan is stepping up heavy personal contacts with lawmakers, meeting

(MORE)

with at least a half dozen guys from the Hill virtually every day. But there is nothing much the White House can do, says Friedersdorf, to speed up consideration of the tax bill or other measures while Reagan enjoys widespread support in Congress. No new initiatives are being sent to the Hill. All attention is now focused on the budget and tax cut.

As we have said so many times before, Reagan enjoys the role of salesman. He likes telling jokes and rubbing elbows with lawmakers. He would much rather be playing President with people than making detailed executive decisions.

"He's willing to keep up the personal contact," says Friedersdorf. "He encourages a lot of congressional contact and is willing to give a lot of his schedule every day to Congress on a regular basis...The President doesn't carry on a monologue in these meetings. He's a very good listener. They talk about a lot of other programs and problems than the budget and taxes. They talk about everything from the little projects the senators or congressmen are interested in to preserving Western civilization...Every member has his own personal agenda he would like to discuss with the President in an intimate setting, and they really appreciate the opportunity to talk with the President one on one....There's no secret to it. He (Reagan) is just a good conversationalist and there is a genuine sincerity that comes through. It's not a put-
...Some of these liberals who think he has horns find out

(MORE)

he's a very sincere guy."

Friedersdorf said a liberal House Democrat who has served under five Presidents told Reagan that he never before had had the opportunity to talk to a Chief Executive in a small group about the things that really concerned him. Past Presidents have insisted on doing most of the talking. Reagan is happy to listen and tell a few funny stories.

The lobbyist. Friedersdorf earns high marks for his unrelenting attention to detail and his sincere, low-key approach to dealing with lawmakers.

While I was in his office, he took two phone calls, one from Jesse Helms and one from Harry Byrd. Friedersdorf had invited a group of senators and their wives to the Kennedy Center last night, but Majority Leader Baker decided in the afternoon to keep the Senate in session until about 10 p.m. to finish up the defense appropriations bill. As a result, the senators were calling to cancel on the Kennedy Center. But Friedersdorf in both cases insisted that the senators' wives come along anyway, "alone or with a friend." He offered to send cars to pick up the wives at the Capitol. He wasn't overly ingratiating, just helpful to the senators. I imagine he wound up at the Kennedy Center last night with a bunch of wives and no senators, but I'm sure he didn't consider it a wasted evening.

In his front office, Friedersdorf's aides were making sure that every congressman who voted for the budget cuts got an autographed photo of Rawhide, preferably with the

(MORE)

congressman. And there was a small gift and note from Nancy Reagan that a Friedersdorf aide was to take to Baker's wife, Joy, who is in the hospital recovering from surgery for a stomach ulcer. Friedersdorf noted that all of his aides have worked in congressional offices and are sensitive to lawmakers' foibles.

Friedersdorf is equally sensitive to congressional egos. "Taking care of little details adds up to big things in the long run," he says. "If you make an honest effort to help a senator or congressman promptly, then when you need him, you've got an entree. If you ignore the little things and don't return phone calls promptly, when you need them, you'll find the door closed."

(END)

STORY:MICHAEL
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;05/14,13:32

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

FROM: RAK

RE: Michaelgate

Perhaps there is a Current in the controversy surrounding Michael Reagan's use of his father's name in a move to win defense contracts for a Burbank, Calif., firm he has been hired to represent.

White House spokesman Larry Speakes said Michael telephoned the President Wednesday, after Michael had been "hounded" by reporters over letters he had written to several military bases soliciting business for Dana Ingalls Profile, Inc. The President, according to Speakes, did not in any way caution Michael against continuing his business relationship with the firm, which manufactures small parts for defense equipment. Michael is listed as vice president for marketing and sales.

"I don't think the President has any problems with the way Michael is doing business...I know that the President feels Michael is a private citizen and that Michael ought to have the opportunity to do business with the government as a private citizen...He [the President] certainly sanctions the necessity for Michael to do business with the government as a private citizen."

Speakes adds, "These contracts are up for competitive bids and they would be awarded on the basis of competitive

(MORE)

bids and it would be rather difficult to trade on the
 : ily name if contracts are awarded by competitive
 bids...I do not think the competitive bidding process is
 being circumvented...It is my belief that Michael was not
 trying to trade on the President's name."

Speakes claims not to know how long Michael has been
 associated with the firm. SJF called the company and was
 told that Michael has been representing Dana Ingalls since
 January 1. He is not a full-time employee, and apparently
 is just paid a fee for the use of his name.

This is a pretty transparent case of the firm, and
 Michael, trying to cash in on the Reagan connection. I
 suspect we're going to hear a lot more about it.

Social security cuts. The White House concedes that mail
 and telephone calls are running heavily against the
 President's proposed social security cuts. During the first
 48 hours after the cuts were announced, the White House
 switchboard received 621 calls opposing the cuts, and 23
 supporting the cuts. It received 111 letters against the
 cuts and 54 letters supporting the cuts.

COLA. There is a "slim" possibility that Reagan will
 decide to propose a three-month in pause in social security
 cost-of-living raises this year instead of next, says
 Speakes. "That's an idea that is bouncing around
 OMB...This remains in the idea stage. It has not been
 presented to the President."

Tax cut. Speakes read a statement by the President

(MORE)

denying today's New York Times story saying he's ready to
promise on the tax cut. "I believe the tax program we
have presented is the right one for the country. I haven't
changed my position on that one bit," said Reagan. Added
Speakes, on the subject of a compromise, "We're willing to
listen."

(END)

STORY:WHU
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/14,14:53

to: mls lt jf bfp dxb jwm gp dr jg dcb lh rak pa pgh jls
fwf jgb mfd

From: sjf

Background information from a lunch with Robert F.
Bonatati, deputy special assistant to the president for
public liason and the White House's labor man.

— Roy Williams, soon-to-be president of the Teamsters, is expected to be indicted sometime next week on charges of trying to buy a Senate vote against trucking deregulation.

Both Williams and Allen Dorfman, the Teamsters' Chicago insurance whiz with alleged mob ties, will be named in the indictment issued in Chicago. Former Senator Howard Cannon will be an unnamed, unindicted co-conspirator whose identity will be apparent from reading the indictment.

Williams apparently was not Fitzsimmons' own choice as a successor. Bonatati was told by a high-ranking Teamster official that Fitzsimmons had expressed a preference for Joe Morgan, a Teamster vice president from the South with a reasonably clean reputation.

There's reason to suspect that Frank Fitzsimmons was dead a long time before his death was announced. Several clues:

(1) The death was announced on the very day that the general board was meeting to select a successor, (2) he was buried the very next morning and (3) Bonatati, who was the first to confirm Fitzsimmons' death at about 4 p.m. last Thursday, was told by hospital officials that the family had just consented to "announce" it. The implication is

(MORE)

that the news of Fitzsimmons death was withheld while a deal over his successor was cut.

Needless to say, there is concern at the White House over how to handle President Reagan's relationship with the Teamsters after the Williams indictment comes down.

Tax Compromise. Any compromise between the Democrats and Reagan on a tax plan will have to include "some mention of a tax cut in the third year." This means the President is willing to accept something less than a firm three-year tax cut, but he still wants a bill in which a third-year cut is raised as a possibility--perhaps tied to the inflation rate or the budget deficit.

Reagan and Labor. Apparently AFL-CIO President Lane Kirkland has been singing that old familiar song--the administration never consults the AFL-CIO. This complaint angers Bonatati, who was unable to reach Kirkland for more than a month while the AFL-CIO President was off traveling in the Middle East and elsewhere.

(END)

STORY:COMPROM
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;05/15,13:32

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

FROM: RAK

RE: Tax compromise

The White House this afternoon sent the clearest signal yet that Reagan is prepared to compromise on a tax cut.

"We're committed, first of all, to a multi-year tax program...He [Reagan] would prefer to see it for 10 percent for three years," said spokesman Larry Speakes. "I once said [compromise] was a dirty word. But it's not a dirty word" now.

To understand Speakes' subtle message during today's briefing requires reading between the lines somewhat. He didn't want to be quoted saying Reagan was ready to compromise. But he wanted to make clear that the President is more amenable to compromise than he has been in the past. When a reporter asked Speakes whether it wasn't fair to conclude that the White House has shifted its staunch opposition to compromise on the tax bill, he responded: "I would let you read that into it, yes."

Speakes also said: "He [Reagan] is still in a position of being willing to listen...The basic thing is a tax bill that will do the job for the economy...We still think the three-year, 10-10-10 is the preferred way to go...Now is the time to compromise, although we're willing to listen."

(MORE)

Speakes shed no light on the reasons for the President's change of heart. A head count in Congress may have been the most decisive factor. (We will be talking with David Gergen later this afternoon and should get a clearer explanation of what's behind Reagan's willingness to compromise.)

Foreign leaders. Reagan met for 25 minutes this morning with the South African foreign minister and for 10 minutes with the Romanian foreign minister. But few details of the meetings were released.

(END)

STORY:WHU2
MA:60 FMT:

QUEUE:SJFX-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/15,18:06

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

From: sjf

Background information from David Gergen, White House

Staff Director:

__There has been some talk of a tax compromise that would include a ``trigger`` mechanism in the second or third year. Gergen volunteers that ``even some supply-siders`` have been saying that a two-year tax cut would be okay.

But President Reagan himself has given no signals about the type of compromise he would accept. He's only indicated a willingness to look at alternatives.

ocial Security package. The timing of the Social Security announcement was not what the President wanted. Reagan had hoped to delay the issue until after enactment of the economic program. But he was forced to act sooner because Representative J.J. Pickle was threatening to proceed with hearings on other proposals and because the cost-of-living issue had been raised on the Hill.

Although the Social Security plan may ``nick`` the president's popularity, white House aides are hoping it will also give encouragement to the financial community. Gergen says the financial markets have not responded to Reagan's program because the President has not yet seriously attacked the entitlement programs.

More spending cuts. More spending cuts are under consideration for the current fiscal year, but they have ruled out deferring the upcoming Social Security cost-of-

living adjustment. Also considered and ruled out:

Additional cuts in food stamps.

Watt. Edwards, Simon. Gergen confirmed our whisper of last week about Watt. He says Watt does not think his tenure in Washington will be long, but he's willing to take that risk in order to accomplish his goals. "He understands that his political life may be shorter than others," says Gergen. Yet there is no suggestion that Watt is unpopular. On the contrary, he's got a lot of friends at the White House.

Edwards' stock also has risen slightly at the White House. But Edwards has told the White House he's been asked to run for governor of South Carolina, and state party officials "want an early commitment."

Former Treasury Secretary William Simon, who's been passed over for several top posts in the administration, is now being offered an honorary commission post. It comes as no surprise that he's less than enthusiastic about it.

Whisper. President Reagan just read a stack of magazines and announced during this week's Cabinet meeting that he disagrees with USN&WR's recent whisper quoting a Congressional source saying Cabinet government is doomed.

(END)

STORY:WHU1
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/19,15:05

To: mls lt jf bfp dxb jwm gp dr jg dcb lh rak pa pgh jbg
lw mfd

From: sjf

White House backs off Social Security plan.

The Reagan administration is already backing away from the controversial cuts in Social Security benefits that the President proposed last week.

Deputy Press Secretary Larry Speakes Tuesday characterized the program as a mere collection of "ideas" that will help stimulate debate in the Congress. He said the program was put forth in response to questions from Representative J.J. Pickle (D-Tex.), and he indicated the administration will not object to changes in the plan.

Just last week, administration officials insisted their proposal was essential to the financial future of the Social Security system. The quick turnaround suggests that Reagan is not prepared to take the political risk necessary to pursue this highly unpopular proposal. White House mail and telephone calls have been running heavily against the Social Security proposal.

Saudi Prince. Speakes confirms reports that President Reagan met secretly on Saturday with Prince Turki al Faisal^a of Saudi Arabia. The 30-40 minute meeting was held in the Oval Office. Subject: Undisclosed.

U.S.-Japanese relations. Speakes insists there is no problem with U.S.-Japanese relations, despite recent events in Tokyo--including the latest disclosure that the U.S. has

been docking nuclear-equipped vessels in Japanese ports.

(END)

STORY:WHUDD2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/19,15:52

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

From: sjf

The following items come from a background interview with
Lyn Nofziger, White House political director.

Cooperation between Republicans and conservative Democrats in the House ``could well be the forerunner of a working majority or an actual majority after 1982.''

If the Republicans win a dozen new House seats in 1982, Nofziger predicts, another 14 re-elected Democrats will switch to the Republican party.

As for Tip O'Neill. ``He's finding it difficult to lead where no man follows.''

* NCPAC's tactics against Senator Paul Sarbanes will not backfire. Nofziger notes that polls show early attacks on a candidate are always more successful than attacks close to the election, when a backlash is possible.

* Reagan can take some credit if Republican Audrey Scott wins in Maryland. But if she loses, it will not be a defeat for Reagan because it's a heavily Democratic district. Nofziger adds this gem of political wisdom: ``What happens in 1981 doesn't signify a damn thing for 1982.''

* Nofziger was not consulted about the Social Security package before it was unveiled. As a result, he complains about about ``not being a part of the decision making process.'' Rumor says Nofziger thinks the proposal was ill-timed, but he refuses to criticize it. ``The central thing is that you get something out so dialogue and debate can

begin." He adds. "I'm not worried about a dip of three or four points (in the polls) if there is one." He says "the press has not looked at this thing objectively," and has emphasized only how people will get hurt.

(END)

STOR: WEID
MA:75 FMT:

QUEUE:JBG-JBG
HJ:

MSG:weidenbaum memo
INI: OPR:JBG

;05/20,12:29

To MLS, LT, JG, DCB, LW, SJF, PGH

From JBG 5/20/81

Murray Weidenbaum, Chairman of Council of Economic Advisers, at Sperling breakfast. On the record.

Tax program: Reagan's tax proposal was the chief topic of discussion. Indirectly, Weidenbaum confirmed earlier signals that the White House is willing to compromise on the tax cuts. The White House will press hard for its three-year, 10-10-10 individual rate cuts and accelerated depreciation "to the extent that we have a real opportunity to get our package rough," said Weidenbaum. So far, the administration has seen no alternatives that it likes better than its own program, but it's always willing to sit down and talk with lawmakers.

From a purely economic viewpoint, a retroactive business tax cut and multiyear cuts in marginal tax rates for individuals are the essentials that Congress must go along with, says Weidenbaum, though not in so many words. The precise effective date of the individual tax cut and the precise percentage of the trims, he indicates, fall into the realm of political and legislative chips to be played on Capitol Hill.

One plus from delaying the effective date of the individual tax cuts by three or six months to January 1, 1982: Smaller budget deficits in 1981 and 1982. And Dole's 8-8-8 approach is close enough to the administration's 10-10-10 to have similar economic effects. The administration still wants speedy action, however. The longer it takes to get the program in place, the longer it will take to achieve the economic goals, says Weidenbaum. Most important is to reduce uncertainty about the

(MORE)

legislative outcome, so that business investment will start to increase.

Economic outlook: The unexpectedly strong first quarter was "a legacy of the past, not a harbinger of the future." The rapid growth is unsustainable, said Weidenbaum. The "ebullient" numbers of the first quarter are as "ephemeral" as the precipitous decline in GNP in the 2nd quarter of 1980.

The CEA has not officially changed its forecast for the rest of the year in light of the strong showing, but is now reviewing its numbers in preparation for the mid-year budget review in July. It is "still very likely" that the second and third quarters will be "much weaker" than the first quarter, which will be the best in 1981. Weidenbaum says it's "too early to tell" if either the second or third quarters will show negative growth. The administration has not published a quarter-by-quarter outlook for this year, so it's hard to tell exactly what the first quarter results do to their scenario.

Weidenbaum, in fact, insists that the first quarter results have not altered any thinking about the economic program. If anything, the numbers reinforce the beliefs of Reagan and his advisers that they're doing the right thing. "Nothing has changed in the economy to change the President's views," said Weidenbaum. "The first quarter results don't change his views or his long-term strategy." Weidenbaum explains that the underlying economic trend is one of high inflation and high unemployment, a trend that clearly signals the need for a new, long-term policy which is what Reagan has proposed. The risks of the status quo are greater than any risks in proceeding with the administration's plan, says Weidenbaum.

(MORE)

Interest rates: People on Wall Street maybe are ``slow learners`` about the President's proposals, said Weidenbaum. Their worries about the program and the resulting rises in long-term interest rates are a setback to the program, he acknowledged. It means that the positive effects will take longer to be felt. Interest rates will eventually come down, but not as quickly as he'd like. It will take a while for the markets to realize the seriousness of the administration's intent to slow the growth of the money supply and to stick to its program, he said. The market's skepticism is understandable, he continued, because it's been burned in the past by Washington. Weidenbaum argued the case, once again, that Reagan's defense buildup--a major worry to financiers--is much slower and smaller than LBJ's Vietnam buildup.

Federal Reserve: The meeting May 18 of Paul Volcker, Reagan and David Stockman was at Volcker's request. The administration supports the Fed's monetary growth targets and ``implored`` the Fed to meet them.

Possible Whisper? Former professor Weidenbaum found an eager student in Reagan. In preparation for the meeting with Volcker, Weidenbaum briefed Reagan last week on the intricacies of monetary policy, complete with an ``elaborate`` set of flip charts.

Budget: Higher than expected interest rates mean that Reagan will not meet his 1981 spending and deficit targets without additional budget cuts. A program-by-program review is now underway to find those cuts, no amount specified. Treasury Secretary Regan has talked of 5 billion dollars.

Social Security proposals: In retrospect, the administration came in too fast and without laying the proper groundwork on the Hill for its

(MORE)

proposals. It moved so quickly because Rep. Jake Pickle (D-Texas), chairman of the Ways and Means subcommittee was moving so fast with his own ideas, which the administration disagreed with. Pickle was asked to slow down, but he made clear the Ways and Means Committee was prepared to act on Social Security. "We came in as heavies," said Weidenbaum. "We see ourselves as good guys, biting the proverbial bullet."

The administration chose to come down so hard on early retirement because it believes the 65 retirement age is "a very strong national commitment" that shouldn't be tampered with. The incentives to retire early are excessive, said Weidenbaum. Borrowing from the Treasury or other Social Security trust funds was rejected as a "quick fix."

(END)

STOPY: SCHMIDT
MA: 00 FMT:

QUEUE: CWF-CWF
EJ:

MSG:
INI:

OPR: RAK 785/28, 15:51

TO: MLS, LT, DR, BFP, JY, JG, DXB, JWM, GP, DCB, LH, SJP, ✓ 296A

PA, PGH, JH

FROM: RAK

RE: Schmidt visit and other White House notes

The Reagan White House does not intend to accelerate its timetable for talks with the Soviets on reducing theater nuclear forces in Western Europe—despite German Chancellor Helmut Schmidt's publicly stated aim of persuading Reagan to advance the talks. National security adviser Richard Allen, who stated the administration's position in a background-only briefing this afternoon, feigned ignorance about Schmidt's desire to speed up the talks.

"We've received no notification of any type [from the Schmidt government]...So far, all that we've seen were only newspaper reports," said Allen. But Schmidt, under attack from leftists for his support of the U.S. plan to modernize NATO nuclear forces in Europe, reportedly said on German television before leaving Bonn that one of the chief goals of his U.S. visit would be to get Reagan to agree to earlier talks with the Soviets. As things now stand, the White House has said only that it would begin TNF-reduction negotiations with the Soviets "around the end of the year." This vague timetable has generated concern in Europe, where there is skepticism that Reagan will stick to the "two-track" plan of modernizing nuclear weapons while simultaneously negotiating cutbacks.

(MORE)

Advancing the timetable by a few months would provide Reagan the opportunity to boost Schmidt's political standing in Germany, but the White House appears unwilling to budge. Said Allen, "The timetable that has been established is the one the alliance will follow...The earlier commitment agreed to by the [NATO] alliance in Rome and Brussels will stand...Careful preparation and inter-alliance consultation will precede the talks."

The agenda. The talks between Reagan and Schmidt will cover the usual broad range of topics. Allen mentioned: Mitterrand's election; world economic conditions; high U.S. interest rates; East-West relations; North-South relations; the new partnership Reagan wants among the U.S., Canada and Mexico; the upcoming Ottawa summit of industrial nations; German defense spending; refinancing of Polish debts to the west; U.S. policies toward the Caribbean; and international terrorism.

The leaders. Schmidt and Reagan have met twice before, in 1978 in Germany and last November at Blair House. Consequently, Reagan will not spend as much time as he has during previous visits by heads of state showing what a nice guy he is. "The two men have established a personal relationship, although not a close one, so they won't have to spend a lot of time just getting to know each other," Allen said.

Habib mission. White House spokesman Larry Speakes was

(MORE)

very careful today not to upset the delicate state of affairs in the Middle East. He said simply, "We welcome any actions which will defuse the situation...We certainly welcome what is happening--or appears to be happening--at the present time." Speakes avoided saying that a resolution of the Syrian-Israeli missile crisis is imminent.

Habib's mission is still "open ended," according to Speakes, and no decision has yet been made about when the ambassador will return to the United States.

The White House stresses that there is no U.S. plan, per se, to end the missile crisis. Speakes describes Habib's mission as "a series of ideas carried back and forth."

Kennan's proposal. As might be expected, the White House has no apparent interest in--and Speakes had no comment on--George Kennan's suggestion that the U.S. and Soviets halve their nuclear arsenals.

Haig and Japan. Haig has cancelled a scheduled trip to Japan to meet with the new Japanese foreign minister. The white House blames scheduling conflicts, saying the political climate in Tokyo resulting from recent flaps was not a factor. Haig and the new Japanese minister will meet later in Manila.

Lefever. The President remains "solid and firm" behind his nomination of Ernest Lefever as assistant secretary of states for human rights.

Tax cut. Speakes used the same "solid and firm" phrase to describe Reagan's commitment to a three-year, 30 percent

(MORE)

STORY: SCHMIDT

PAGE: 4

income tax cut. Once again the signals from the White House are being reversed as to whether the President is willing to compromise on the tax cut.

(END)

STORY:WHU3
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/20,19:15

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

From: sjf

This material comes from a background interview with David Gergen, White House staff director.

The administration probably mishandled the Social Security proposal, says Gergen. "A lot of time went into the substance of the program, but we did not spend a lot of time strategizing. We blew it."

Gergen says the administration did not intend to send a signal earlier this week that the President is backing away from the proposal. "That was not the impression we were trying to create," he says. "We had not intended to put out that message." (This contradicts what Larry Speakes is telling reporters on background.)

According to Gergen, the administration's proposal was negotiable from the very start. Among the changes the White House would accept in its proposal: A phase-in period for denying benefits to people under 65, further changes in the COLA schedule and an overall reduction in the cuts.

Gergen still contends the proposal was put forward because Representative J.J. Pickle's subcommittee was marking up another bill. But when he's asked why White House officials allowed Pickle to force their hand, he replies: "I've wondered about that too."

Gergen also seeks to counter the general impression that the administration is backing off because the plan is unpopular. Although the White House has received plenty of

negative reaction, "it wasn't a firestorm--not as bad as the Democrats are contending." He takes comfort in noting that newspaper editorial writers have congratulated Reagan for doing something to put the Social Security system on a better financial footing.

Nevertheless, White House officials fear that the political fallout over the Social Security plan could hurt support for the tax program. What worries them is the possibility that when Congress members go home for the recess "they'll hear a lot about Social Security and interpret that as a lack of enthusiasm for the tax cut."

The White House is thinking about sending some of its people to retirement centers such as Florida and Arizona to make speeches explaining the President's position. But the President himself will not get involved.

Tax Compromise. Gergen says there's a change a tax compromise will be reached before the end of the week.

"All the players are talking to each other," he says. He describes the current talks as a "a dance--a minuet."

The administration's strategy: First, cut a deal with the Southern Democrats and, then, take it to Rostenkowski for further negotiations. Objective: A compromise with the Democratic leadership. "If Rostenkowski sees that a compromise is possible with the Southern Democrats, he'll want to talk," says Gergen.

Kent Hance. White House officials take pride in pointing out that the administration is working closely on a

(MORE)

possible tax compromise with Democratic Representative Kent Hance of Texas, even though his first opponent for election was George Bush's son.

(END)

STORY:WHU4
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF

;05/21,14:47

To: mls lt jf bfp dxb dwm gp dr jg dcb lh rak pa pgh jbg
mfd lw

From: sjf

White House report.

Treasury Secretary Donald Regan met Thursday with Representative Dan Rostenkowski to discuss a possible tax compromise. But Larry Speakes warns that any agreement is at least "a number of days" away.

The Regan-Rostenkowski meeting follows a meeting Wednesday between administrations representatives Regan, Jim Baker and Max Friedersdorf and three House Democrats-- Stenholm, Montgomery and Hance. This meeting dealt with the conservative Democrats' proposal for a 5-10-10 personal income tax cut.

Speakes says Murray Weidenbaum was not speaking for the President yesterday when he told the Sperling breakfast that a dramatically revamped tax package would not endanger the overall economic program.

Speakes says there has been "considerable movement" by the Democrats. He says they've moved from "zero to pretty close to 3 years and 10 percent across the board." He adds: "We are hopeful there will be a bipartisan effort. It seems to be moving in that direction."

No White House reaction to the Senate vote on Social Security. Says Speakes, "Dole himself said it did not reflect on the president."

Schmidt visit. President Reagan and Chancellor Schmidt

(MORE)

for one hour, 15 minutes in the Oval Office. They will meet again Friday morning. Meanwhile, Schmidt is meeting Thursday afternoon with Haig, Weinberger and Regan.

According to Richard Allen, who must be identified only as a "high administration official," Schmidt did not specifically ask the President to hasten talks with the Soviets. He says there will be "ample opportunity for that to come up" in Schmidt's meetings with Haig and Weinberger. "Negotiations do not fall into place rapidly," Allen warned.

Other topics discussed in the Oval Office included the new government in France, Reagan's economic program, Brezhnev's upcoming trip to West Germany, the Habib session, Schmidt's recent visit to the Middle East and Schmidt's efforts to stop smoking.

On the table was a German beer stein full of jelly beans.

(END)

STORY:SMITH
MA:70- FMT:

QUEUE:TG-TG
HJ:

MSG:
INI:

OPR:TG

;05/21,15:07

May 21, 1981

✓
MLS LT GP AOK SJF from TG

William French Smith news conference.

Special prosecutors. Smith announced--as he had hinted in our interview last week--that the Reagan administration will formally ask Congress tomorrow to repeal provisions of the law requiring that a special prosecutor be named in most cases when charges are lodged against high government officials. If Congress won't repeal the statute, at least it should be confined to charges against the President, Vice President and Attorney General, Smith said. Also, he said the courts should be taken out of administering the process and the Attorney General should be in charge (except, of course, in cases in which he is the target of the charges).

Because we covered this subject in this week's story, I'll spare you further details here...

Ed Meese and American Civil Liberties Union. Smith said he disagreed with Meese's statement that the ACLU is a "lobby for criminals." Smith takes issue with many of ACLU's positions (he didn't specify any), but he won't join Meese in condemning the group, saying instead that it's perfectly all right to have interest groups expressing divergent views. Smith seemed to be pained by having to disagree with Meese publicly (he didn't volunteer his views, but talked only after repeated questions about it...)

(MORE)

Lee Williams investigation. Smith wouldn't discuss the case, but he indicated that should Williams be indicted, he should not be serving as interim Teamsters president. Smith made this point by saying that if he belonged to a group whose leader was under indictment, he would vote against the leader. No names were mentioned, and Smith wouldn't say whether an indictment is likely.

Civil rights. Smith will explain the administration's position on various civil-rights issues, possibly as early as a speech scheduled for tomorrow (I'll check on it). Today, he wouldn't commit himself on affirmative action except to say that the Justice Department must pay attention to "realities" in reviewing each case.

Foreign Corrupt Practices Act. Smith, not surprisingly, supports administration efforts to scale it down. One ground: The U.S. is the only nation with such a law. Smith heatedly denied a suggestion that by making his statement, an Attorney General was "condoning bribery." He said, "We must look at the realities of the situation." Does that mean that businesses must sometimes bribe foreign officials? "Very often you have to make all kinds of payments...commissions and so forth," said Smith.

Drugs. It seems likely that the FBI will take over the Drug Enforcement Administration. Smith didn't come right out and say it, but he said that he is "taking a very serious look at how they might be combined." He added that there is "substantial room for improvement" in federal antidrug efforts.

(MORE)

In brief--

<*> Smith wouldn't discuss pending changes in the guidelines on intelligence operations.

<*> Reports that the Reagan administration is ``clearing`` sensitive civil-rights decisions with local GOP leaders as a result of a complaint by Mo. Gov. Bond about the St. Louis school case are ``just plain wrong.``

<*> Smith's immigration task force is still at work; it hasn't decided yet several basic questions, such as whether there should be sanctions against employers for hiring illegal aliens. Smith added that OMB probably would oppose such a policy on the ground that a lot of government money would have to be spent enforcing it.

There has been a ``press overreaction`` to Smith's changes in Freedom of Information Act procedure. Smith claims that his decision won't restrict most government data available to the media and that editorials suggesting that the administration is closing federal files to the public are overblown.

(END)

May 22, 1981

FROM: RAK - White House

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

RE: Schmidt visit

President Reagan and Chancellor Schmidt ended their talks today, with Reagan telling reporters on the South Lawn, "We have full agreement on the matters that confront us."

Here are the most salient points made in a joint communique issued after Schmidt's departure. (I will bring in the full communique later.):

"The President and the Federal Chancellor welcomed and reaffirmed the results of the recent NATO ministerial meetings in Rome and Brussels as renewed proof of the political strength of the alliance and continuity of alliance policy. They stressed the determination of alliance members to take the necessary steps to work with their NATO partners to strengthen the Western defense posture and to address adverse trends due to the Soviet military buildup. Together with deterrence and defense, arms control and disarmament are integral parts of alliance security policy...

"The Federal Chancellor welcomed the U.S. decision to begin negotiations with the Soviet Union on the limitation of theater nuclear weapons within the SALT framework by the end of this year. He also welcomed the fact that the U.S. secretary of state has initiated preparatory discussions on

theater nuclear forces with the Soviet Union, looking toward an agreement to begin formal negotiations. The President and the Federal Chancellor agreed that TNF modernization is essential for alliance security and as a basis for parallel negotiations leading to concrete results on limitations of theater nuclear forces...

"The President and the Chancellor favor agreement on a precise mandate for a conference on disarmament in Europe, providing for the application of militarily significant, binding and verifiable confidence-building measures covering all of the continent of Europe from the Atlantic to the Urals.

"Poland must be allowed to solve its problems peacefully and without external interference... Any external intervention would have the gravest consequences for international relations...

"They [Reagan and Schmidt] demanded the withdrawal of ~~THE~~ Soviet troops from Afghanistan and respect for that country's right to return to independence and nonalignment...

X "Both sides reaffirmed that the determination to strengthen ^{FURTHER} the open system of world trade and to oppose pressure for protectionist measures...

"The President and the Federal Chancellor agreed on the need in framing their economic policies to give high priority to the fight against inflation and to the creation

of improved conditions for renewed economic growth and increased productivity."

Note to SJF: When Reagan boarded the helicopter en route to Andrews Air Force Base this afternoon, he was asked about the Lefever nomination to be assistant secretary of state for human rights. Reagan's brief reply was: "I'm committed."

(END FILE - CKM)

STORY:WHU
MA:60 FMT:

QUEUE:SJFX-SJF
HJ:

MSG:
INI:

OPR:SJF ;05/22,15:52

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

From: sjf

The following comes from an session with Craig Fuller,
secretary of the Cabinet.

The White House's biggest error in the Social Security
fisaco was to unveil the plan without sufficient
consultations with leaders Congress, according to Fuller.

"There were key people on the Hill who were surprised who
shouldn't have been surprised," he says. (RAB says
Senator Dole was extremely angry that he got only 12 hours
warning about the proposal).

Fuller described for me the way the plan was developed.
From his account, it appears that the policy-makers simply
got carried away with themselves and forgot to talk to the
political experts. (We know Nofziger was not consulted.)
Schweiker's legislative department handled the details on
this proposal, not Friedersdorf.

A special task force headed by HHS Secretary Schweiker
was created in late April to develop the plan. Two reasons:
(1) Pickle's subcommittee was about to begin markup of a
bill. "We had to get the administration's viewpoint to the
Hill," and (2) three Republicans who initially voted
against Reagan on the Senate Budget Committee wanted to see
the unidentified savings for 1983 and 1984.

Schweiker then produced "his own black book" of
potential savings in the Social Security system, including
100 different options. (This reference to a "black book"

suggests that Schweiker had hopes of building a Stockman-like reputation on Social Security.) Their analysis showed the Social Security system was facing a 111 billion dollar deficit over the next five years.

The Schweiker group, including Stockman, Regan and Martin Anderson, worked at a frantic pace to produce their option paper. In the final week, their meetings lasted several hours each day. Their report was presented to the Cabinet Council of Human Resources on May 11.

The President attended the meeting and listened to the debate. No decision was made immediately. Reagan went off to think about it. After several hours of deliberation, he informed aides he'd decided to go along with most of what the group proposed. Two ideas he rejected: (1) Bringing federal employes into the system and (2) eliminating survivors benefits for spouses whose children are over 12 years old. "He was given alternatives," Fuller explains. "He was able to pick and choose."

What seems to emerge from this tale is that the White House people just assumed that a proposal developed by Schweiker, a former Senator, and Stockman, a former Congressman, would not be repudiated by the Congress. Both men should have known better.

Second Tax Bill. The Economic Policy Council already has "catalogued" all the options for a second tax bill. "Any compromise on the first bill must include an understanding on the size of the second tax bill," says Fuller.

(MORE)

Cabinet Government. Fuller is surprised by the number of working sessions held by Cabinet councils. The original idea was that most issues would be hammered out by council staffers, the council would meet to review the work and then it would be presented to the President. Instead, Cabinet members are doing the work themselves.

Fuller also says there's a bottleneck in the decision-making process on those national security issues that have domestic consequences. The NSC seldom seeks the advice of the domestic policy people, he says.

(END)

STORY:TAXES
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK 105/28,13:59

TO: MLS, LT, DR, BFP, JF, JG, DXB, JWM, GP, DCB, LH, SJF,
PA, PCH, JH, MED

FROM: RAK

RE: White House notes

Tax deal. Spokesman Larry Speakes left the impression today that a concrete tax deal between the White House and the Hill is not imminent.

He described Treasury Secretary Regan's meeting today with Robert Dole and Dan Rostenkowski as a "good give-and-take session." But Speakes cautioned: "The two chairmen have come down with some ideas and we were listening, but they are not formalized into proposals for the President...Right now, nothing has gone to the President...I don't think the two chairmen are in complete agreement." Speakes said the White House is not trying to meet any specific deadline for a tax compromise and is "most anxious that it be a bipartisan package."

Regan was to brief Reagan and the cabinet on the tax developments this afternoon at a cabinet meeting, but no decisions were to be made during the session, Speakes said. Staff members from the tax committees on the Hill and Treasury will be keeping in close touch. Rostenkowski was to caucus this afternoon with Ways and Means Committee Democrats.

Some consideration is being given at the White House to alternate tax-cut proposals, such as repealing the marriage

(MORE)

penalty, says Speakes, so the so-called "clean bill" that Reagan has wanted may not prevail.

Wall Street doubts. Meanwhile, Reagan took a swipe at Wall Street today for its apparent skepticism toward his economic package. The President told a group of state and local officials that Wall Street economists are not a good source of advice because they look at the economy through a lens that allows them only to see one small facet at a time. Then Reagan went into a meeting with that quintessential Wall Street adviser, Donald Regan. Said Speakes, "We've felt all along that Wall Street is looking at [only] the day-to-day picture as far as the economy is concerned."

More cuts. Also on the agenda for today's cabinet meeting is David Stockman's plan for more budget cuts to keep the '81 deficit down to 55 billion.

Human rights. Reagan and Veep Bush met for 30 minutes this morning with Avital Shcharanskii (White House's spelling), wife of the Soviet Jewish dissident, and Iosif Mendelevich, a Russian Jew who was imprisoned by the Soviets for 11 years. The President, according to Speakes, "expressed his deep sympathy for the persecuted Jewish and other religious communities in the Soviet Union" and pledged "to do all in his power" to alleviate their plight.

The interesting thing is that the Oval Office meeting was announced until after it was already over. The usual pool of writers and photographers was not allowed into the

(MORE)

session. Speakes said only that the privacy was "the President's desire" and suggested that Mrs. Shcharanskii also wanted the meeting to be private, even though she was to hold a press conference this afternoon to discuss her meeting with Reagan. My guess is that the White House did not want to appear to be placing too much emphasis on human rights--a policy for which the Reagan administration has repeatedly criticized the Carter team.

(END)

May 29, 1981

FROM: RAK - White House

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

RE: Habib's Return

After meeting with President Reagan for 55 minutes this morning, Special Envoy Philip Habib made the following remarks, in part, to reporters on the South Lawn:

'I want to make clear that, at the President's instruction, my mission is continuing, and I will be returning to the area sometime next week...The exact date has not been settled....

'It's also clear to me, as I went from capital to capital, that the leaders were prepared to listen to us and were prepared to have us play the role of peacemaker. And that's what I consider to be the role that we were asked to play...

'I think it's fair to say that the capacity to move from what was a very threatening position to a situation in which a peaceful resolution of the immediate issue is achievable -- that capacity remains...From the beginning, we've always said that the United States does not have a specific plan...

'Now, we obviously haven't gotten to that final point yet. But there are elements at work...There are elements at work in the area which make it valuable for us to continue to play the role of peacemaker, which we have tried to play, and which I will continue to try to play.'

Asked about the role of the Soviets, Habib replied, "I wouldn't say that they've been particularly helpful...The Saudis are being helpful and constructive..."

(END FILE - jnm)