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September 1, 1981

FROM: ✓ SJF - Los Angeles

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

RE: The following material comes from a background interview with White House Chief of Staff James A. Baker.

Baker offered some harsh criticism of Ed Meese. Not only did Meese fail to awaken the President after the Libyan attack, but Baker also faults him for failing to press Reagan to decide on his defense-budget cuts in mid-August. As a result of this, Baker says, Wall Street now doubts that Reagan is serious about balancing the budget.

According to Baker, Meese's problem is simple: "He can't see the forest for the trees." ①

This criticism of Meese is not surprising. Others have described him as disorganized and indecisive. But it is the first time that Baker has expressed such a view of Meese.

According to Baker, there's no doubt that Meese erred when he did not wake up the President last week.

"Everybody recognizes it was a mistake," says Baker. ["]He recognizes it too. It's never a mistake to wake up the boss." ②

When Reagan met with his top defense and budget advisers last August 16, Baker says, "A decision should have been rammed through" on the defense-budget cuts. Baker says there is no question that Reagan is going to cut another 20 to 30 billion dollars from the defense budget in the fiscal years 1983 and 1984. Therefore, Baker says they should have finalized the decision on August 16 and agreed to "decide

the exact cuts later.'" But Meese was running the show that day, and no decision was made. They decided instead to await additional information from Caspar Weinberger. (It should be noted that Weinberger opposes any additional cuts in the defense budget, and this is probably his way of stalling.)

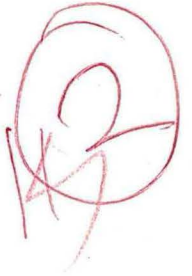
Baker also criticized Meese's efforts to cut off questioning by reporters during photo opportunities. He notes that this questioning is traditional and adds that Reagan does a good job of answering the questions. He says that he and Meese have discussed their differences about press relations, but refuses to talk about it. He thinks the problem will be solved as soon as Reagan resumes regular monthly news conferences.

disagree

Reagan's failure to decide on defense cuts in mid-August has been costly, according to Baker. He says the financial community will not believe that the President is serious about a balanced budget until they see the defense cuts. All is not lost, however. Baker says the decision will be made promptly once the President returns to Washington. He says the new information that will be supplied by Weinberger this week will not change the basic need to cut the defense budget.

Nor does Baker see Meese's mistakes as a long-term problem. He says these mistakes would not have been made if he and Deaver had been on the scene in Santa Barbara over

the past two weeks. As Baker notes, ~~"You need all three to keep things moving through the system."~~



Defense cuts. Baker says that Reagan can cut 20 to 30 billion dollars from the 1983 and 1984 fiscal defense budgets without breaking his promise to boost defense spending 7 percent each year. The reason is that Reagan's fiscal 1982 defense budget was more than 19 percent over Carter's fiscal 1981 defense budget. Therefore, says Baker, Reagan can cut 20 to 30 billion out of the 1983 and 1984 budgets and still come up with an overall increase of 9.5 percent over the next three fiscal years. How come they increased defense spending so much in fiscal 1982? Baker's answer: "Stockman got rolled."

Budget deficit. Baker acknowledges that the budget deficit in fiscal 1982 will exceed the original goal of 42.5 billion dollars. His guess is that it will be 53 to 55 billion dollars. Yet even his estimate depends on a decline in interest rates, which he expects by the end of the year.

The President will veto any appropriations bills that exceed the reconciliation level. He also will support appropriations bills that come in under the reconciliation level. But he will not break his commitments. "If we promise ^{D/} that we wouldn't cut any money for the gypsy [?] moths, we won't," Baker says.

Aside from cutting the defense budget, the administration has no other ideas for winning the

confidence of the financial community. "The major problem that we have to address is a balanced budget in 1984," he says. Baker is not worried about recent developments on the stock market. "Wall Street is not the best judge of what's happening to inflation," he says. The best way to fight inflation is to dampen down the economy, he says. "So what's so unnatural about the stock market going down?" he asks. "Nothing."

White House shake-up. There's going to be a small shake-up in the White House staff after Reagan returns to Washington. Included will be the press operation and the political-liaison office.

Frank Ursomarso, who is director of the communications office, is the first victim of the shake-up. Ursomarso, a former Ford advance man, has already returned to his auto dealership in Pennsylvania. Baker says that Ursomarso "does not have the creative talent we are seeking." He decided to leave instead of being moved into another job. Also on the way out are Lou Gehrig[?], director of media liaison, and Karna Small, deputy press secretary. Gehrig, a former aide to Senator Luger^A, has been working with reporters who come to Washington from other parts of the country.

Baker confirms that he might abolish Nofziger's job if he leaves. If the position is filled, Baker says, it will be filled by a long³time Reaganite similar to Nofziger.

Baker also notes that Nofziger, ^{deputy} Ed Rollins, might stay on to fill the job. Baker is not certain that Nofziger will leave either. "It's not absolutely certain he's going to leave," says Baker. "We'd like him to stay." He says Nofziger's demands cannot be meant. "His complaint is that it's not a 'big four'," says Baker. "If we give in to that, the next guy who comes along will want it to be a 'big five'. I don't know how much more we could involve him (Nofziger)."

Baker also seems to be counting on Personnel Chief E. Pendleton James to keep his promise to leave the administration after a year or a year and one half. But he adds: "We've cured that problem." John Harrington[?] is now doing the administrative work that James was unable to handle.

Air-traffic controllers. Baker does not rule out a settlement. "You don't ever foreclose options," he says. But the terms would be very stringent: (1) No nonstrikers would be bumped to make way for returning strikers and (2) "a clear recognition on labor's part that what the President did was the right thing." But Baker warns: "The President feels strongly that we don't take them back now. It's not going to happen in the foreseeable future." He says there's been no business pressure on Reagan to settle the dispute with the air-traffic controllers. "The airlines are in hog heaven," says Baker. "They've gotten

rid of a lot of unprofitable routes.'

Reagan will have something more to say about the air-traffic controllers' dispute when he addresses a convention of the carpenters' union in Chicago on Thursday.

AWACS. Baker views the upcoming AWACS battle on Capitol Hill as 'a real fight.' He sees it as tougher than any legislative matter handled so far. 'There could be some political capitol spent on this,' he says. He has no indication that Menachem Begin is going to back down on his opposition to the AWACS sale. But he adds: 'The climate may change, especially as a result of what the Saudis did in enhancing the cease-fire.'

Baker. Vacation has turned Baker into a new man. When I interviewed him before his vacation, he was practically a zombie. But today he said that if he felt any better, it would be illegal. The result is the best interview I've ever had with him.

Caution: Baker asks that we protect him on the stuff in this memo about Meese. Not only should he not be quoted by name, but everyone should be careful not to discuss this information outside the office. It would jeopardize our relationship with him.

(If you have any questions about this memo -- and I mean any questions -- call me at (213) 277-2000 and ask for room 1236.)

(END FILE - CKM)

STORY:5SJF
MA:80 FMT:

QUEUE:FILES-WFD MSG:
HJ: INI:

OPR:ES ;09/03,10:02

September 3, 1981

FROM: SJF - Chicago

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

The following material comes from a background ^{DINNER} briefing with Craig Fuller, director of the cabinet.

Fuller, who's normally a cheerleader for cabinet government, says there are serious problems in at least two departments--Justice and Labor. He also fears that the cabinet members will resist the next round of budget cuts because they have now grown closer to their departments.

The Justice Department's problems were reflected in the difficulty the administration had in coming up with a new immigration policy. Fuller says the provisions book the department sent to the White House was "impenetrable" and had to be scrapped. The White House drafted a new one. But there was a tense moment in the cabinet meeting when it became obvious that Attorney General William French Smith was using the old book while everyone else around the table was using the new one. Fuller had to tell Smith in front of everyone that the book had been revised. Smith's staff apparently failed to tell him so.

In addition, Justice Department officials assured the White House that the immigration plan had the support of Texas Governor William Clements when it did not. Everyone at the White House was surprised when Clements blasted the plan. Ever since the campaign, Reagan has been promising an immigration plan along the lines of what Clements was proposing. Fuller says the Justice Department is "politically naive." President Reagan is aware of the problem, but has done nothing to correct it. The administration is expected to support amendments to the legislation that would bring it in line with Clements's views.

The problems at Labor are more well-known. Secretary Ray Donovan spent too much time making speeches and rating low-wage employers and too little time

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managing the department. But he did do a good job on Davis-Bacon and also succeeded in finding work in the private sector for many people who lost their CETA jobs. As a result, Fuller says Donovan's job is safe for now.

White House people have been working closely with James Watt to keep him from creating any more adverse publicity for the administration. Watt's problem: "He laid out four years of work in the first month." But Watt is still solid with the White House. White House aides are encouraged that he is willing to change his approach to managing the Interior Department.

On the subject of budget cutting, Fuller notes that cabinet members are no longer as detached from their departments as they were during the first round of budget cuts. "They are not only closer to their departments, but also closer to their constituencies," he said. Fuller also acknowledges that the current round of budget cuts will not be the last. Everytime the projected deficit climbs, new cuts will be required. "This budget is going to be with us a long time," he said.

Labor and PATCO. Reagan's speech to the carpenters' union on Thursday reflects a serious concern within the White House about the President's relationship to labor. The problem, as Fuller sees it, goes beyond the PATCO ^{STRIKE.} "We have no labor strategy," he says. The White House and Donovan are working at odds in their efforts to talk to leaders of organized labor. Donovan and White House labor man Robert Bonatati don't get along. Neither of them think the other knows anything about labor. For example, Donovan and Bonatati held separate meetings with labor leaders to discuss the new Davis-Bacon regulations. Fuller seems to side with Donovan against Bonatati.

Fuller thinks the administration did not try hard enough to settle the PATCO strike before it began. "Once we started focusing on the idea of dealing with an illegal strike," he said. "the chances of a settlement were out the

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window."

Fuller met at least once with Poli before the strike. But Transportation Secretary Drew Lewis complained to the big three that Fuller was complicating the negotiations. Fuller admits that he set up a "back channel" with Poli. After the strike started, according to Fuller, Lewis got even more jittery. He called the White House over and over again, asking: "Are you still with me?" One day, they had to interrupt Meese during a luncheon meeting to get additional assurances for Lewis.

Although Lewis' stock with the White House is high, Fuller says the Transportation Secretary misjudged the impact of the strike. He underestimated the number of people who would walk out and overestimated the impact. Lewis guessed there would be a walkout of 5,000 to 8,000 controllers, and predicted it would shut down the system. Neither was true.

Reagan's campaign letter promising support for PATCO created even more problems for the White House. No one had a copy of it. Fuller had to Xerox the original, which was framed and hanging on the wall of Poli's office. As it turns out, the letter was written by Meese deputy Robert Garrick, who's now being fired. Fuller believes that Garrick has kept in touch with Poli throughout the dispute.

Fuller and Poli agree in their talks together that the union's endorsement of Reagan was probably a mistake. Ironically, the endorsement raised the expectations of the controllers. If they had endorsed Carter, Poli thinks his members would have accepted Reagan's original wage offer.

Future Legislation. President Reagan is not going to be proposing any such legislation as tuition tax credits or converting AFDC into bloc grants this year. "We're not inclined to send up legislation that doesn't have a chance of passing," says Fuller. He adds that the legislative strategy that Reagan

adopted during the tax and budget fight will continue. He says Reagan feels ``comfortable`` with this strategy, which is to propose legislation and then work out an official compromise with the conservative House Democrats.

Meese's Staff. Fuller was unusually critical of Meese's staff. Fuller says he

is the only Meese aid^E/who talks regularly to White House staffers^R who work for Baker and Deaver. The rest of Meese's staff is isolated because it reports only to Meese. (This presumably includes Richard Allen and Martin Anderson, although Fuller did not mention their names.) He says Meese's three closest aids^E do nothing valuable. One of them, Mitchell Stanley, does nothing but clip^A newspapers. Another does nothing but filing, even though Meese's filing system is chaos. The worst part is that both of these functions--filing and clipping--are performed routinely for everyone at the White House by^{THE} regular support staff. In other words, Stanley and the filer are duplicating work already provided by the White House. Why does Meese have someone clipping newspapers? ``No one knows,`` says Fuller.

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STORY:4SJF
MA:60 FMT:

QUEUE:FILES-WFD MSG:
HJ: INI:

OPR:CKM ;09/03,10:04

FROM: ✓ SJF - Chicago

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

SJF, RAK, PA, PGH

RE: More on the White House shake-up

Two high-level White House aides will be departing soon as part of the current shake-up. The two are Frank Hodsoll, a Baker deputy, and Robert Garrick, a Meese deputy. White House Chief of Staff James Baker says even more changes are in the works.

As I reported earlier this week, the shake-up also will extend to the press operation and the political-affairs staff. Other departing personnel include Frank Ursomarso, director of the communication^s/office; Lou Gehrig, media liaison director; Lynn Nofziger and his aide, Ed Rollins. The Nofziger-Rollins departure is voluntary. Gehrig, Ursomarso, Garrick and Hodsoll are not leaving voluntarily. They have been judged incompetent.

Karna Small may survive, however. Although her duties will

change, she will retain the title of deputy press secretary. Larry Speakes says Karna apparently has some friends with political influence at the White House. Karna, who earns about \$56,000 a year, has been asked to come up with a proposal of duties that will fit her talents. A job then will be fashioned for her.

Although this shake-up reflects a healthy ability on the part of the Reagan administration to recognize weaknesses in personnel, it also probably will trigger more backbiting among White House aides. Craig Fuller, cabinet director, predicts that new jealousies will be sparked by the shake-up. "Wait until you see what happens when we start promoting some people and not other people," he said.

Robert Garrick. Under an early organization chart, Garrick was supposed to be Ed Meese's principle^{AL} aide -- supervising Richard Allen, Martin Anderson and Fuller. But Garrick, a retired Naval reserve officer and public-relations man, quickly was shoved aside. Asked whether he would be

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replaced now, Fuller replied: ``First we'll have to figure out what job he was doing.''

Garrick has been responsible, in part, for Meese's bad press relations, and this is apparently the reason for his departure. Fuller says that Garrick, who once handled a Budweiser account, tries to promote Meese like beer. Reporters will be glad to see him go because he insists on sitting in on interviews with Meese with a tape recorder running. Under Garrick's tutelage, Fuller says, Meese never tells reporters much of anything. Then Meese wonders why he is never quoted. Fuller says Meese is very sensitive to his press coverage.

Garrick also distinguished himself by being the author of the Reagan campaign letter that pledged support to the air-traffic controllers union.

Frank Hodsoll. A former Baker aide at the Commerce Department, Hodsoll also was expected to be ~~the~~ Baker's chief deputy at the White House. But Hodsoll never

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blossomed. His precise weaknesses are not clear. As chief White House aide to the immigration policy task force, he was a hopeless failure. Now he's being assigned to head up an arts' council. Says Fuller, "I hope he doesn't do for the arts what he did for immigration."

(END MEMO - CKM)

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ST RY:LYN
MA:60 FMT:

QUEUE:JWM-JWM
HJ:

MSG:
INI:

OPR:JWM ;09/04,14:57

TO: MLS, LT, DR, GP, SJF, RAK, DXB
FROM: JWM

Re Background lunch with Lyn Nofziger, political operative
at the White House:

Tension, Back-biting on Staff: Nofziger sees it as a problem, but a short term one. He figures Meese, Baker and Deaver will get together soon and then pass the word to their associates: No more knifing in the press. Finis. He concedes that Reagan detests this type of thing and will want to check it quickly. But Nofziger says Meese, Baker and Deaver will have to be the heavies since RR just isn't the type to kick tails.

He says the recent hand grenades were launched only after Baker went to California. He reminds that Baker's staff is full of non-Reagan people and he obviously blames him and them for getting this round of flak under way. At the same time, he respects Baker for his intelligence and savvy (figures he wants to be Attorney General some day) and will know when to call off the dogs. Nofziger seemed to leave the impression that as powerful and smart as Jim Baker might be, he better be careful about waging war with Reagan's crowd. "Sure, Reagan likes Baker. But he likes everybody."

He adds: "Don't every worry about Ed Meese in one of these intramural tangles. He's got great staying power. People say don't underestimate Reagan. I say don't underestimate Ed Meese."

Nofziger also said he "understood" that Meese and Baker, both lawyers, have a written document about their respective jobs and missions at the White House. Doubts if Deaver is included. Interesting, if true, that Meese and Baker have felt it necessary to get their roles down in writing.

As for Deaver, Meese says he'll always have a niche in power "because he has the bodies"--meaning Ron and Nancy. Nofziger doubted reports that Deaver was anxious to leave because of money and his wife's displeasure with the hours. He said Deaver still has a lot of time for business and money making and reminded that Deaver has been with Reagan since he was 27. "His life is locked in a bit to Ron's."

Changes: Nofziger confirmed all the changes being talked about and a few more--like Helene von Damm moving over to No. 2 in the personnel office. His feeling is that the changes are largely cosmetic and don't amount too much because the top players--meaning the Big Three--are still in control. In old Nofziger style, he is aware that Rich Williamson, out of Baker's office as intergovernmental affairs officer, is doing a job on him around town. Nofziger says Williamson wants his political job when Lyn steps down on January 22. "Williamson will find I'm not a good enemy to have" and proceeded to tell how many traps

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①
Baker

①
Meese

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Deaver.

he had out for the young Mr. Williamson around town.

Surprisingly, Nofziger is on Larry Speakes' side in the in-fighting for ultimate press spokesman with Dave Gergen. He said he initially thought Speakes was weak but believes he's done a good job. He thinks Gergen is a speech writing talent but has tried to hog the limelight.

Agenda: Nofziger says it is still the economy and that ~~our first and second problems are high interest rates and maybe our third, too.~~ He's convinced Reagan will not get bogged down on social issues like abortion and will stay fixed on economic problems. // X

Cabinet: Nofziger said our Cabinet story was "the most titillating piece about us since we came to office." He loved it and said it was right on the mark at the time.

Coming up to date, he then turned on his own new bottom list: Ray Donovan at Labor, William French Smith at Justice and Samuel Pierce at HUD. He said Donovan is likeable but just not smart. He's been goofing up all over the place on PATCO, the baseball strike. He said Smith is a "disaster" and he hopes Reagan never entertains the notion to put him on the Supreme Court. He said Pierce ~~isn't~~ communicate with some capable subordinates and is off on a trip to Europe "as if our housing problems aren't enough to think about."

He said Edwards at Energy was catching on now and coming up the ladder. He heaped praise on Drew Lewis for handling his department as well as his political perception.

He also had kind words for George Bush as "an ultimate team player. The most important thing for a Vice-President is not to embarrass the President. George and his staff haven't done it one iota."

PATCO: Nofziger, on a gut feeling, joined the ranks of those who think there just might a solution to the air controllers strike but he said it would have to contain: 1. the controllers coming with hat in hand and taking the last offer on the table. 2. probably with Poli out of the picture and 3. something that would give Drew Lewis a way out of his hard line stance. Nothing concrete, but interesting that a hard-nosed guy like Nofziger figures an agreement still might be reached.

Job: Nofziger is going to do some lobbying around the White House, particularly with the Big Three, to have his office retained. There's been talk of abolition. He says it is important even though the political job clearance part is almost over. His view is that it is a good sounding ~~word~~ for Republicans of all persuasions. He has a candidate or two in mind but said he'd keep that one private. Obviously, Rich Williamson isn't one of them.

Consultant: On January 22 when he leaves, Nofziger says
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he'll remain in Washington ``because that is where the money is now.'' He insists he will not run any campaigns but will consult politically on the sidelines for some exorbitant fee. He is looking more for corporate clients. He's leasing Bob Dole's old house in the Lake Barcroft area (``I told Dole his ghost is still walking around those halls.'') He figures to stay here as long as Reagan is in the White House.

Republicans: Nofziger is still convinced RR will go another term. He says Nancy loves the regal treatment and will do what he wants to do. But if he does decide to quit, he thinks Bush will have a race on his hands. He discounts Jack Kemp because he doubts his ``being willing to take a chance'' and believes he may wind up his career as a congressman from Buffalo. He thinks Illinois Gov. Jim Thompson is a comer. On the Democratic side, he feels neither Mondale or Kennedy will be nominated. Thinks it might even be someone like Senator Pat Moynihan if he wins big in New York next year.

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STORY:WEU1
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;09/04,15:57

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

From: sjf

Budget Cuts.

President Reagan will unveil about 75 billion in budget cuts for 1983 and 1984 at a Cabinet meeting sometime late next week, according to Larry Speakes.

The package is will include up to 30 billion in defense cuts and 45 billion in other departments.

Speakes says the details will either be announced or leaked. The whole idea is disclose enough detail so that Wall Street concludes that Reagan is serious about balancing the budget in 1984.

Speakes says Defense Secretary Caspar Weinberger is technically accurate when he says that no decision has been made on the defense budget. At the same time, he repeats Baker's earlier statement that the cuts will total as much as 30 billion dollars.

Weinberger's speech in Honolulu is being viewed as an attempt by the defense secretary to jawbone the President into preserving as much as possible in the defense budget. But there is no longer any question that the defense budget will be cut. Speakes denies there is any serious rift.

Ed Meese has already reviewed the optional budget cuts that Weinberger has supplied to the White House. The President will review them this weekend, then meet on Tuesday with Weinberger and Stockman. The President's decision will be finalized after that meeting. OMB will

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then take three days to work up a complete budget plan, including at least \$45 billion in cuts from departments other than defense. Finally, the President will unveil all the cuts at a Cabinet meeting. Speakes says they hope the whole process can be completed by the end of the week, but the schedule could slip a little since Begin also will be in town next week.

Redecorate. The chairs and sofas in the Oval Office have been recovered in Reagan's absence.

Bush Trip. Vice President Bush will go to South America October 11-16 to meet with heads of state in Brazil, Columbia and the Dominican Republic.

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STORY:VONDAMM
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:SRR

09/04,16:26

SJF

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

FROM: RAK

RE: Background-only lunch with Helene von Damm

The President is annoyed by this week's reports of feuding between the Baker crowd and the old California hands surrounding Meese. "It's a source of annoyance for him when he reads it in the papers, because he doesn't see it," says von Damm. Reagan doesn't see it, according to von Damm, because Baker, Meese and Deaver make sure that he doesn't. The three are acutely aware that Reagan finds interoffice bickering "very distasteful." The Big Three do not allow their differences to show in front of Reagan.

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But the current disharmony will not last, von Damm believes, because Reagan will not tolerate it, and the Big Three know that. They will patch things up quickly and not let their differences get out of hand.

Big Three. The triumvirate concept was a creation of the President himself, perhaps because he could not bear to chose one among the trio to be an overseer. "He told them to work out what areas of responsibility each would have, but he was the one who decided to keep all three on an equal footing."

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Weakenesses. The biggest problem with the triumvirate is that it takes all three members to make it work. The failure to notify Reagan of the Libyan do-fight would not

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It occurred if Meese had not been the only one on duty, says von Damm. Meese did not awaken Reagan earlier, because he knew--accurately--that Reagan wouldn't want to be disturbed. But if Baker had been there, says von Damm, he would have been sensitive to potential press criticism if Reagan was not told immediately, and Deaver would not have hesitated to call the President. As it was, Meese, as always, was reluctant to disturb the boss until he had to.

Von Damm, a part of the California gang, does not like Baker. Her resentment of Baker reflects the feelings of many of the California set who have been with Reagan for years.

She believes Meese and Deaver are more "laid back" in the California tradition than Baker. Meese and Deaver work better in the collegial style that Reagan prefers, while Baker is more of a showboat. "I have never known a man more dedicated to public service than Ed Meese," she says, suggesting that Meese pays little attention to reporters because he doesn't care who gets credit for Reagan's accomplishments. She complains that Baker puts too much emphasis on talking to reporters and getting his side across in the newspapers. (Von Damm's naivete also is shared by many in the California crowd.)

Von Damm says she questioned the wisdom of making Baker chief of staff, and "swallowed hard when I heard about the Big Three arrangement." But the trio has worked amazingly well together and will continue to work well unless one of

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Meese

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he three decides he wants to be in charge. "Right now, no one of them wants to be a lord over the other two, but whether the little jealousies that all of us have will change all of that is open to question."

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The Meese loyalists are "distressed" over the criticism of their performance, and are, of course, aware that it is coming from Baker. "Baker's staff has its weaknesses, too," says von Damm, citing Pen James's dismal personnel operation, which is part of Baker's domain, and the unfavorable coverage of late in the media, which von Damm somehow believes Baker should be able to prevent. (Von Damm, herself the subject of some unflattering stories over the recent tour she organized to Israel, was very critical of reporters. "Sometimes I wonder whether the nation is served by having a national press corps.")

9pm

The President. Von Damm portrays Reagan as being even more detached from his staff than many imagine. Deaver is the only person with whom Reagan ever discusses personal problems or even mulls over important decisions. And he does very little of that with Deaver. Nancy relies on Deaver much more for personal advice than does the President. Nancy seems to be Reagan's only confidant. He has not even talked much to his kitchen cabinet friends since moving into the White House. "He's an extremely secure man, so he can really turn it off" when he doesn't want to think about the burdens of the presidency. He apparently turns it off often. After the month in

Deaver

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California, Reagan is very tanned and rested, and telling stories about how he even got Dr. Ruge to help with the ranch chores.

Baker. Contrary to popular belief, Baker is not developing a close personal rapport with Reagan, according to von Damm. Their relationship is not personal "even though his manner is more like them [Reagan and Nancy]" than Meese's. Reagan actually spends more time with Meese than with Baker, because Meese needs to talk to the President more frequently about policy matters, says von Damm. But Reagan does not allow any one of the three to talk to him independently about important matters. He insists that all three be present. That prevents jealousies from getting out hand.

With the exception of Deaver, however, Reagan is not on close personal terms with anybody on the staff. "He has never been chummy with his staff, not even in California."

In von Damm's view, Baker is the most dispensable of the Big Three. Meese could not be replaced, because after 15 years with Reagan, he always knows what Reagan will have to say about a given subject. Deaver could not be replaced, because no one else could ever be so close to Reagan and Nancy. But Baker's political instincts could be replaced by someone else. Von Damm adds, however, "The President admires Baker for his ability, and so do I. We wouldn't have had the victories we've had without him."

Handwritten notes in red ink: a circled '2' at the top, a vertical line, a circled '2' in the middle, and the word 'Reagan' written in cursive at the bottom.



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

From: sjf

The following material comes from informal chats with two White House assistant press secretaries, David Prospero and Mark Weinberg:

The big question in the White House Press Office: Who will win the struggle between David Gergen and Larry Speakes for the permanent job of press secretary?

Their prediction is that a new press secretary will be chosen by the beginning of 1982. Although Prospero and Weinberg want Speakes to win, they admit the odds favor Gergen. "Jim Baker has a blind spot where Gergen is concerned," says Weinberg. "He can do no wrong."

Weinberg, an obnoxious 23-year-old who'd probably lose his job with Gergen as press secretary, wonders when the press corps is going to turn on Gergen for failing to tell the truth. He notes that Speakes is more truthful.

(This points up a dilemma that many reporters were discussing during the California trip. Speakes is truthful, but his doesn't have access. Gergen has access, but he lies with a straight face.)

Weinberg says that while Ed Meese is not as open with reporters as Jim Baker, it should be noted that Baker also lies to reporters on occasion. For example: Baker once told reporters that he'd never considered firing Karna Small.

(END)

STORY: CUTS
MA: 60 FMT:

QUEUE: CWF-CWF
HJ:

MSG:
INI:

OPR: RAK ; 09/08, 15:13

TO: MLS, LT, JF, DR, BFP, JG, JWM, GP, DCB, DXB, LH, SJF,
PA, PGH
FROM: RAK
RE: New budget cuts

The President is not expected to make final decisions this week on additional budget cuts for '82, '83 and '84, although there is a slim chance that he will resolve the budget questions by week's end, according to David Gergen. But by early next week, the White House hopes to announce a big package of cuts that will include savings for '82, '83 and '84.

This is how the White House is proceeding:

Reagan met for 75 minutes today with his senior economic advisers, including Regan, Weidenbaum, Stockman, Marty Anderson, Baldrige and the Big Three. Today's session was described as a "briefing" to lay out the problem for the President. According to Gergen, there was unanimous agreement among the advisers and Reagan to seek whatever cuts are necessary to balance the budget in '84, and to hold the '82 deficit to 42.5 billion dollars. No specific cuts were discussed at today's session, but Reagan was told that some economists outside the administration are forecasting a deficit in '82 of 75 billion, because of higher interest rates and lower inflation, which decreases revenues. Reagan was told that the economy "still is flat and soggy, and is expected to be flat for the third quarter," says Gergen. Administration economists do not, however, project negative growth for the third quarter, which would mean a recession by definition, after the decline in GNP in the second quarter.

On Wednesday, Reagan will meet with Weinberger, Allen, Haig and Stockman to "focus" on defense spending in '83 and '84. To identify the budget cuts for '83 and '84, Reagan has decided to first determine how much should be spent for defense in those two fiscal years. The size of the Pentagon budget, then, will determine how big the cuts will have to be in other areas. For '83 and '84, about 75 billion dollars in total savings must be achieved to keep a balanced budget in sight.

Reagan probably will not make a decision on Wednesday as to how big the Pentagon budgets for '82 and '83 will be. That decision probably won't be made until next week. Once that decision is made, Stockman will go back to the other cabinet departments and work out the additional cuts needed to raise the total to 75 billion. The package of budget cuts Reagan is likely to announce next week will probably entail only broad targets designed to impress Wall Street with the administration's determination to balance the budget. The detailed decisions on which programs will be cut to achieve the overall spending targets will be made in the weeks ahead as the administration prepares its '83 budget request.

(MORE)

Decisions on '82 spending may come sooner, possibly this week, Gergen says. But he suggests these decisions will not be announced until the '83 and '84 cuts have been decided. Gergen flatly refuses to discuss how big the cuts for '82 will be. But they will range between 10 billion and 20 billion, at least. Gergen also gave little indication today how these cuts would be achieved. He did say, however, that any cut in '82 defense spending would be "slight," and that the bulk of the '82 cuts would come from domestic programs. And it is "very improbable" that the President would agree to increase excise taxes as a way of fighting the deficit, Gergen says.

On Thursday, Reagan and the cabinet will take up the budget cuts for all three years. But no definitive action is anticipated, says Gergen. Beginning Thursday, Reagan will hold a series of meetings with leaders from the Hill to decide how to muster support for the additional cuts.

(END)

STORY:BEGIN
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;09/09,16:28

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

FROM: RAK

RE: Begin talks & budget cuts

Following today's exchanges between Reagan and Begin, Richard Allen briefed reporters on a background basis. Attribution is limited to "a senior administration official."

AWACS. As expected, Begin apparently did not make a major fuss over the AWACS sale to Saudi Arabia. The prime minister spelled out his opposition to the package while Reagan listened patiently. But, Begin noted that "there were many more important items [to discuss] and he hoped he and the President would have time to go over the long agenda," Allen said. "The prime minister presented at some length a discussion of the sale of air materiel to Saudi Arabia, presenting the Israeli view...The Israeli case was presented eloquently. It was presented quietly, without the slightest bit of rancor." Begin did not ask Reagan to withdraw the AWACS package. "They [the Israeli delegation] presented their side and let the facts rest," Allen said. Begin stressed his view that the radar aircraft in Saudi Arabia would make Israel "somewhat transparent," according to Allen. There was a good deal of "technical discussion" about the capabilities of AWACS.

Jerusalem. During this morning's welcoming ceremony on the

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South Lawn, Begin could not resist inviting Reagan ``to come and visit our country and its capital, Jerusalem.'' Reagan, apparently aware of Begin's loaded invitation, merely smiled and said ``Well...'' Allen also refused to get into the question of whether Jerusalem is the legitimate capital of Israel. ``The President would like to visit Israel sometime,'' said Allen. ``The President's view is that the ultimate resolution of the question of Jerusalem will come at the end of the peace process.''

Allen stressed that Begin and the Israeli delegation did most of the talking during today's talks--a 35-minute meeting in the Oval Office and a later, 67-minute session in a larger group. Consequently, the autonomy issue did not come up.

Begin used most of his time to impress Reagan with what an important strategic ally Israel is to the U.S. There was some discussion of Afghanistan and ``Soviet expansion'' in the Mideast, stressing ``regional strategic cooperation'' between Israel and the U.S. Economic and military assistance to Israel also was discussed at length. Allen quoted Begin as saying, ``Security is for Israel, in fact, a matter of life and death...We hate war, but we are ready to sacrifice...We must be ready to defend our nation.''

More talks are scheduled for tomorrow, when the tough issues will be dealt with more directly, including Israel's request for intelligence sharing. Reagan and Begin will have breakfast alone tomorrow in the Oval Office.

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Budget cuts. Reagan met this afternoon with the defense budget group to begin honing planned cuts for '83 and '84. No final decisions have yet been made on '82, '83 or '84, according to Larry Speakes.

He emphasized that whatever cuts are made in Pentagon spending still will provide for a 7 percent annual increase in defense spending after inflation. Reagan still has not decided whether the base for the 7 percent hike will be Carter's '81 defense budget (171 billion), or the '81 budget as adjusted by Reagan (176 billion).

Reagan's projected '82 Pentagon budget is 221.3 billion; the '83 budget is 253 billion; and the '84 budget is 288 billion. When the cuts are decided, defense spending for three fiscal years will be cut, with the smallest cut to come in the '82 budget. "There's no sign of weakening of our resolve to build up the defense budget," said Speakes.

In addition to high interest rates, Speakes blamed the '82 deficit on Congress's failure to: Act on Social Security cuts; enact a Medicaid cap; make changes in nutrition entitlement programs; and reduce farm-price supports.

Impoundment idea. The White House clearly supports giving Reagan this authority, but it does not want the impoundment concept to be labeled an administration idea. The White House wants to downplay the perception that the President is grabbing for power. Therefore, all Speakes is willing to say publicly about impoundment is: "We find it an

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interesting and intriguing idea."

After Thursday's cabinet meeting, Stockman will begin a round of meetings with department heads to go over planned cuts for '82, '83 and '84.

Starting next week, Reagan will travel to several cities, presumably to mobilize support for the budget cuts. On September 17, Reagan will go to Grand Rapids, Mich., for the dedication of the Gerald Ford museum. Mexico's Lopez Portillo and Canada's Trudeau also will be present. Speakes says there are no plans now for meetings between the heads of state, but that meetings could be scheduled later. There were rumors at the White House that Nixon and Carter would attend the dedication, too.

After Grand Rapids, Reagan will go on to Denver and, possibly, to Texas for speeches before returning to Washington.

(END)

September 10, 1981

FROM: SJF - White House

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

The following material comes from a briefing Thursday by Larry Speakes: President Reagan explained to his cabinet over lunch today why the administration is being forced to trim more from the 1982 budget. Next Tuesday, the cabinet members will learn precisely what cuts will be made in each department over the next three fiscal years.

"They will hear the problem today," says Speakes.

"They will hear the solution next week."

At next Tuesday's cabinet meeting, according to Speakes, Reagan will announce the precise budget cuts for 1982, 1983 and 1984. In the interim, he will be meeting individually with some top cabinet members to discuss their own budgets. At today's cabinet luncheon, Stockman told the group what impact current economic projections will have on the budget-making process. He supposedly gave them a ballpark figure for the new 1982 deficit.

(This whole process is a charade, of course. Most of the decisions have already been made. It's a wonder how the President hopes to win confidence on Wall Street by dragging the process out so long. White House Chief of Staff James Baker was hoping that the whole process would be over by now.)

Speakes says the President will not ask Congress for impoundment power. Instead, he will let Congress force it

upon him. "It's an idea in Congress," says Speakes. "The President finds it interesting."

The President frowns on proposals for new credit controls. "We don't look with favor on credit controls," says Speakes. [] "We think our program will work."

He quarreled with the new CBO figures on three ^{GROUND}~~grounds~~:

1. The CBO presumes a higher interest rate than Reagan.
2. The CBO doesn't take into account the additional steps that Reagan is planning.
3. The CBO overestimates the "spendout rate" at the Defense Department.

(END FILE - ES)

STORY:GERGEN
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;09/10,08:02

TO: MLS, LT, JF, DR, BFP, JG, GP, DXB, LH, SJF, PA, CAS
FROM: RAK

RE: Background-only ivu with David Gergen

Gergen, on condition that I not share this information with other reporters, gave me a detailed blueprint of Reagan's "fall offensive" to salvage his economic program. The President will launch the plan next week with the announcement of "dramatic" actions to cut spending in fiscal 1982, 1983 and 1984. Gergen stressed that Reagan has "all but signed off" on the plan, but that changes in it all are possible before next week.

"The whole idea of a fall offensive was under discussion in July," says Gergen. "Its chief proponent and architect has been Stockman. The commitment to it has grown during the market slump in August." The entire package is designed to instill confidence on Wall Street in Reagan's economic program.

The offensive includes:

1. A major push by Reagan to win authority from Congress to impound across the board up to 10 percent of "discretionary" funds in the 82 budget. Gergen says the impoundment concept was Stockman's idea, even though the White House clearly is trying to leave the impression that Congressional Republicans suggested it first. [Whisper?]

Reagan hopes to force another showdown vote with Congress by October 1 over impoundment authority. The White House

wants to attach the impoundment authority to a 12-month omnibus continuing resolution, which Congress would have to act on before the start of the fiscal year. The authority would not apply to entitlement programs or safety net programs, and would only apply to non-defense programs in the '82 budget. If Reagan were to cut non-defense discretionary programs by 10 percent across the board, the savings would only total about 10 billion dollars, Gergen says. The White House also would have to cut 2 billion to 3 billion from the Pentagon budget, for a total savings in '82 of about 13 billion dollars. (Figures suggesting Reagan will cut more than 15 billion from the '82 budget are too high, Gergen says.)

2. Reagan will move to reduce the number of "non-essential" federal workers by 75,000 to 100,000, beginning in '82 and continuing through '84. The White House believes Reagan can do this through executive action--by attrition and RIFing. The President, says Gergen, was impressed with his discovery during the PATCO strike that 3,000 of the 16,000 jobs of air traffic controllers could be eliminated. "That's been very instructive." The Reagan thinks the same is true of other government agencies. And Reagan apparently found he could save money by eliminating government jobs during his tenure as governor of California.

Gergen specifically mentioned the "huge public affairs offices" in many agencies as targets for personnel

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cutbacks. To set an example, there will also be an across-the-board cutback of 10 percent in the White House staff, in addition to the elimination of COWPS. "Very few people know it, but I'm already starting to look at the staff to see where we can find some savings," says Gergen.

3. For '83 and '84, Reagan will announce that he intends to cut up to 75 billion dollars, including about 26 billion to 30 billion from defense spending--a clear defeat for Weinberger.

Instead of waiting for early next year to announce specific cutbacks in the '83 budget, the White House will move up the budget cycle to this fall to impress Wall Street.

Next week, some specific cuts in domestic programs for '83 and '84 also will be announced, but Gergen would not tell me where the cuts would be made.

4. The President will travel around the country, starting next week, to build support for more budget cuts. Next week, Reagan goes to Grand Rapids, Denver and Texas. Other trips are planned for later. "The travel will be a springboard for taking the offensive to the country."

Optimism. "The President is very much an optimist about the fall offensive. His optimism is going to be a very positive feature as we go into this," says Gergen.

Reagan's speaking tour--and possibly a television address--will be designed to spread Reagan's optimism--and instill confidence in his economic program.

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"The idea is to move quickly on impoundment," says Gergen. Both Howard Baker and Bob Michel have told Reagan that the idea can be sold to Congress if Reagan pulls together the old coalition of Republicans and CDF Democrats in the House. The political advantages of impoundment are obvious. Says Gergen, "It's a clear way of getting at the money. It puts the onus clearly on the President, and Congress can get out from under the pressure of the special-interest constituencies....This would allow congressmen to not vote for specific cuts...We're very attracted to the idea of one showdown vote instead of fighting a 10-front war over each appropriation bill. That's when the special interests and constituency groups can lay in ambush and be much more effective...We've been eagerly looking for a vehicle for an up-or-down vote."

This route also allows Reagan to do what he does best-- personally lobby members of Congress. Representative Phil Gramm may meet with Reagan before the end of the week, to start lining up boll weevils in the House. Reagan seems to be looking forward to another dramatic fight like the earlier budget and tax-cut battles.

Another victory on Capitol Hill also would send a loud message to Wall Street that Reagan can control the budget. The White House hopes to sell the impoundment idea by persuading Congress that it is the only way to bring down interest rates. "If people realize that this will do something for interest rates, we think they will go

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along...And if you look at the budget realities, the President has precious few choices. We're just slowing the rate of growth of the budget, we're a long way from stopping it."

The Fed. Gergen surprised me by saying that Reagan is unhappy with the way Volcker is using high interest rates to keep the growth of the money supply below the Federal Reserve's own stiff targets. Reagan thinks the targets were appropriate, but he thinks that exceeding the targets is going too far. "There are a lot of theological supplysiders around here who think the Fed is going overboard...But we don't want to get into a public posture of jawboning Volcker, because that would build new inflationary fears."

Credit controls. Despite growing pressure on the Hill for some form of credit controls, "That's just anathema to the President. I can't imagine him going that path."

(END)

STORY:IVUS
MA:68 FMT:

QUEUE:GWF-CWF
HJ:

MSG:
INI:

OPR:DML ;09/14,11:11

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

FROM: RAK

RE: Ivus with the Big Three

Some general observations from ivus with Meese, Baker and
Deaver:

Meese. Meese made clear that Reagan rejected the unanimous
advice of the Big Three when he decided to cut defense
spending by only 13 billion over the next three years.

[Whisper?] Deaver told us on Friday that the triumvirate
agreed more than a week ago on what they believed the
size of the defense cuts should be. (Meese, however, was
less adamant in pushing for big defense cuts than was
Baker.)

Reagan's decision suggests he is more independent of the
Big Three than many people imagine. It also suggests that
the President is serious about cabinet government. At least
in this case, he heeded the advice of a senior cabinet
officer--Weinberger--instead of listening to the Big Three.

In fact, Meese portrays the Big Three as being more
coordinators of policy than advocates of particular
viewpoints. The trio usually does not make formal
recommendations to Reagan, although their discussions with
obviously color his judgment.

Says Meese, "We're careful not to give him a cut-and-
dried solution, so that he has several options to chose

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from...We're all careful not to use our power of proximity to the President to impose our own views...He's always going to make his decisions independent of us...I always make sure I don't get locked into a policy decision [in advance] that might compromise my objectivity or put the President in a box."

This last comment was a clear reference to Jim Baker's public proclamations that Reagan was going to cut defense by 20 billion to 30 billion. Meese declared proudly that he never "publicly" advocated any figure, that his first responsibility always was to see that the President heard all sides.

It is worth noting that Meese, who has a passion for organization, studied the operations of several previous White House staffs before the Big Three concept evolved. In the course of discussing the current setup with us, Meese referred to General Motors as a model of organization.

Meese claims that Reagan makes "more key policy decisions across the board" than previous Presidents, because Reagan--through the cabinet process--is involved in all areas of policy. Meese asserts, for example, that Nixon let subordinates make many domestic-policy decisions, because he concentrated on foreign policy to the neglect of domestic affairs.

It seems that the Big Three, after returning to Washington, discussed in some detail the various reports of strains between them. All three told us that the key to

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making the triumvirate work is constant "communication" among them. Toward this end, each has a direct, private telephone line to the other two.

Baker. After sowing the seeds of discord by complaining to reporters while he was in California with Reagan in August, Baker seems to have persuaded a lot of people in the White House that the published reports of strain among the Big Three were caused by reporters who had too much time on their hands.

Baker blames the disharmony on the fact that the Big Three were separated during Reagan's vacation. Each member of the triumvirate will be unenthusiastic about another long separation from Reagan and each other. They seem to agree that the vacation arrangement--with only one of the three on duty at any one time--was a mistake.

From all appearances, the trio patched up their differences as soon as they reunited in the White House. They sat down for an hour together and discussed the reports that Baker had instigated. Baker left me with the impression that perhaps he will not be so eager in the future to attack Meese to reporters. Certainly Meese is aware of Baker's behind-the-back complaints.

One other point about Baker: He takes credit for being the one member of the triumvirate who pushed Reagan into naming a woman to the Supreme Court.

Deaver. Deaver says flatly that in the future he will recommend against the Big Three being separated for as long

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as they were in August. And he suggested that Reagan won't be taking such long vacations in the future. "I don't think you'll see that again," says Deaver, referring to the August vacation.

According to Deaver, the Big Three nearly always agree on policy decisions. It's procedural questions that they most often wrangle over. "Seldom do we have problems on policy...We're more likely to disagree on procedure."

Deaver is not bashful about what an asset his close relationship to Nancy is. "I have been around both of them [RR and Nancy] for a long time and I know them...So I can act...I have a confidence through that relationship. I don't have to second guess whether what I'm doing is right." As for Reagan: "We're good friends, and how many good friends do you have? I consider him one of my two or three best friends."

(END)

STORY:THREE QUEUE:SJF-SJF MSG: OPR:SJF;09/14,15:41
MA:60 FMT: HJ: INI:

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

From: sjf

The following material comes from interviews with the Big Three about the Big Three.

All three acknowledge that their relationship was strained by the President's month-long vacation, but they insist the triumverate is back together again.

"Equals" is the way they describe their relationship. There's no suggestion that Ed Meese has any more influence with Reagan than the other two. In fact, they say the key to a good working relationship is sharing information with each other. The three usually try to come to a consensus before expressing their views to the President. They are also careful not to tread on each other's turf.

They often disagree, however. They claim their disagreements center mostly on style--not policy. But there is evidence they disagree on policy too. On matters of style, Baker and Deaver often gang up on Meese. Baker and Deaver value efficiency. Meese tends to be the least efficient because he always wants to "get all the facts."

After Reagan returned from California, the Big Three had an hour-long meeting in which they discussed their recent problems. Their decision: Never again will just one of them carry all the responsibility when the President is away from the White House.

Although Ronald Reagan reserves the right to make major policy decisions, the triumverate has an extraordinary amount

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latitude on day-to-day matters. These three men also have a rare opportunity to shape the President's thinking.

The President rejects their advice on occasion. On the defense budget cuts, the President sided with Weinberger over the recommendations of the Big Three. Yet there is some question whether the Big Three unanimously favored the larger cuts. Meese is quick to note that he never publicly endorsed any figure--an obvious jab at Baker, who advocated up to 30 billion dollars in cuts in the defense budget.

Michael Deaver: Deaver views himself as the President's "troubleshooter." He often circumvents the system to solve potential problems for the President. "It's one of the things I can do because people know that I have the President's confidence," he says.

The idea of a "Big Three" just "evolved" from the campaign. "The President had in mind how he wanted to organize the White House," says Deaver. "He wanted Ed to be his strong right arm. I remember him saying to Ed, 'I want you to be there all the time to be a counselor.' He was impressed with Jim's organizational abilities--particularly during debate preparations. I suppose he just assumed that I'd be there."

At the start: "The three of us just decided we'd have to be absolutely open because people would try to drive wedges between us. It's become something of a religion with us."

The triumverate: "It's the best working relationship I've ever been involved in. You have three guys who are

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comfortable with themselves. Two have long-term relationships with Ronald Reagan, and Baker is a very self-confident person. I'm not likely to get into his turf and he's not likely to get into mine."

On a busy day, the three men sometimes spend up to 80 percent of their time together. "We are together so much," he says. "I normally see Jim at some time every hour. I see Ed at breakfast, of course, and at least a couple of other times during the day."

2 Day

2

The three have had heated arguments. "It isn't all agreement. Largely we're in agreement on policy. But on procedure--that's a morely like point of disagreement. I've never seen a time where there was a serious division."

3

About the problems that arose in California: "It was the first time we had been out of here (the White House) with only one of us carrying the load. I don't think you'll see it again. It's a matter of chemistry. Even with two of us, it's a better chemistry."

Calif 2

Deaver acknowledges that he sides with Baker against Meese on matters involving efficiency. "Baker is they type of person who won't have a peice of paper on his desk for more than five minutes," he says. But in Meese's defense: "Ed has a different constituency. He has the Cabinet to keep happy. By nature he wants to make sure that everybody has the facts. If all of us were wanting to cross the t's and dot the i's, where would we be?"

1 Baker

1 Meese

On Baker: "Jim from the very beginning wasn't afraid to

1 Baker

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y to the President, 'you're wrong'." Deaver and Baker also have a stronger tendency than Meese to look at things in political terms. "Instinctively, I ask myself what that action is going to mean for the President."

②
Strain

Although the three men try to reach a consensus before they advise the President, one of them sometimes disagrees with the other two. That person never hesitates to tell the President, "I disagree."

②

"He (Reagan) always responds to that," says Deaver.

"What he doesn't like is behind the scenes bickering"-- such as the Haig-Allen fight. "None of it went on in front of him," says Deaver. "He doesn't see it."

No. Bickering

②

In meetings between the President and the Big Three, the mood is both business-like and jovial. "There's a lot of honest ribbing--even of the President," he says. Every morning Reagan comes in with his own agenda and a folder of materials that he distributes to the Big Three. Baker presents the Big Three's own agenda, which is worked out ahead of time in their 7:30 a.m. breakfast meeting.

② Ribbing

On the defense spending, the Big Three was in general agreement. "We had a figure--the three of us," says Deaver. The Big Three also worked out the agenda of last Thursday's Cabinet meeting together.

③ defense

On Weinberger: "Weinberger has his responsibilities to the President that aren't ours."

Deaver views Reagan as "a good friend." He adds: "How many good friends do you have? I consider him one of my two

① Deaver

(MORE)

three good friends."

Baker. Baker is trying to undo the damage caused by his indiscreet remarks about Meese out in California. As it turns out, Baker also did the President a disservice in California by telling reporters that Reagan would cut 20 to 30 billion dollars out of the defense budget. Now, the 13 billion dollar cut looks like peanuts.

Baker regrets the California flap for this reason:

"These are stories a lot of people wanted to write when we came into office but they couldn't write them because they weren't true then."

He described the flap as "the exception that proves the rule." Says Baker: "The system did work during the first even months. It's working now. The key is that we stay in very close contact with each other--that we all know what's going on. Everybody said this system won't work. It did work and it does work because it is a logical division of functions. There is too much work here for all of us."

②
flap

② or
WAG

Baker volunteered that the job of a top White House aide has its drawbacks. "It's a tough job with long hours. Ninty percent of it is saying 'no.' You don't make friends in this job. You're bound to rub people the wrong way."

②
tough job

Baker apparently was surprised when Reagan chose him for this job. "I've been treated surprisingly well by Ronald Reagan" says Baker. "He nevered worked that closely with me before. I feel an obligation to serve him well."

Baker
①

He says the three have spent a lot of time getting to

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ow each other. He doubts that the triumverate concept would work if one left, forcing them to find a replacement.

Although they contend their disagreements are not over policy, Baker offered a few examples of times when he and Meese have disagreed. "I favored appointment of a woman to the Supreme Court more," he says. Another disputed issue: Whether to propose an ID card as part of the new immigration policy. Baker favored it. Meese opposed it as an intrusion of "big government."

Baker also discouraged Reagan from getting involved in other issues while he was working on the first budget-tax package. "I told him I thought we should be keeping our eye on the economic ball," he says. "If you do that, it's a mistake." He and Meese together talked Reagan out of making his Rose Garden speech the day before the PATCO strike. He made it instead after the start of the strike.

Reagan does not always follow their advice. In the campaign, he rejected the unanimous view of his aides that he should not respond to Iran's four conditions for releasing the hostages. At the Carpenters convention last week, Baker pleaded with Reagan to rearrange his speech. He wanted Reagan to mention PATCO early in the speech, not at the end. "He was right," says Baker. "It went over very well and got a good ovation. It didn't fall flat."

Asked about his personal relationship with Reagan, Baker replies: "The President spends a lot of time debating his decisions. There are good, relaxed times too. They've (the

(MORE)

agans) been good to include us socially." He says they are invited to use the tennis court, the pool, Camp David.

After leaving the White House, Baker's friends think he'd like to be attorney general or run for office from Texas. He refuses to comment, except to say that "Republicans don't win in Texas."

Ed Meese. Meese came close to taking credit for originating the idea of a triumverate. He began by saying: "The President and I...", then amended it to say "The President, Mike and I...", then settled on the idea that the triumverate "generally evolved."

Meese winced when I used the term "Big Three." He notes, "We don't use the term Big Three."

He recalls that he spent "a lot of time" during the transition studying previous White House organization charts. He notes that Nixon had a triumverate of sorts: Haldeman handled administration, Erlichman handled domestic policy and Kissinger handled foreign policy.

There was a desire on the part of the Reagan people to "broaden" the number of people involved in White House decision-making at the top level. Reagan also had three people ready to take on these jobs. "Jim and I had worked extremely closely in the campaign," says Meese. "And Mike and I, of course, worked together for a long period in Sacramento."

Thus: "You had a combination of the recognition of the need for a broader organization than previous

(MORE)

administrations had had, plus the happy coincidence of having people who could fit into that category."

In addition to meeting frequently during the day, the three men often buzz each other a couple of times a day. They have direct lines between the three offices.

The advantage of the triumverate: "There's a high degree of coordination, but enough people to concentrate on details. One of the necessary principles is a high degree of communications between us."

A big surprise--Meese did not deny that problems arose during the California trip. (This in itself was a breakthrough for Ed "No Problems" Meese.) Says Meese, "Whenever you don't have everybody right there, it's ways going to be more awkward."

Have you discussed these problems? "We've discussed it a little bit, but we haven't gone into some introspective trance over it." He adds there is no personal strain.

"There are always going to be disagreements--that's good," he says. "Unless they are strong differences, if there are matters dealing with policy or Cabinet, my views generally would be accepted. If it had to do with press, Jim's views would be accepted. On schedule, Mike's views would be accepted. Good arguments? I'm sure we have had some. But nothing where we didn't all leave laughing."

Asked to explain the difference between a presidential decision and a big three decision, Meese brought up the defense cuts. The President decided on the cuts. "Whether

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announce it Saturday night or Sunday morning is something we'd decide," he says.

Meese then took a little jab at Baker. "He's (Reagan's) always going to make his independent decision," says Meese. "That's why we're always careful--and I am particularly careful because I have the primary responsibility in this area--not to get locked into any policy position which might either affect my objectivity in giving information to him or appear to put him in a box." (This is exactly what Baker did on the budget cuts).

"I never took any public position," said Meese. "In the course of discussions with him, I gave my ideas about where I thought it ought to be." Meese refuses to say precisely where he stood on the issue. He says the triumverate presented Reagan with six options. "We were basically together on the fact that there had to be some cuts in the defense budget and we were generally together on the range of those cuts."

Meese rejects the idea that the triumverate has more power than most White House staffs. "I think we have less authority overall because the President makes more key policy decisions across the board than previous presidents." To support this he argues that Nixon concentrated on foreign policy and delegated many domestic policy decisions. "There is no area that he has totally delegated away or an area where he has been more absorbed that he has had to let others fall by the wayside."

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*Meese
just one
options*

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 ○ What about President Meese? "I feel that we share the responsibilities equally. That's the one thing I've never tried to do--amass power. One thing we've been careful not to do is to use our own proximity to the President to advance our own ideas as opposed to developing the Cabinet system. We allow him to make an unfettered decision.

"We are very careful not to give him a cut-and-dried solution so that he's only in the position of either rejecting or accepting it. There are very few matters on which there is only one option."

He adds: "That is the greater lesson to be learned from the defense cuts. We didn't try to impose our views to a greater extent than the Cabinet members."

○ About the President: "He likes to cross current of ideas. He's probably one of the best readers and rememberers of any person who's been in the Presidency. He has an almost photographic memory. But then he likes to have the exchange of ideas."

What will happen if one member of the triumverate leaves? "The basic setup is a good one and we would probably find someone else to fill whatever position is necessary. But I think that's a long way down the pike."

Meese denies that he would like to be appointed to the court in the future. But he hinted again as he did in my last interview with him that economic "pressures" might force him to leave. "I have never had any ambition to the judiciary at all," he says. "I won't say that my feelings

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Pres Meese?

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ght not change at some point. As my wife said, she can never imagine me going to work at the same place every morning. Hey, hey, hey. I never expected to be doing what I'm doing now. I have not thought beyond what I am doing go."

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Missel

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STORY:NOTES
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:DML ;09/14,16:36

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

FROM: RAK

RE: White House notes

Summit? Reagan is likely to hold talks late this week with Canadian Prime Minister Trudeau and Mexican President Lopez Portillo in Grand Rapids, Mich. The heads of state will be in Grand Rapids for the dedication of the Gerald Ford Library. The White House has announced nothing specific, but spokesman Mort Allin says off the record that Reagan probably will hold bilateral sessions with Trudeau and Lopez Portillo. No three-way talks are anticipated at this time.

Allin won't be specific about agendas, except to say that the usual issues are likely to be covered. With Trudeau, Reagan would discuss Canada's national energy plan, acid rain, etc.; and with Lopez Portillo, he would discuss the upcoming Cancun summit, El Salvador, etc.

Is this worth a Current? The meetings would be held late on Thursday and early Friday.

Budget cuts. Larry Speakes took a lot of heat from reporters today over his misleading guidance last week that budget cuts would be announced early this week. Speakes now says the announcement of new cuts will not be made until next week. Speakes defended himself by noting simply that "the President decided differently" than Speakes and

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other White House sources were saying he would. Speakes's comments underscore the fact that the senior White House staff was surprised by Reagan's decision to cut defense spending by only 13 billion.

Stockman is to meet this week with cabinet secretaries to begin outlining cuts for the next three years. The cabinet will meet with Reagan on Thursday morning, but the budget cuts are not expected to be completed by that time.

Reagan met today with a large group of boll weevils, including Phil Gramm, to go over plans for more budget cuts. The boll weevils are all for more cuts, according to the White House version of the meeting.

Social Security. There were hints for the first time today that the White House may be trying to work out a quick deal with Congress on Social Security cutbacks in order to increase the savings in the '82, '83, and '84 budgets. Speakes said that Reagan is sticking to his plan not to cut entitlement programs in '82, but he refused to count Social Security as an entitlement program. "We'll have to wait and see what Congress does...We are in negotiations with the Congress on Social Security."

Speakes repeated today Reagan's commitment not to increase excise taxes as a way of whittling down the deficit.

MX program. Reagan also met today with Sens. Jake Garn and Paul Laxalt to discuss MX. Reagan will make a decision on timing of the MX by the end of September, Speakes says.

AWACS. The President sat down today with 27 senators to

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begin making his case for the AWACS sale.

Personnel changes. The White House announced the following personnel shifts today. Some actually are promotions:

--Promoted from deputy assistants to the President to assistants to the President were Joe Canzeri, Dick Darman and Craig Fuller.

--Named deputy press secretaries were Pete Roussel and Mort Allin.

--Helene von Damm was named deputy assistant to the President and director of presidential personnel. She had been a special assistant to the President and essentially was Reagan's personal secretary. She can't be happy with the new arrangement. Reagan's new personal secretary is Kathleen Osborne.

--Karna Small finally got the boot. She has been given the new job title of ``director, media relations and planning.'' I don't imagine she's taking a pay cut, but she clearly is being moved out of the way.

--Michael Baroody has been named director of the Office of Public Affairs. Lou Gehrig will continue, at least for now, working with out-of-town reporters.

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STORY:FRIEDER
MA:RW FMT:

QUEUE:CWF-CWF
HJ:

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OPR:ALC ;09/15,12:11

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

FROM: RAK

RE: Background ivu with Max Friedersdorf on the Big Three

Friedersdorf is in a unique position to critique the triumvirate arrangement, because he also worked under three previous White House chiefs of staff--Haldeman, Rumsfeld and Cheney. Friedersdorf is really sold on the division of labors by the Big Three.

"The President has to be dependent on somebody," says Friedersdorf. "I think it's much more satisfactory to have three people to rely on than just one or two..."

"I was here when Haldeman was chief of staff, when Rumsfeld was chief of staff and when Cheney was chief of staff, and I can tell you, it's a bear of a job....It's a burnout situation with one guy as chief of staff, because he has to be with the President all of the time, even on vacations...This way, each of the three can get away for a while...It's a lot easier on them and a lot easier on the President, from the standpoint that the staffing is better because you have more people doing it."

Friedersdorf believes it overloads one man to put him in charge of scheduling, policy coordination and political problems.

"Some Presidents want to work with only one person, but this President has confidence in all three...We really have

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Intro

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three interchangeable chiefs of staff, like interchangeable parts in an engine."

Friedersdorf dismisses the reports of friction between the Big Three as the work of unoccupied reporters: "Idle hands get into trouble." He adds, "None of them seems to have a private agenda or an ax to grind...They're not trying to get ahead of one another...I see no jealousy. I see no jockeying. And to me, that's remarkable, because they are all three very strong individuals....

"I've seen numerous instances where one of the three would be gone, and one of the other two would explain the absent guy's position to the President, even though his commendation was the opposite of the other two."

Deaver. Friedersdorf seems to credit the easygoing Deaver for being the glue that holds the Big Three together.

"Mike has had a very intimate relationship with the President over a long period of time, and he knows the President's moods...Mike's constant forte is that he knows how to pace the President...Mike and the President seem to be very comfortable with each other. There seems to be more of a friendship there than with Jim and Ed...It seems more businesslike with Jim and Ed."

He recalls that Deaver put an end to staff requests for short 15-minute meetings with Reagan, on the grounds that no meeting can take less than 20 minutes, anyway. Reagan isn't like to be rushed with visitors. He likes to listen patiently, a trait Deaver well understands.

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Richard Darman says the friendship between Deaver and Reagan is "generational...It's not so much boss to staff as father to son." But Darman does not emphasize the friendship between the two. "If you ask who the President pals around with, the answer is not Mike Deaver."

Friedersdorf describes the relationship among the triumvirate as more businesslike than personal in the way that, for instance, Jody Powell and Ham Jordan were friends. "They're all three private individuals. They're not buddy-buddy. They pretty much go their own separate ways after work and spend what little time they have left with their families...They probably spend more time with each other than with their families."

[Friedersdorf prefers not to be quoted by name--even though he said nothing critical. But if we want to quote him, I told him I would check back and get the quote approved by him.]

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differences

AFDC and Medicaide into block grants this year.

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