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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Sara Fritz Papers
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File Folder: White House Notes – 12/01/1981-12/31/1981

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Date: 5/9/2018

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. transcript	Allen off the record comment (1 pg partial)	12/1/81	C
2. transcript	Baker off the record comment (1 pg partial)	12/8/81	C
3. transcript	Speakes comment (2 pp partial)	12/10/81	C

RESTRICTIONS

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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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STORY:WHU2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;12/01,19:58

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

From: sjf

Subject: Richard Allen's defense. The following material comes from a Sperling breakfast with Richard Allen and other sources.

As he tells it, Allen's story strongly suggests that someone on the National Security Council staff engineered his downfall by handing over the \$1,000 to Ed Meese and perhaps by tampering with the envelop.

Allen says he does not know who found the money and gave it to Meese. Nor does he claim to know who marked the envelop in such a way that it could be read either as ,000 or \$10,000.

He says he would like to know who found the money, but would prefer to read it in the newspapers--meaning that he does not expect Meese to tell him. (There was a slight hint of bitterness toward Meese.) He adds that he would be "very interested to see the results of an inquiry of the discrepancy as to the numbers on the envelope."

He says there was no money figure marked on the envelop when he first saw it. Two other people in his office also have no recollection of any such marking. He says Japanese people seldom ever mark the amount of money on a gift envelop. Yet the envelop as it was handed over to the Justice Department has an extremely bold marking which Allen describes as "ostentatious."

When asked if he thinks that someone set him up, Allen

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is fuel to the fire by declining to comment. He nevertheless discounts any connection between this incident and his previous feud with Al Haig. (It would come as no surprise to anyone if Allen's own staff members tried to get him. Allen is a notoriously difficult boss.)

These other new points came out:

* Allen did not list his former clients on his financial disclosure form, even though the law seems to require it. (Casey, you'll recall, got in trouble for listing only some of his former clients.) But Allen gets around this requirement by claiming he was a mere employe of Potomac International, the firm he owned.

(In a subsequent interview, White House Counsel Fred Meese told me that he agrees with Allen's interpretation of the law requiring disclosure of client names. He says the only people who are required to report their client lists are partners in a law firm.)

* Although the FBI claims it is not investigating Allen's other contacts with former business associates, he says he was questioned about these matters "a little bit."

* On leave, he continues to receive his salary--plus some of the "paperflow" normally associated with his job.

* Allen would "value" an opportunity to discuss these matters with the President, but he has not been asked.

* Allen does not know what standard must be met for him to get his job back on a full-time basis. (Meese suggested on Monday that the standard exceeds a mere clean bill of

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alth from the Justice Department. Fielding says the White House counsel's office also must look into the charges against Allen after the Justice Department is finished.)

* During his now highly publicized telephone conversation with William Webster, the FBI director warned him that a story was about to be published in a Japanese newspaper about the investigation. Referring to the probe, Webster added: "a ribbon hasn't been tied on anything yet."

In presenting his defense, Allen was apologetic. "I lament any embarrassment that it's caused the administration," he says. "To err is human. I know it sounds trite and tautological, but it's not meant to be."

The \$1,000. In the case of the \$1,000 gift, Allen's defense rests almost entirely on this point: When he intercepted the sheaf of papers that the Japanese women were trying to thrust upon Mrs. Reagan, he was unaware that it included an envelop containing \$1,000. He did not discover the envelop until later when he was returning to his office. At that point, it was too late to return the money and he was obliged to turn it over to the Treasury. As he puts it, "Having had constructive possession of that money required me to turn it over to the federal government." But he then forgot about it.

In short, he claims that his instincts were proper, but his memory was faulty. "I cannot understand why it is that we're held to a standard in the federal government where a case of lapse of memory ought to be something that would

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etermine whether a person should remain in office."

(On this subject, the White House manual says: "Any proscribed gift should be returned to the donor accompanied by a written explanation of the reasons for its necessary return. It is recommended that you retain a copy of this letter in your files. When the return of the gift is not possible for any reason, the gift should be forwarded to the Office of the Counsel to the President with a written explanation of the infeasibility of its return. The gift will then be turned over to charity.")

The watches. As for the watches, Allen's defense is two-fold: (1) He received them during the transition when the rules were less strenuous and (2) the rules that applied to transition employees, as well as full-time government employees, do not prohibit them from taking gifts from "friends of long-standing." Allen says he's known the woman who gave him the gift for 15 years and has been exchanging gifts with the family for 10 years.

(On this subject, the White House manual says: "Unless circumstances would otherwise create an appearance of a conflict of interest, the limitation on the acceptance of gifts do not preclude gifts, favors, entertainment, loans or other things of monetary value from friends or relative when the circumstances make it clear that the family or personal relationship involved is the motivating factor.")

Conflict of interest. To bolster his argument that his continuing contact with former clients was "perfectly

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all of this began to blend into what I thought was innuendo." He arrived at this decision at home with his family on the holiday after all three network news shows carried stories about him. "I just felt that I had to get loose to answer those charges," Allen said.

(The irony is that Allen's media blitz is only compounding his problem. If he had taken a leave of absence and disappeared for a while, the story might have died down.)

(END)

STORY:GERGEN
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:DML ;12/03,10:03

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

FROM: RAK

RE: Background-only ivu with David Gergen

Allen. Gergen does not believe Richard Allen ever will return to the White House, but he admits that the situation is "goddamn unpredictable." Baker and Deaver will urge the President not to take Allen back. Asked whether Nancy Reagan will have a say, Gergen responded somberly, "It's not a wise idea for anyone to get on the wrong side of her." Earlier in the week, Gergen thought that even Meese was coming around to the view that Allen must go, but now he is not so sure what Meese will recommend. He concedes that "Meese and the President will have the lead votes" in deciding Allen's future. There has been no serious talk about a replacement for Allen, according to Gergen.

So, Allen is not totally out of the picture. He is a shrewd infighter who on more than one occasion has bragged to me about his close personal relationship with Reagan. This relationship goes back to 1976. Allen, I am sure, will exploit it to the fullest in an effort to hang onto his job. He will also exploit Reagan's sense of loyalty to those who serve him.

After the Justice Department cleared Allen in the acceptance of the \$1,000, the mood against him at the White House was unchanged, says Gergen. Among the senior White

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House staff, the consensus was that he still should go. "I was a little surprised. It clearly did not get him out of the woods...The cloud hasn't lifted...There's still a lot of scar tissue around here." Once the Justice Department investigation is concluded, the \$1,000 will be deposited in the U.S. treasury, says Gergen.

The Justice probe into the watches and discrepancies in Allen's financial-disclosure statements could continue for as long as 80 more days, since the FBI did not learn of the watches until 10 days ago.

Gergen also confirms that White House Counsel Fred Fielding and Allen, who are close friends, share a financial interest in a Florida condominium. For that reason, Fielding has disqualified himself from representing Allen in any way. Fielding does, of course, advise the President about his friend and business associate. The Justice Department report on Allen is being reviewed by Fielding's deputies, but not by Fielding himself.

PATCO. Gergen declares emphatically the the fired air traffic controllers will not be allowed to return to the towers. Reagan is only considering allowing them to return to nontower jobs, says Gergen, contradicting what Larry Speakes and others said earlier. The administration still fears that if any strikers are allowed to return to their old jobs, those controllers who did not walk out will react harshly.

The White House is under no pressure from the airlines to

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increase the capacity of the air-traffic system, according to Gergen. Reagan only changed his stance on PATCO as a gesture to organized labor. Reagan was waiting ``for an opportune moment to show compassion`` toward the fired controllers. The opportune moment came when Reagan desperately needed to mend fences with labor leaders.

Lane Kirkland told the President this week that organized labor's biggest ``bone in their throat`` was his handling of the air controllers' strike. ``This President traditionally has had good relations with working people,`` Gergen adds. Kirkland also drove home the point that the country's biggest problem is unemployment. ``A year ago, they were saying it was inflation,`` Gergen says.

The Teamsters leaders told Reagan that they do not intend to seek a big wage hike when their contract expires next year. They recognize the problems of the trucking industry. Instead, they will seek improved benefits. [Whisper?] The White House takes this as good news, of course. The President will be pressuring the big unions next year to hold down wage settlements. ``It's our great hope that the lowering of inflation will lower the size of wage settlements.``

Outlook for 1982. Gergen says he has no illusions about Reagan's second year--it will be much more difficult than 1981. ``Our hardest tasks are still ahead...The first part of the year is going to be particularly tough.``

The recession during the first quarter of 1982 will make

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it very difficult to get new budget cuts through Congress early in the year. In the fall, the congressional elections also will serve to block any constructive action. "We're going to have a window in the spring and summer that is going to be our only real chance to get serious budget cuts on the Hill."

Recession. The recession and resulting unemployment pose the greatest threat next year, so the administration is praying for the earliest possible economic recovery, says Gergen. "The pressures are going to build and build and build to rev up the economy and change course in order to address the unemployment problem...From January to March there is going to be enormous pressure to swerve off this course of seeking additional cuts in domestic programs."

Kirkland's assertion that unemployment is the nation's most pressing problem is a "harbinger" of what the mood of the country will be by mid-winter.

"The President's political standing may suffer [from high unemployment]...There's been some erosion of his popularity already....And it's going to be difficult to get the action we need from Congress early in the year" when unemployment will be climbing toward 9 percent. Gergen also mentioned the prospect of "some business failures" that could generate enormous political pressures on the White House.

There is a growing fear in the administration that the ballooning deficit--made worse by Reagan's difficulties in getting new spending cuts next year--will send interest

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rates soaring again and choke off the spring-to-summer recovery. "High interest rates could pitch us into another recession. That's a very legitimate fear here."

Deficit. For fiscal '83, OMB will be aiming for a deficit of under 100 billion. "The goal is to at least have a declining deficit, recognizing that we can't get to zero in 1984."

Reagan will submit to Congress a budget that includes a combination of budget cuts and tax hikes that would keep the deficit under 100 billion.

Taxes. Gergen sees no prospect of Reagan delaying the income tax cuts or slowing the rate of growth in the defense budget. Jim Baker and Gergen would like to see cuts in defense spending but they seem reconciled to the President's refusal to cut defense. "So far, he hasn't shown any flexibility on defense spending. All he has shown is determination...He has made clear that he is willing to accept larger deficits instead."

The new taxes that Reagan is likely to seek include a windfall profits tax on natural gas, which Gergen says would produce 20 billion to 30 billion a year in revenues when coupled with accelerated deregulation of prices.

In addition, the White House will seek the same user fees and increases in excise taxes that were proposed in September and later abandoned.

Budget cuts. There is little doubt that Reagan will go after major reductions in entitlement programs, along with

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deep cuts across the spectrum of domestic spending.

Foreign affairs. What is the future of U.S. relations with Moscow under Reagan? "A lot will hinge on the spirit that emerges from Geneva...If we find cooperation and things go smoothly, the START talks could come quickly...If all we find is bluster and bluff, the START negotiations and any other progress will follow more slowly.

The question of a summit with Brezhnev "still is very open-ended."

Gergen seemed very uneasy over what actions the administration might take to halt the flow of arms into Central America. He conceded that "there are a helluva lot of arms" now being shipped into Nicaragua and El Salvador, but some of the options being discussed at the State Department and among the hawks at the White House cause Gergen to turn pale. He rolls his eyes to the ceiling at the mention of a naval quarantine. Jim Baker and the other moderate types obviously are not looking forward to anything that would increase American military involvement in Central America.

Marvin Mandel. Gergen is only guessing, but he thinks Reagan will grant clemency to allow the former Maryland governor to be released from federal prison before his term expires.

(END)

STORY:SPEAKES
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:
INI:

OPR:SRR ;12/03,18:01

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

FROM: RAK

RE: Background ivu with Larry Speakes and other notes

Friedersdorf. The White House announced today that Max Friedersdorf is resigning his post to become consul general to Bermuda, effective January 2. At this afternoon's briefing, David Gergen quoted Friedersdorf as saying, "I'm in a stage of life when I can start a second career and I'd like to give it a chance."

Gergen declined to comment on the real reason Friedersdorf is leaving--his health. At least twice since this year, Friedersdorf has been out sick with asthma at the time of very critical votes--the AWACS vote in the Senate and the tax-cut vote in the House. The asthma attacks appear to be triggered by the obvious and enormous stress that comes with Friedersdorf's job. At the time of the AWACS vote, he was hospitalized for several days.

Speakes says, on background only, that after Friedersdorf's hospitalization it was clear that he was not up to speed. "When Max came back, you could tell that that problem had really taken its toll...He's just tired and wants a rest."

From all indications, there is no dissatisfaction with Friedersdorf. He is well liked and his talents respected at the White House and on Capitol Hill.

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Allen. The Allen matter is too volatile to predict an outcome, says Speakes, but he ventures that, on a scale of 1-to-10, Allen has a 6 and one-half chance of surviving. Meese clearly holds sway over Allen's future, and Speakes complains that Meese's view of Allen keeps changing. "His public statements alone have been all over the ball park." Speakes left me with the impression that Jim Baker and Mike Deaver do not expect to call the shots on this, that Meese is very much the one in control, that his decision is the one that counts.

If Allen comes back, can he be effective? "I would say that he could come back with the same degree of effectiveness as he had before--which wasn't very high...There wasn't ever a very high regard for him or his staff." Surprisingly, Secretary of State Haig has had the good sense to keep his mouth shut about Allen. He is exerting no pressure to get rid of his nemesis, says Speakes.

On the ribald side, Speakes reports that Baker has laid down the following rule on acceptance of gifts by members of the White House staff: "If you can't eat it or screw it, you have to turn it in."

PATCO. The reason for the confusion this week over PATCO is a split among Reagan advisers over what to do about the fired controllers. Baker wants Reagan to hire them back in some fashion--not necessarily as controllers. Drew Lewis and others argue strenuously against ever bringing the strikers

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back under any circumstances. As usual, "the President hasn't really focused on it yet," so there is direction on this issue from the Oval Office. Speakes does not believe the controllers ever will return to the towers--there are no proponents of that idea to be found anywhere in the White House.

Baker's reasoning for lifting the ban on nontower federal jobs is this, according to Speakes: "There's a perception in the country that the President and the whole administration are not very compassionate, that all we've done is try to soak the poor folks...We perceive a need to show compassion."

A new argument has emerged against rehiring the controllers in any federal job. According to Speakes, it would cost the government "several thousand dollars for each man" in pension contributions if the controllers are rehired in any federal job. No definitive action will be taken regarding the controllers before Lewis returns from Japan in a week or so.

AFL-CIO. Reagan was pleased by the meeting with Kirkland, et al. "The meeting was not feisty...It ended on a positive note. It left a good feeling here." The sessions this week laid the groundwork for Veep Bush and Labor Secretary Donovan to meet regularly with labor leaders in the future. Reagan also wants to meet with them again, but not as frequently as Bush. Reagan and the labor chiefs found one point of agreement: Certain provisions of the

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Hobbes Act should be returned to state control.

Libyan threats. The White House has received enough intelligence to make everyone jittery about an assassination attempt. ``It's regarded as a very serious matter.'' To minimize the dangers, the press office will announce Reagan's travel plans closer to the date of departure.

CIA. On Friday afternoon, Ed Meese will hold a briefing to announce the controversial executive order relaxing restrictions on the CIA. Deputy CIA Director Bobby Inman also will participate in the briefing, but William Casey will not be present. Why? ``Because he's not articulate,`` says Speakes.

Department of Education. Secretary Bell has been given the mission of going to the Hill and drumming up support for his proposal to downgrade the department into a foundation. If he can't generate enough votes to make passage a likely possibility, then the White House will turn to some other alternative. Jim Baker has told Bell that he must win the support of the House boll weevils if the foundation idea is to get through Congress. [Whisper?]

1982 Outlook. ``I think you'll see an evolving foreign policy next year`` which will include ``a steady drumbeat of pressure`` on Cuba to halt its activities in Central America. The administration will seek the cooperation of other Latin American countries to tighten the economic boycott of Cuba, and a naval quarantine to halt arms

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shipments is a possibility, says Speakes.

A tour of European capitals is likely, says Speakes, but he knows of no specific plans except for the annual economic summit in Paris in July.

He believes the President will tone down his anti-Soviet rhetoric, but only because the U.S. arms buildup is a better way for Reagan to get his point across to Moscow. "The President just is not going to back off building up defense. That's got to be perceived as a solid, irrevocable commitment before we can have any success in the arms-limitation talks."

The only way Reagan would give on defense spending is if "we would give a little off defense and get a lot off domestic spending," says Speakes.

Budget cuts. "The entitlement cuts are going to be deep...We're still looking for a way to cap the entitlement programs. They take a larger share of the budget each year."

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STORY:WHU2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;12/08,13:58



To: mls lt jf bfp dxb jwm gp dr jg dcb lh rak pa pgh fwf
jls tg tjf sxm

From: sjf

The following material comes from a background interview with James Baker.

President Reagan will allow some PATCO strikers to be rehired as controllers without seniority; Richard Allen will likely resign after he's cleared of wrongdoing; Bush aide Rich Bond will soon be assigned to the Republican National Committee as defacto chairman under Richards.

The controllers. The President himself came up with the idea of easing the penalties he imposed on the controllers.

He's been thinking about this for some time," says Baker, who allows that as many as 1,000 or 2,000 could be rehired as controllers. But he quickly adds that they will only be rehired at the bottom of the ladder--no seniority. Baker acknowledges that Transportation Secretary Drew Lewis is very much opposed to the idea. No timetable was suggested. The first step is for the President to lift the 3-year ban on reemployment.

Allen. Baker says it's "plausible" that Allen's resignation will be tendered sometime during the holidays when nobody's paying much attention. Even Ed Meese is coming around to the view that Allen must go.

Allen should have been forced out after the first week of news stories about his dealings with the Japanese, says Baker. Allen's media blitz was "stupid." Allen was

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near."

Baker's opinion of Richards was expressed this way: He crossed his eyes and made a silly face. Asked if Richards had been any more disloyal than Stockman, Baker replied: "It was Stockman's first mistake. It wasn't Richards' first mistake."

Security. President Reagan is becoming more isolated as a result of the Lybian threat. Although Baker thinks there is reason to be afraid of the Lybians, he suggests that the memory of March 30 also has much to do with the current security arrangements.

"These people aren't amateurs," says Baker, who now has round-the-clock Secret Service protection. "He was almost killed by an amateur."

Reagan has already cut two things out of his schedule as a result of the new security: (1) Laying a wreath at the tomb of the unknown soldier and (2) attending industrialist Tex Thornton's funeral. Other things may be scratched, including lighting of the national Christmas tree. Baker acknowledges that these security precautions will alter Reagan's campaign style next year, but he argues that pressing the flesh is not as important as it once was.

Economic sanctions against Lybia are under consideration, but Baker refuses to discuss the options on grounds they are classified. He denies charges that the White House manufactured this crisis to divert attention from other things. He acknowledged that it would be an act of war if

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the Lybians succeeded in killing someone.

Economy. The President will propose \$38 billion dollars in cuts for 1983. That includes entitlements. But Baker insists that the deficit figures currently circulating through Washington (\$109 billion in '82, \$152 billion in '83 and \$162 billion in '84) ``are not the deficit figures.'' He says the figures have not been set yet. Baker thinks the deficit will be closer to \$85-90 billion. He says the President will accept only 3 or 4 billion dollars more in cuts from the defense budget over what he initially proposed for the three year period.

Unemployment will hit at least 9.2 percent, says Baker. He predicts the recovery will begin in May with inflation falling to 8 percent and interest rates to 10 percent.

What was Laxalt trying to say by criticizing the budget cuts last week? ``He was saying we've got to get to entitlements.'' Baker says entitlements will be cut, but ``we ain't going near Social Security.

Cabinet. Most Cabinet members are balking at the cuts that OMB wants to make in their 1983 budgets. Ironically, Energy Secretary Edwards--whose department is supposed to be abolished--came in with the most complaints. He's challenging 51 items. Donovan is challenging only four but they are big ones. How about EPA? ``She won some and lost some. She's going to the President to appeal.''

Lessons. Here are three lessons that the President has learned during his first year in office:

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(1) Do not make policy pronouncements before you subject them to a political analysis. This comes from the Social Security faux pas.

(2) Do not be too deferential to Congress. Baker says Reagan stroked Congress too much at first and this is why their fall offensive never got off the ground. ``We went out of our way to learn from the Carter experience,`` he says. ``We'd go up there and stroke them all the time. But when we launched our fall offensive, it fell flat. The President didn't exert any pressure. You can't expect leadership from Congress; the President must lead. He must not be arrogant. He must be thoughtful and considerate, but he can't let them run it.`` He says Reagan ultimately brought Congress back in line with the veto.

(3) Do not let embarrassing personnel problems fester. As Baker says, ``When you have a boil, lance it quickly.``

(END)

STORY:TURNER
NA:60 RMT:

QUEUE:JWM-JWM
HJ:

MS3:
INI:

OPR:JWM 12/08,16:22

TO: MLS, JF, DR, DXB SJI, JWM
FROM: JWM

Re: Sperling breakfast: Stansfield Turner, former CIA director.

Libya: On Libya, Turner asked to go on background as a previous Administration official because of "this most extraordinary situation with leaders (Reagan and Qadhafi) debating the issue of assassination squads in public." Turner, however, did not think the Administration was overplaying the episode and "I think they've got a genuine problem on their hands."

At the same time, Turner warned that no source is 100 per cent reliable in this situation no matter how you tear his story down. Asked if Casey, praised by Turner on the record for "doing very well" at the CIA, should be telling Reagan and others not to spread the word about the assassination plot story, Turner says Reagan is the policy setter and can obviously talk about it in the open if he wants. But he expressed dismay over the "garrulousness" and "loose mouthed" talk going on. He described Qadhafi an irrational man, saying Libya had a role in the Munich slaughter of Israeli athletes at the Games and then turned its attention starting in 1979 to international terrorism.

Turner said his worry about all the talk now is "there are psychotic people around. They hear all this assassination talk and some think they are tapped by God to do the deed." Turner had no idea what the Administration would do about Libya but said they could resort to covert action in the way of propoganda, politics of para-military action.

(The remainder of the material is on the record.)

Intelligence: Of the recent executive order on intelligence gathering, he made these points.

1. It was good for the CIA because it improved the "tone" for future operations by saying in effect "we want good intelligence."
2. It was bad from the point that opened up the CIA to intrude into the privacy of individual Americans, "a risky business" after what the nation went through in the Watergate turmoil.
3. Congress forfeited some of its oversight responsibilities in negotiating the document. Direction should be left to the Administration "or we'd have 535 ideas" on how to run the agency. But he felt Congress was coopted from its important oversight responsibilities.
4. He believes removal of a restriction in the Carter executive order on intelligence regarding clearance with the NSC is in error. His argument is that removing the restriction weakens the CIA director "since some of my

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... predecessors didn't know about some sensitive matters until the Church Committee brought them out."

US-USSR: Turner said the US was ahead in some military numbers and the Soviets ahead in others and "I don't believe in the window of vulnerability." He explained that the U.S. has the retaliatory capability "that no rational Soviet leader can possibly believe he'd win any intercontinental war."

Of Central Europe, he said the Soviets are ahead in ground power, but behind the U.S. in air power.

He said the confidence of our European allies is the primary problem now. He said the Europeans regard our current negotiations with the Soviets with some fright because they believe SS-20's are labeled for Europe only. Even if they are negotiated out of existence, he said the USSR has 1,500 ICBM's plus bombers to hit Europe. So there is no way we can negotiate W Europe out of vulnerability.

In Turner's view, the U.S. should be ready for emergencies with assault teams in Navy and Marine Corps that can make rapid footholds at world hot spots in case of emergency. He says they should be supported by rapid sea and air lift teams not now in existence.

Morale, Casey: Turner says the morale at CIA was low when he got there "because of the constant pounding from the public and press, some of it justified and much of it exaggerated." He feels it is up to snuff now and he also said he had made improvements in the espionage unit, of which 30 per cent of the personnel was over 50.

There was no criticism of Casey, only praise. He said he knew nothing of Casey's personal holdings and it was his decision on whether to hold them in trust or not. Turner held his more modest portfolio in trust.

Stealth, B1: In a post breakfast bull-session, Turner solicited support for the Stealth over too much dependence on the B1. He said a generation or more of the military, educated and heavily dependent on radar for tactics, would be thrown off track if the B1 gains prominence. He was almost pleading in his voice on the matter.

Carter, Jordan: Turner said he had not been in contact with Carter on JC's book. He said he had been interviewed by Jordan for two hours on the latter's so-called iocu-drama, being done with Jerry Rafshoon, on the taking of the hostages in Iran. Turner seems to think it will be an objective look at the linger crisis of the Carter Administration (Don't bet on it----JWM.)

(END)

[981]

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

From: sjf

The following material comes from a background interview with David Gergen:

President Reagan is ``damn angry`` that news of the Lybian assassination threat leaked out. This is why everyone is afraid to discuss the sanctions now under consideration.

Gergen says the sanctions will be made known to congressional leaders shortly and will become public knowledge before our deadline.

Why is the President so angry that people know about it?

``We wanted to avoid any sense of crisis,`` says Gergen.

``It's getting out of hand.``

Gergen strongly denies stories that the U.S. has very little evidence of a threat. He claims he has been assured by Mike Deaver that the evidence is solid.

The current security measures are not likely to be lifted any time soon, according to Gergen. It will likely hamper Reagan's campaigning for GOP candidates in 1982.

(Historical Note: According to several long-time White House reporters, Reagan's current isolation compares to the way Johnson cut himself off from the public during the Vietnam war. But Reagan is not yet as much of a recluse as Nixon was in the final days of Watergate.)

Allen. The party now being planned for Allen by a group of leading conservatives has ``raised some eyebrows around

(MORE)

here." In other words, Jim Baker is not happy about it. Although it will not help him regain his job at the White House, Gergen says, "it may help him in terms of his ultimate reputation on the outside."

No serious discussions have yet be held on the subject of a successor for Allen. Gergen says Nance has been "very responsive" as acting White House national security adviser and has improved his chances of getting the job permanently.

PATCO. Labor people are bemused by the President's gesture to the air traffic controllers. AFL-CIO Secretary Treasurer Tom Donahue, who I met on his way into the White House, views it a pointless--even cruel--gesture. He says the controllers have no interest in other federal jobs.

Gergen says the idea of allowing the striking controllers back into the towers "got a lot of negative reaction from the President's constituents." Gergen says the military is anxious to find more controllers because many military controllers have moved into higher paying civilian jobs. He says Reagan views his act as "compassionate."

Lessons. Here are the lessons of Reagan's first year as Gergen sees them:

- (1) "No conversation or document remains private for more than 24 hours. This was a hard lesson to learn."
- (2) "When dealing with budget deficits, Murphy's law applies. Everything that can go wrong will go wrong." He notes that the administration failed to predict a

(MORE)

recession.

(3) It was a mistake to think that the financial markets would respond to the President's economic program.

(4) ``Overselling your program will always have a price later on. You have to make the best case for your program to get attention on the Hill.``

Interview and Cartoons. We will know by Friday whether we are going to get a year-end interview with the President. Gergen is asking David Fisher, Reagan's right-hand-man, to help us put together the President's favorite cartoons.

(END)

STORY: SPEAKES
MA: 60 FMT:

QUEUE: RAKX-RAK
HJ:

MSG:
INI:

OPR: RAK ; 12/10, 17:41

(198)

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

FROM: RAK

RE: Background-only ivu with Larry Speakes

Qadhafi. Despite State Department claims publicly to the contrary, Reagan intends to halt U.S. imports of Libyan oil after all Americans have left the country, Speakes says. The President's call today for Americans to leave Libya voluntarily is only a prelude to the halt in oil imports. If all Americans have not left Libya by the first of the year, Reagan will order them to leave and has the power under U.S. law to do so, according to Speakes.

The White House is not sure whether Qadhafi will realize that an oil cutoff is coming. While Reagan will not publicly tip his hand to his intentions in advance, the threat of a cutoff will always be implicit. So, the Libyans should get the message.

The halt in Libyan imports will probably not come until January. Speakes acted as though this decision already has been made by the President. But we should keep in mind that events could cause him to change the plan. "We're being super-cautious about what we say, so that there isn't a hostage situation" in Libya, he adds. Now in Libya are approximately 30 American companies, 1,500 American experts and 400 dependents.

Speakes concedes that a halt in imports of Libyan oil will

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have little impact on Libyan oil production and little impact on U.S. oil supplies. ``It would be more in the way of a symbol than anything else...Oil on the world market all comes from one big pool...When we dip in, we can never tell whether we're getting Libyan oil or oil from somewhere else.``

He read to me from some briefing materials prepared by the NSC staff indicating that a ban on imports from Libya would cause only ``minor interruptions`` for Libyan oil production and the interruptions would be temporary in nature. So why would the President bother to take the action at all? ``It's just to further isolate Libya.``

The U.S. in all likelihood will act unilaterally in taking action against Qadhafi. There are ``no strong indications`` that Britain or France will go along, but that remains a possibility, Speakes says.

The White House is smarting over the fact that Reagan has raised Qadhafi's stature several notches, at least in the eyes of the Arab world. ``We do feel like this story got out of hand and we fanned the flames. We have ourselves to blame,`` says Speakes.

Then he pointedly pinned the blame on the President: Reagan has been advised repeatedly not to even mention Qadhafi's name in public, but Rawhide just can't resist reporters' bait. There is some irritation among the senior White House staff that the President late last week and this week constantly impugns Qadhafi to reporters. All that

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Donovan probe. "There must be something there," says Speakes, "because we're being awful careful about what we say." At today's briefing, David Gergen said, "There is no information known to the President that would cause him to have any lack of confidence in Secretary Donovan." Speakes diplomatically describes Donovan as "adequate but not among the best" in the Cabinet.

Allen. Speakes again cautions that Allen is not out the door yet. Neither Baker nor Deaver is pushing hard for Allen to leave, but both want him to. Meese is not saying much one way or the other, and his opinion is the one that counts, says Speakes. He hinted that Baker and Deaver are trying to allow Meese to come around slowly to their way of thinking. They are not pressuring him to get rid of Allen.

Nevertheless, I do smell a rat: Speakes praised the good job that Allen's deputy, Bud Nance, has been doing running the NSC in Allen's absence. Earlier in the week, Gergen privately pointed out what a good job Nance is doing. From all appearances, Baker (Gergen's and Speakes's boss) is trying to promote Nance to replace Allen.

Says Speakes, "The work the NSC staff did in preparing the Libyan option papers under Nance's direction was very well received...Baker liked Nance's memo." He argues with the claim that the NSC staff is in shambles. Instead, he says there was better cooperation between the State

(MORE)

Department people and the NSC people over the Libyan matter. The better cooperation is presumably because of Allen's absence. Speakes did not quarrel when I suggested that he seemed to be promoting Nance.

PATCO. Although the AFL-CIO and other unions publicly criticized Reagan's decision to allow the fired controllers to be hired for other federal jobs, the White House action scored a few points with organized labor, Speakes claims. Reagan also has pleased organized labor somewhat by taking their side in opposing legislation to make certain crimes under the Hobbes Act federal crimes. They now are state crimes. The Hobbes Act deals with acts committed during a strike.

Taxes. Despite Reagan's claim that he will not go along with a windfall profits tax on natural gas, Speakes says the administration will seek some kind of higher tax on natural gas next year. But the tax might not be a windfall profits tax. "We could find some other way of twisting it so that it isn't a windfall profits tax." Increases in excise taxes also are likely, but the political experts are warning that higher excise taxes would be very unpopular.

(END)

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

From: sjf

The following comes from a background interview with Craig Fuller, cabinet director.

President Reagan and his advisers are likely to put up with large budget deficits rather than cut deeply into entitlement programs in an election year.

That's the opinion of Fuller, who is spending almost all of his time on the budget process these days. But he emphasizes that decisions involving taxes, entitlements and overall deficits will not be made until the 1983 budget review process is complete sometime just before Christmas.

"Someone around here is going to have to decide how to trade off entitlement cuts and big deficits in an election year," said Fuller. When it comes to that, he predicted the decision would be in favor of bigger deficits.

Entitlement cuts are being viewed as very risky.

Fuller was reluctant to discuss tax increase proposals. He says OMB is proposing a wide range of measures, including a change in the effective date of the income tax. Any change in the income tax cut would be unacceptable to the President. Excise tax increases are likely, he says. But a natural gas tax is "more of a problem since the President is on record opposing it."

The current thinking on taxes: "Either we will have to propose something that ordinarily we would not accept or send a package to Congress that is less than we want and

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hope to see some of these other things forced upon us."

Although the deficits are still being debated, Fuller says: "I haven't seen anything below 100 billion dollars."

Fuller showed me a handful of documents recording the current progress in the budget review process. At the top of the first page was evidence that Labor Secretary Ray Donovan had appealed to the President over on the employment and training budget. As a result, some of the money was restored. Although Energy Secretary Edwards initially appealed 51 items, the chart showed that only 8 of them went to the President. Overall, Fuller estimates a total of 90 items have been appealed directly to the President by all the Cabinet secretaries.

Fuller says at least two department budgets--Labor and Commerce--will be smaller in real terms in 1983 than they were in 1981. For example, he says the Labor Department had a 13 billion budget in 1981 and will get only 8 billion in 1982. (This reflects the cuts in CETA and TAA.)

The hottest debate between the White House and a Cabinet member involved Attorney General William French Smith, who strongly resisted the staff cutbacks proposed by OMB.

Meese. Ed Meese compounded his problems with Jim Baker and others last week by leaving town in the middle of the budget review. Result: Most of the budget decisions were made without the help of Reagan's top policy man. the budget review committee--the group that makes the decisions short of an appeal to the President--is supposed to include

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Baker, Stockman and Meese. But Meese left town on Tuesday, missing hours and hours of schedule meetings on Wednesday, Thursday, Friday, Saturday and Sunday. Even Fuller, who prepares information for these meetings, was miffed.

Controllers. Fuller says 30 striking controllers applied for other federal jobs prior to the President's decision to lift the ban on federal employment. One even tried to get into the Army so he could be a military controller. No new applications have been received since the announcement.

(END)

TORY:WHU2

QUEUE:SJF-SJF

MSG:

1:60 FMT:

HJ:

INI:

OPR:SJF ;12/16,17:49

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

From: sjf

The following comes from a background interview with Ed Meese:

Meese described Israel's annexation of the Golan Heights as a "very short-sighted" step that seemed designed to frustrate the Middle East peace process at a time when there was a good chance for progress.

"There's generally a reaction around here of grave disappointment," said Meese. "It raises a matter of grave concern about what progress can be achieved in the Middle East. It's so counterproductive for Israel.

"It's very hard to figure his (Begin's) conduct out there--just a time when things seemed to be moving along pretty well. It's a very short-sighted point of view. It's almost as if there's a sense of doing something that would have the effect of frustrating the continuation of the peace process at a time when we really have some reasonable prospects for doing something."

Meese says he has no reason at this point to believe that Israel is going to back down on the Siani transfer. But he added: "It complicates the whole Lebanon situation." He would not elaborate on what he described as "reasonable prospects" for progress in the Middle East.

Meese says it's too early to know whether the U.S. can convince Begin to reverse course. He says the U.S. will

TORY: WHU2

PAGE: 2

annexation. He does not rule out further steps.

He does not accuse Begin of taking advantage of the crisis in Poland. "He's done similar things in times when there was no crisis," says Meese with a sardonic laugh.

"I don't think the timing of it was affected by what was going on elsewhere. I have no reason to believe that."

Meeting with Brezhnev. Meese was unaware of the President's newly expressed willingness to meet with Brezhnev. Meese cautioned that the President probably would not meet with Brezhnev until the second half of 1982--a time-frame I've heard mentioned elsewhere in the White House. He added that such a meeting "would have to be productive."

Poland. Although David Gergen suggested in today's briefing that the Polish government imposed martial law under pressure from the Soviets, Meese cautions: "All along there has been Soviet pressure there. But I would not want to connect any specific Soviet pressure with this act. We don't know of any direct pressure that caused it at this particular time."

Meese adds: "Without Soviet participation to a definable extent, it's pretty hard to go in and do anything. It's pretty much an internal matter. There are ways that we can support people who believe in freedom and greater flexibility as far as the government is concerned from an economic standpoint," he said. "But our concerns mainly how we can help the people of Poland and how we can be careful not to exacerbate the situation."

He says they held up food shipments to the government
"so that they would not be using our aid as part of their
repressive schemes."

Allen Meese, who previously expressed support for
Richard Allen, now describes himself as perfectly neutral
on the subject. He also claims that he's always been
neutral, which is not the case. "I have always said
exactly the same thing--that I have not made up my mind at
all," he told us.

Today's Richard Allen appreciation luncheon will have
"no impact" on whether Allen stays or goes. Meese boasted
at he did not go to the luncheon and did not know anyone
who did. When I confessed that I had attended, he promptly
asked me to tell him who was there.

Meese added that Bud Nance is doing a good job in
Allen's absence.

(END)

STORY:WHU3
MA:60 FMT:

QUEUE:SJF-SJF
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MSG:
INI:

OPR:SJF ;12/16,18:38

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

From: sjf

The Richard Allen Appreciation Luncheon.

More than 400 persons, most of them prominent conservatives, paid 30-dollars^{each} to attend the luncheon.

Among the group was Labor Secretary Ray Donovan, who may soon be in the same boat as Allen.

Also seen at the luncheon were were HUD Secretary Sam Pierce, Lyn Nofziger, Rich Williamson, David Gergen, Senators Helms, Laxalt and Jepson, Congressman Jack Kemp, Navy Secretary Lehmann, Charles Wick. None of the prominent members of Congress stayed to eat, however.

Gergen's presence was notable for two reasons. First, it was an obvious attempt to improve his credentials as a Reaganite. Second, he showed up only minutes after telling the daily press briefing that the luncheon might do Allen as much harm as good. (Just as Gergen arrived, one of the speakers, M. Stanton Evans, made a snide remark about how few true Reaganites there are in the White House.)

The luncheon began with a new first: A prayer that attacked the press. "We think today about our free press and the kind of threat that it has on our freedom in America," said Rev. Norris W. Sydnor Jr. "We should stand together, knowing that the next time it might be us."

The whole affair was like a farewell luncheon. "We conservatives love to rally around a guy when he's dead," said Roger Stone (not for attribution). "When they give a

dinner for you, you know you've had it."

One of the sponsors of the lunch, Ed Fulner of the Heritage Foundation, passed out a piece of paper explaining that the lunch was financed entirely by ticket sales and that anything left would go to Children's Hospital. He took a jab at reporters by noting that 15 of them ate free.

The speakers were Frank R. Barnett and Stanton Evans.

Barnett praised Allen as a "scholar, patriot and persistent craftsman." His speech implied that Allen's misfortunes had something to do with Soviet aggression around the world. Barnett finished with a story of how

Allen many years ago got bitten by an ape in Africa and administered anti-rabies vaccine to himself each day through a 3-inch needle into the stomach. (A particularly odd choice of stories to tell at lunch.)

Evans attacked the Washington Post, noting that no special prosecutor was named in the Janet Cooke case.

Allen, the last speaker, joked about the rabies story: "It has no connection with my present infirmity." He said he was "eager and prepared" to resume his White House duties as soon as possible.

According to Herb Berkowitz of the Heritage Foundation, the idea for the luncheon was hatched in a telephone conversation between Fulner and Joseph Coors. Justin Dart and William Simon were also involved in the initial stages. Coors, Dart and Simon did not attend, however.

Berkowitz said there were some snafus in the organization

of the luncheon. Among them: An invitation was sent by
mistake to Senator Proxmire.

(END)

= Who =

STORY:SPEAKES
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:

INI:

OPR:RAK

;12/17,12:26

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

FA, PGH, SXM

FROM: RAK

RE: Background-only_ivu_with_Larry_Speakes

Poland. Because of events in Poland, the President this week signed an executive order formally creating a ``Special Situation Group`` (SSG) to monitor this and future crises. The group is headed by Veep Bush and is composed of Haig, Weinberger and all the other members of the now-defunct ``crisis management team.`` It does not include Reagan. The White House has not yet announced creation of the Special Situation Group, but Speakes says an announcement will be made soon.

Reagan signed the executive order on Monday, after the SSG team met in emergency session on Sunday and again on Monday. The group has met three or four times this week to monitor the Polish crisis. Around the White House, the

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Group has been referred to as "the NSC minus one" group (minus the President). The White House did not announce the creation of the group, because officials did not want to contribute to the air of crisis. For the same reason, the group is no longer being called the crisis management team. The White House wanted to avoid use of the word crisis.

Speakes says the crisis management team--which sparked the furor between the President and Haig last spring when Bush was named to head the group--was never formally created by executive order. The new group, he says, "is the same thing, just a different name."

There is very little the administration can do to control events in Poland, Speakes concedes. "The only weapon we really have is world opinion...Holding up food aid or breaking diplomatic relations would not make much difference." At Thursday's press conference, Reagan probably will make an opening statement criticizing the Polish government. His remarks are intended to heighten

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old disapproval of the crackdown.

Speakes regards a trade embargo on the Soviet Union as "not a realistic option...It would hurt us too much." But he does not rule out the possibility that Reagan may ultimately decide to embargo trade with the Soviets. Reagan has not communicated directly with Brezhnev since the Polish crisis erupted.

Seizing any opportunity to improve relations with organized labor, Reagan probably will meet with the AFL-CIO's Lane Kirkland on Friday to discuss Poland. "This is one thing we see eye-to-eye on," says Speakes. [Whisper?]

Middle East. The administration holds out little hope that Prime Minister Begin can be persuaded to reverse his decision to annex the Golan Heights. "He's considered impossible to control," says Speakes. The U.S. will in all probability vote in the UN to censure Israel's action.

Allen. Speakes says, again, that relations between the NSC staff and the State Department have improved considerably

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since Allen took his leave of absence. Bud Nance, who is running the NSC, is doing an excellent job and has had past ties to Haig that have enabled him to get along better with the people at State. Nance is also on buddy-buddy terms with William Clark, and the two have coordinated State-NSC activities relating to Poland and Litya.

Nearly everyone at the White House--including Ed Meese--was irritated by the appreciation luncheon the conservatives held for Allen. Without exception, senior White House aides say the dinner will have no bearing on Allen's future.

David Gergen even said publicly on Wednesday that the dinner could "cut both ways" in affecting the decision whether to bring Allen back. In other words, the good intentions of Allen's friends backfired. The dinner probably hurt his chances of getting his job back.

[Whisper?] Speakes speculates that Sam Pierce and Raymond Donovan--the only cabinet secretaries who attended the luncheon--"probably were two guys who didn't get the word"

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that going to the luncheon was no way to win favor around
the White House.

(END)

To: ~~MES, LT, JG, DR, GP, DCB, THH.~~

JTF

From: BK

Subject: Weidenbaum

On background, Murray Weidenbaum says the President approved about \$30 billion of non-defense cuts before leaving for his Xmas vacation. But that will not be enough to close the huge deficits that loom for FY'83 and FY '84.

Though no final decisions have been made, Weidenbaum says he believes the President wants to project a trendline of declining deficits for '83 and '84 to show that deficits do matter/ to him.

That's why Weidenbaum has taken to the podium to declare that "deficits do matter" to repair the damage done by CEA Member Niskanen's suggestion that they ~~don't~~ aren't important.

Hence, Weidenbaum says he believes Reagan will have to raise taxes in the January budget. He notes the President, in a recent interview with journalists, excluded excise taxes from his pledge not to raise any taxes.

This suggestions Re_agan will look at proposals to raise taxes on imported oil, cigarettes, alcohol and the like when he returns to the White House next week/ in order to find ways to close the deficits.

One thing, according to Weidenbaum, that Reagan won't do is slap a windfall profits tax on decontrolled natural gas. But the President, he says, may acquiesce to Congressional action to tax decontrolled gas in some way.

Weidenbaum also says we can expect the Administration to depart from its stance of official neutrality on the issue of returning to a gold standard. He, himself, exepcts to speak out at the next meeting of the Gold Commission, in January, against a return to gold.

December 18, 1981

FROM: SJF - White House

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

RE: The following are the results of Friday's ¹ briefing at the White House

President Reagan called upon the Polish government on Friday to release all prisoners and allow Lech Walesa to speak out.

At Friday's briefing, Deputy Press Secretary Larry Speakes said that the United States has information that Polish prisoners are being denied humanitarian treatment and that Walesa is being held under "'de facto house arrest.'"

"'We're calling for the release of prisoners who are being held in violation of agreements,'" Speakes said. "'Walesa should be allowed to speak to his nation and the world.'"

Speakes also said that the U.S. has no plans to halt private food aid to Poland, even though government aid has been suspended. He said the United States government has reason to believe that privately supplied food and medical supplies are being distributed in Poland through the Catholic Church.

President Reagan's meeting on Friday with AFL-CIO President Lane Kirkland also was focused on Poland. The White House said that Kirkland briefed the President on the results of his recent trip to Europe in an effort to help

the Solidarity movement in Poland.

The Middle East. As the result of today's decision by the U.S. to suspend its new strategic agreement with Israel, Speakes said a number of meetings have^{D/} been canceled between U.S. and Israeli officials. This included a meeting scheduled next month of a new coordinating committee that was supposed to work out the details of the strategic agreement. He said discussions also were canceled on a number of related matters which he refused to outline specifically.

Affirmative Action. Even though the President indicated in his news conference on Thursday that he supports the Supreme Court's decision in the Weber^B[?] case, Speakes said that the Justice Department has been speaking for the administration on this matter. He said the administration opposes the Weber^B decision because it set what he described as "rigid quotas" for affirmative action. But Speakes insisted the President still supports affirmative action in a general way as long as it does not involve quotas.

Foreign Visitor. The White House also announced on Friday that Egyptian¹ President Mubarak will be coming to the White House to visit President Reagan on February 3.

Dossier. The President today strongly condemned the kidnappers of Brigadier General Dossier³ in Italy. Asked what the U.S. is doing to get Dossier² back, Reagan told reporters:

'I think that everything is being done that can be done. This, I think, is a terrible situation. It's a most frustrating situation because I would like to be able to stand sometime -- I'm sure we all would -- and say to the people who do these things, 'They are cowardly bums.' They aren't heroes or they don't have a cause that justifies what they're doing. They are cowards.'

(END FILE - JNM)

STORY: GERGEN
MA:60 FMT:

QUEUE:SRR-SRR
HJ:

MSG:

INI:

OPR:RAK

:12/18,12:18

TO: MLS, LT, JF, DR, RFP, JG, GP, DCB, LH, JWM, DXB, SJF,
FA, PGH, SXM

FROM: RAK

RE: Background-only_ivu_with_David_Gergen

Allen. To the best of Gergen's knowledge, the story in today's Post asserting that William Clark will replace Richard Allen is on target. Gergen says the source of the Post story was one of the Big Three, presumably Ed Meese. The odds against Allen coming back are 10 to 1, says Gergen. He speculates that the appreciation luncheon held for Allen this week may make it easier for him to resign gracefully and spare the White House more embarrassment. But it may be weeks before the issue is settled. "I don't see this situation being resolved before Christmas. But it has to be resolved before the State of the Union [speech], because with the State of the Union, you have to start with a fresh agenda."

Clark has several assets, none of which is his vast inexperience in foreign affairs. First, Clark would be one who could minimize the chronic friction between the NSC staff and the State Department. He gets along well with both Haig and Weinberger (whom he has known since their days together in Sacramento). "He is someone who would have a great deal of strength on the coordination side,"

ys Gergen. Clark also gets along well with Bud Nance, who presumably would remain the number-two man on the NSC

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staff. Second, Clark "is a man of stature" in the President's eyes and thus might have more access to the Oval Office than did Allen. Gergen points out that Clark hired Meese in California and always has been regarded as Meese's senior. Gergen questions whether Clark would be willing to report to the President through Meese.

Donovan. Despite what Reagan said in yesterday's press conference, Donovan has never talked directly to the President about his problems with the FBI. Donovan's assurance of his innocence went to Reagan indirectly--through senior White House aides. "We don't want the President to get too close." Gergen also notes that the assurances Donovan has provided are limited to his declaration of innocence and his assertion that "the matters under investigation are the same matters dealt with in his confirmation hearings."

Gergen cautiously points out that some of the allegations contained in news stories were never a part of the Senate confirmation hearings. He seems to question whether Donovan has told the full truth.

Poland. The possible "initiatives" against Poland that Reagan refused to discuss in the press conference are limited to economic sanctions, says Gergen. He cites such possibilities as denying Poland most-favored-nation status and discouraging U.S. banks from renegotiating the terms of loans to Poland.

The White House assessment today is that the military

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government probably will be able to crush Solidarity without direct Soviet intervention. "The martial law seems to be working." If the Soviets do not intervene, it is very unlikely Reagan would consider economic sanctions against Moscow.

Golan Heights. The State Department today is announcing the suspension of some aspects of the memorandum of understanding signed with Begin last month to formalize the military alliance between the U.S. and Israel. "We've got to be tough. If he [Begin] is going to play hard ball, we've got to play on the same field...And this also sends a message to the Arabs." The President was more disappointed than irritated by Begin's action, says Gergen. "But there was a high degree of irritation among other people around here."

The White House believes the chances of getting Begin to reverse his position are slim at best. There is no concern, however, that Begin will hold up the scheduled transfer of the Sinai. "The peace process seems to be moving along anyway."

Press conference. Among the senior White House staff, the reviews of Reagan's press conference performance were "mixed," says Gergen. The President himself was "curious" about the reviews, because he did not feel it was his best performance. Gergen worries that Reagan may not have appeared to viewers to have been completely on top of the Polish crisis. But he praises Rawhide for giving

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crisp answers and not saying anything he didn't intend to
--with the exception of his blanket refusal to raise
taxes.

Reagan still is committed to the 22-billion-dollar package
of "revenue enhancements" he proposed in September, and
he still will go along with closing certain tax loopholes.
Gergen says he cannot say whether Reagan will go along with
OMB and Treasury recommendations for increases in excise
taxes, a windfall profits tax on natural gas, etc. Gergen
says that during Reagan's interview with Tom Brokaw--taped
after the press conference--Reagan left the impression that
he would be willing to swallow big deficits in the years
ahead.

Voting Rights Act. Will Reagan go along with the House-
passed version in light of the resolution signed by 61
senators endorsing it? "He hasn't come around to that
point yet." But Gergen doubts that the White House would
actively oppose the House-passed version if it came up for
a vote in the Senate.

(END)

STORY:IVU
A:60 FMT:

QUEUE:RAKX-BAK
HJ:

MSG:
INI:

OPR:BAK ;12/18,14:42

TC: MIS, LT, JF, DR, GP, SJF ✓

FROM: RAK

RE: Reagan_ivu

David Gergen volunteered in private a good deal of information about how and why the transcript of our ivu with Reagan was edited as it was by the White House:

Gergen would have preferred that he be the only one on the staff to see the transcript before approving it. But because we gave the White House free license to edit the transcript, he says, he was compelled to pass it around for comment. Consequently, the transcript was reviewed by Mike Deaver, Jim Baker, Bud Nance, Mort Allin, Richard Darman and possibly others, including Ed Meese. The changes also were discussed with the President over lunch on Thursday.

Gergen reports that there was a heated debate among members of the senior staff over the question, "Would you rule out a summit [with Brezhnev] if the Soviets invade Poland?" To that question Reagan responded: "Well, that's hard to say. It could go either way. It could make it more desirable or less."

But after some senior staffer had gotten his hands on the transcript, Reagan's original answer had been crossed out and a new one-word answer was inserted: "Yes." As you can see, somebody (whom Gergen did not name, but it could have been Meese, Nance or some other hard-liner) literally attempted to set administration policy by changing the

President's own thinking in response to the question. The gravity of the change did not escape Gergen's attention and he took it up with Baker and, ultimately, Reagan. In the end, Reagan reverted to his original response and overruled the unnamed aide's attempt to change administration policy on the question of a summit with Brezhnev.

However, Reagan's responses to our other questions on a possible summit were watered down in other ways. The White House maintains that those changes were made to reflect changes in the President's thinking between Tuesday and Thursday. By Thursday, the evidence of Soviet pressure on the Warsaw government supposedly caused Reagan to alter his thinking somewhat on the question of a summit. Hence, Reagan's response of "It is coming time to have a talk" was edited out and replaced with the phrase "I'm perfectly willing to do it when the appropriate time comes." When Reagan was asked, "Your not attaching preconditions?" he replied, "No." But that response was changed to read, "I have already stated them" and referred back to preconditions added by White House aides to the text of an earlier answer by Reagan.

We also asked Reagan whether the Geneva arms negotiations would affect the prospects for a Brezhnev summit. He answered simply, "No, I don't think so." To that response, aides added more qualifiers: "But the climate at Geneva obviously will affect our overall relations. Similarly, Soviet behavior in a general sense affects

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separate areas of our relations, including arms talks, trade, political and diplomatic."

Reagan's response to our question about Richard Allen's future also prompted a dispute among some senior aides. When asked whether Allen would get his job back if found free of wrongdoing, Reagan answered, "Well, wouldn't that be justice?" The White House editors deleted that sentence but later agreed to leave it in only after we appealed it to Gergen.

The same thing happened regarding Reagan's answer to whether Israel's annexation of the Golan Heights was a violation of U.N. resolution 242. Reagan originally said, "We think it has been violated in this move." The White House editors struck that phrase and replaced it with, "We think the unilateral action has made it more difficult to implement those regulations and to advance the peace process." The President was willing to call a spade a spade, even if some of his advisers weren't. When we appealed the change to Gergen, the White House approved Reagan's original answer.

Gergen says that Reagan himself admitted that he was more candid with us than perhaps he should have been. Gergen quotes the President as saying something like, "You know, you get chummy in a group like that." During our ivu some rapport did seem to develop. Reagan was relaxed and talkative. (You will recall his parting comment that we were a good audience.) Unfortunately, much of the rapport

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we established, as reflected in Reagan's answers, was destroyed by the White House editors. Gergen says Reagan was not as concerned as his aides were about toning down some of his responses.

The bits of insight we gained by talking directly to Reagan were compromised by the White House editors. In addition, Gergen points out that the time it took for the White House to approve the transcript was considerably lengthened by the fact that our ivu guidelines allow for editing.

When I asked Gergen his opinion of our system, he said, "Journalistically, I think you're better off if you don't do it (allowing the ivuee to edit his answers), particularly when it is the President." Gergen seemed very weary of the battle that he had to go through to get the transcript approved. There is no evidence--at least with Reagan--that we improve our chances of getting an ivu because we allow editing. In fact, when Gergen called me last week to say that the ivu had been scheduled, he asked whether the White House would be able to see the transcript before it appeared in print. The ivu was not contingent upon getting the transcript approved.

I would like to offer a suggestion: For future interviews with the President, perhaps we should modify our groundrules to this extent--allow the White House the right to veto the transcript as edited by us, but not allow the White House to edit the transcript. Under this arrangement,

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the White House would have the right to either approve the ivu as is, or reject it entirely, but it would not have the right to edit the President's language. After all, the President should be held accountable for what he says to reporters, not for what his aides think he should say to reporters. This arrangement would have the advantage of giving the White House a chance to see the text before publication and to refuse publication if the President has said something egregiously objectionable. It also would prevent the kind of gang-bang editing that we suffered in this latest Reagan ivu.

(END)

STORY:WHUI

QUEUE:SJF-SJF

MSG:

14:60 FMT:

HJ:

INI:

OPR:SJF

;12/22,16:35

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

From: sjf

White House report.

President Reagan will not decide until after New Years on possible tax increases for fiscal 1983 and 1984, according to Chief of Staff James Baker.

In briefings on Tuesday, December 22, Baker and others insisted that Reagan had not yet seen the tax increase proposals prepared by his aides. They also suggested that whatever tax increases the President accepts, they will be portrayed as being "of a type that would not conflict with the stimulative nature of his economic program."

Here (in a classic example of White House gobbledygook) is the official explanation offered by David Gergen:

"The President is opposed to any new increases in taxes. He believes that the growing burden of taxation has been a major contributor to the economic deterioration of recent years. He also believes that (the earlier tax cuts) lay a strong foundation for economic recovery in 1982 and should not be changed. It may be that proposals for selective tax increases of a type that would not conflict with the stimulative nature of his economic program will be presented to him by his advisers or by others, including the leaders of Congress. The President has not invited any such proposal nor have any been presented to him."

Gergen added that the 22-billion dollar package of selective tax cuts outlined by the President last September

is still under consideration. But he insisted that reports of a 35 to 40 billion dollar package did not refer to any ``formal proposal`` now under consideration.

Budget. Almost all of the budget cuts for fiscal 1982 have already been decided upon, including many of the entitlement cuts.

Cheese. About 300 million pounds of the federal government's current cheese surplus will be distributed in 5-pound blocks to poor people through the states. The total surplus is 560 million pounds. The 300 million to be distributed is valued at 43 million dollars. Most of the cheese is currently stored in warehouses in Kansas City. It is cheddar--not brie, as some cynics suggested. Political cartoonists will probably enjoy this development as much as the poor people who get the cheese.

Year-End Report. The White House has released a 128-page report outlining the achievements of Reagan's first year. The 10,000-dollar printing costs were paid by the Republican National Committee. The report's best feature is a chronology of events of the past year.

In a press conference designed to call attention to the report, Ed Meese gave the administration an ``A`` on foreign policy on grounds that things are better in the world today than they were a year ago.

(END)

STORY:WHU2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;12/29,11:08

To: mls lt jf bfp dxb jm gp dr jg dcb lh rak pa pgh sxm
tjf

From: sjf

The following material comes from a background interview with Rich Williamson, assistant to the President for intergovernmental affairs.

President Reagan and his aides are not as upset as you might imagine about the political impact of record deficits in fiscal 1983 and 1984.

``It's a matter of expectations,`` says Williamson.

``Richard Nixon went to China and Ronald Reagan can preside over big deficits. Nobody is going to believe that he is a big spender.``

It's possible that Reagan's new official forecasts will project deficits in excess of 100 billion dollars for the next two years, despite new cuts in entitlement programs and new tax increases. Williamson says it has been decided that the projections must be ``totally defensible`` to prove that Stockman is not playing with the figures again.

Just as he did last February, President Reagan will try to sell his new budget package with a media blitz--including public speaking engagements around the country. Most appearances will be in the Frostbelt, says Williamson.

Entitlement programs will be cut 11 billion dollars in fiscal 1983 and 15 billion dollars in 1984. Most of the savings will be achieved by changing the cost-of-living escalators.

Reagan's aides are proposing tax increases of as much as 50 billion dollars, but the President is not expected to buy it. The options include (1) an increase in the fuel tax as proposed by Transportation Secretary Drew Lewis, (2) increased excise taxes, (3) windfall profits, (4) higher taxes on imported oil and (5) a luxury tax on such items as fur coats (Nancy's girlfriends will be upset). Even if Reagan refuses to go along with all of these, his aides hope they will be thrust upon the President by Congress.

Williamson, who spends a lot of time with governors and mayors, says Reagan has agreed to ease up on UDAG and water project cuts in response to an outcry from governors and mayors. He says Senators Laxalt and Domenici, both of whom previously served on the state and local level, had an impact on the President's thinking on these matters.

He says the governors and mayors are upset for these reasons: (1) They are entering an election year with 36 governors up for re-election. "It's not a bad idea to put a little daylight between yourself and the President"; (2) In the last round of budget cuts, Reagan got 95 percent of the cuts he wanted in state and local programs, but only 60 percent of the flexibility he sought in federal regulations governing those programs, and (3) since most cities and states operate on a fiscal year beginning July 1, they have been in business for nearly six months without any indication how much money they will get from the federal government.

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The 1982 Elections. White House political director Ed Rollins recently came up with a memo proposing strategy for the 1982 elections. Each Cabinet officer plus the Vice President will be asked to commit 10 to 15 days of their time to the campaign. The President will be used as needed. Deaver will head up a special planning group.

The President's primary role in the election campaign will be two-fold: (1) television spots on behalf of candidates and (2) bringing candidates to the White House to be photographed with Reagan.

Who is agitating the hardest for a personal visit by the President? Answer: Heinz and Thornburg.

Republican National Committee. Dick Richards' job is safe, at least for now. Williamson says it is too late to make a change. He thinks the White House missed an opportunity to act as early as last August to quietly get rid of Richards. "It would be hard to change horses now," says Williamson. "The thinking is: 'You've got your horse, now keep him in the barn'."

Williamson says the right-wingers are furious about the appointment of Rich Bond to the RNC. He thinks Jim Baker made a mistake by putting Bond at the RNC. In Williamson's view, it makes Baker directly responsible for success or failure at the RNC in the next election. "Jim is exposing himself too much," says Williamson. "Whatever happens next year will be viewed as a victory or defeat for him."

Big Three. Tension is increasing among the Big Three.

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“The raw nerves are getting worse,” says Williamson.
“It’s not the same collegiality. Weaknesses are showing. Jim has been more outspoken than he should have been.” But the three are too smart to let things get out of hand. The sources of this tension: (1) Meese’s handling of the Allen affair, (2) Meese’s weak staff and (3) Meese’s absences from the White House. Williamson refers to Meese as “Hamlet” because he is so indecisive.

Despite Deaver’s declarations that he is leaving in 1982, Williamson suggests (and I agree) that Deaver is “the least likely of the three to be gone from the White House 12 months from now.”

Domestic Policy. Although President Reagan has suggested that he intends to shake up the White House national security structure, there’s no indication that anything will change on the domestic policy side. Martin Anderson does virtually nothing, according to Williamson. But some administration officials, such as Richard Darman and David Stockman, are just as happy to take up the slack themselves. According to Williamson, Stockman recently told a White House group in reference to Anderson: “Let sleeping dogs lie.”

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SJF - RAK

STORY:POLAND
MA:65 FMT:

QUEUE:MULLIN-DPM MSG:
EJ: INI:

OPR:DPM ;12/29,17:16

December 29,1981

To: LH
From: DM

President Reagan announces sanctions against the Soviets for their support of repression in Poland. Background briefing by Under Secretary of State for Political Affairs Walter Stoessel. The President's statement, and a press statement are attached.

In his letter to Brezhnev, the President said that the human rights violations in Poland are contrary to the Helsinki Accords and informed him that the U.S. would have no choice but to take political and economic steps if conditions did not improve.

After studying the reply, the President has concluded that the USSR is unwilling to take action to curb the repression against the Church, intellectuals and workers in Poland--and that instead the Kremlin may be encouraging such measures. The U.S. and its allies cannot stand idly by.

Six sanctions have been announced:

1. All Aeroflot service to the U.S. will be suspended. Two flights a week from Moscow to Washington have been in service and in 1980 Aeroflot carried about 6,000 roundtrip passengers.

The State Department and other agencies are now invoking suspension procedures which will take a few days. The U.S. will no longer be obligated to permit a specific number of flights into the country by Aeroflot.

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2. The Soviet Purchasing Commission is being closed. This organization, originally the Koma River Purchasing Commission is located in New York with a staff ceiling of ten.

It is not incorporated under U.S. law, but resulted from an agreement in 1972. It is responsible for placing one-third of all non-agricultural export orders from the U.S. to the USSR.

3. The issuance or renewal of certain licenses for export of high-technology materials is being suspended. The Export Administration Act already lists items that require licenses for sale to the Soviet Union. After the invasion of Afghanistan this list was tightened. Now it will be tightened further, dropping the threshold of goods that might be blocked.

4. Negotiations on a new long-term grain agreement are being postponed. Our grain agreement with the Soviets was signed in 1975 and extended last September for one year. It expires on September 30, 1982.

Under that pact the Soviets must buy 6 million metric tons annually, and the U.S. must make up to 8 million available. The U.S. has also agreed to make available an additional 15 million. So far the Soviets have contracted for about 12 million tons.

These sales will go ahead. The grain action will have no immediate impact (There is a world grain glut this year in any case-DM) but should be seen as a signal of what may still be done if the Soviets refuse to alter their support for repression in Poland.

5. Negotiations are being suspended on a new U.S.-Soviet M time agreement. The present pact expires on December 31 this

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year. It allows the Soviets access to 40 American ports and only requires a four day notification of a visit.

In the absence of a new agreement, conditions revert to where the Soviets must make a 14-day advance request to visit any American ports. These will be considered on a case-by-case basis and the U.S. will take a restrictive stance--particularly on cross-trade journeys which involve third country ports.

Negotiations on a new accord had been going on up to the middle of this month, and were to be renewed shortly. In the first 11 months of this year Soviet ships made 337 port calls in the U.S.

6. Licenses will be required for export to the USSR of an expanded list of gas and oil equipment. Licenses for energy related sales have been required, but approval will be denied on a larger number of items. Energy is one of the Soviet's weakest technological fields and dependence on U.S. trade is great. This ban will include pipelayers.

Last summer the sale of 100 pipelayers to the Soviet Union was approved. Another request for 200 machines will now be denied. Stoessel admitted however that this would simply make the construction of the Siberian-Europe pipeline more difficult and not block it.

7. U.S.-Soviet exchange programs on energy, science and technology will be cancelled and other ones reviewed. This basically affects 11 agreements which were downgraded after the invasion of Afghanistan anyway. Two key programs that expire this Spring will not be renewed and others reviewed.

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* Total American sales to the Soviet Union were 3.6 billion dollars in 1979, 1.5 billion in 1980, and 1.3 billion in the first eight months of this year. Grain traditionally makes up about three-quarters of all U.S. sales to the USSR.

* Object: We consider these steps moderate and measured in light of the overall situation. We already announced measures directly against the Polish government, and felt that it was appropriate now to take steps against the Soviet Union.

We hope that this action will help persuade the Soviets to encourage a lifting of martial law, the release of political prisoners and the reopening of the dialogue between the government, the Church and Solidarity.

While nothing is automatic, if there is no change in the present situation further steps could be contemplated. There is no specific timetable on these actions.

The President's move differs from Carter's in that it covers a much broader area of U.S.-Soviet contacts, and was taken after extensive and prolonged consultations with the allies.

* Allies: We have expressed our desire for the allies to take similar measures. We are in constant contact with them and have been discussing such a ``menu`` of actions for months. We note that most of the Alliance has already taken action similar to our own against the government of Poland.

It is still too early to see how they will respond--but we are hopeful that they will cooperate in sanctions against the Soviet Union. The allies were informed of our intentions within the

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last 24 hours and we have received no complaints so far.

* Other contacts: The question of attending the scheduled Haig-Gromyko talks in January is now under review. So too is the question of whether to return to the Madrid talks on Security and Cooperation in Europe. The meeting of NATO Foreign Ministers planned over the Polish crisis may now be called.

The ongoing arms talks will continue as the President has addressed the special character of those talks. Whether or not a Reagan-Brezhnev summit can be held is hard to say. The President has expressed his willingness if the conditions are right, but no timetable has been set in any event.

(END)

STORY:WHU4
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;12/29,17:33

To:/mls lt jf bfp dxb jwm gp dr jg dcb lh rak pgh sxm dm

From: sjf

The following material comes from a background interview with Ed Meese.

Two news items:

* Bill Clark is Meese's No.1 choice to replace Dick Allen, who could be on his way out before next Monday.

* In Brezhnev's letter to Reagan about Poland, the Soviet leader responded positively to the President's suggestion of a summit meeting next year.

Allen's departure. When asked about Allen, Meese instructed me to call him at home on Friday because he thought he might know something about Allen's future by then. "It's possible we might reach a conclusion before Monday," he said.

Asked about a replacement, Meese offered to take me into his "innermost confidence." He then divulged that his "personal choice" would be Clark.

"I had not wanted to think about this," Meese confessed, "but you can't help thinking about it...you can't be caught flat-footed. It would be dependent upon to what extent he (Clark) could be spared over there (at the State Department.) I have confidence in him personally because we've worked together for so long." He adds that Clark also gets along with Haig and Weinberger.

Meese has not yet discussed the idea with Clark or Haig.

Brezhnev's letter. Brezhnev's letter says that the Soviet

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on does not intend to take any action to alter the situation in Poland. "It made it clear that the Soviets were not willing to take the necessary steps to alleviate the repression in Poland," says Meese.

Nevertheless, Meese says, the letter increases the chances of a Reagan-Brezhnev summit during the second half of 1982. "One of the things that was in the Soviet letter was that they did want to talk about some of our mutual concerns," says Meese. "So it leaves open the possibility that talks might be fruitful on some issues of our concern."

Although Meese refused to discuss a possible agenda for the summit (he did not rule out Poland as a subject), he seemed to be saying that Reagan thinks a scheduled summit would help to restrain the Soviets from invading Poland.

No dates for a summit were mentioned, nor has there been any discussion of location. Meese said these details may be worked out between Haig and Groyenko when they meet in late January to arrange the beginning of the START negotiations.

Poland. Meese says he does not expect U.S. allies to take any action to protest martial law in Poland unless there is a Soviet invasion. But the allies have expressed "a willingness to acknowledge this whole problem" and support U.S. actions. "The allies are gradually coming toward a firmer stand, but there is still a long way to go."

Budget Message. Reagan's new budget package may include a few "innovative steps" in addition to what has been

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discussed publicly so far. Meese declined to be specific, but acknowledged that this could include the long-awaited plan for enterprise zones.

It has not been decided yet when the President's budget message will be unveiled. Meese says it must be done before February 8, and thus all decisions must be made in the first two weeks of January to meet the printing deadlines.

Deficits. Meese does not rule out projected deficits exceeding 100 billion in fiscal 1983 and 1984. He says the President will explain that these deficits were caused by a combination of falling inflation and recession, both of which sap government revenues. He says the cooling of inflation is depriving the government of 30 billion to 40 billion dollars in revenue a year.

(END)

STORY: CLARK
MA: 62 FMT:

QUEUE: SJF-SJF
HJ:

MSG:
INI:

OPR: SJF ; 12/30, 16:36

To: mls lt dr jf gp lh dm

From: sjf

Background on William Clark--to be used if he is appointed
as Reagan's national security adviser.

Ronald Reagan's new national security adviser, William Clark, has never been fully qualified for the jobs he's held in government.

The post of national security adviser is no exception. Clark, who knew virtually nothing about foreign affairs when he was appointed deputy secretary of state last February, is still learning the ropes at State.

Yet in every post in which he has served, including chief-of-staff to Governor Reagan in California in the late 1960s and California Supreme Court justice beginning in 1973,

Clark has been a success.

As the President's national security adviser replacing Richard Allen, Clark is viewed by White House officials as the perfect man for the job. Reason: Unlike Allen, Clark has a good relationship with Secretary of State Alexander Haig. Reagan hopes that Clark will put an end to bickering between Haig and the White House.

Although he is a relative newcomer to the field of foreign policy, Clark, 50, is known as a capable manager. As the governor's aide in Sacramento, he is credited with developing the one-page "mini-memo" that has become the trademark of Reagan-style government.

Because of his close ties to the President, Clark also

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poses a challenge for Reagan's Big Three--Ed Meese, Jim Baker and Mike Deaver. Although Clark technically will be reporting to Meese, he is expected to have as much access to Reagan as any one of the Big Three. (He once was Meese's boss.) Should one of the Three resign, Clark also would be standing in the wings to fill the vacancy.

Clark's lack of experience in foreign affairs will also cause him problems at the White House. U.S. allies were outraged when Reagan chose Clark as Haig's deputy at the State Department. One foreign newspaper described Clark as a "nitwit" after he was unable during his Senate confirmation hearings to answer elementary questions about U.S. relations with several countries. Foreign diplomats are expected to be equally negative about Clark's appointment as national security chief.

In his new White House job, Clark will serve primarily as a broker between the President, Haig and Defense Secretary Caspar Weinberger on national security matters. Unlike Allen, he is not qualified to offer independent views based on his own experience. This will give Haig and Weinberger more power over national security matters.

Clark's record of being appointed to jobs beyond his qualifications goes back to 1966, when he joined Governor Fegan's staff in Sacramento. A lawyer and cattle rancher, Clark was described at the time by newspapers as a "political amateur." He nonetheless won high praise for his ability to organize the governor's office.

(MCFE)

Again when Reagan appointed him to the state Supreme Court in 1973, the appointment caused a furor because Clark never completed law school. Yet in time, Clark earned a reputation as a competent justice.

Clark's appointment to the State Department encountered considerable resistance. It cleared the Senate by a vote of 70-24. Haig resisted the appointment because it appeared to be an attempt by Reagan to keep close tabs on the Secretary of State. But Clark soon earned Secretary's confidence and occasionally even took up the gauntlet for Haig with the President.

Like Reagan, Clark was once a Democrat. He comes from an old Democratic family in Ventura County. By 1964, Clark's views had changed so much that his own mother described him as "so far right we can't even discuss politics."

In 1965, Clark hosted a fundraising cocktail party for Ronald Reagan. The two men hit it off immediately. In 1966, when Reagan was elected governor, he appointed Clark as secretary of the Cabinet. Clark then rose to the post of chief-of-staff before Reagan appointed him in 1969 to the state superior court. He was replaced as chief-of-staff by one of his subordinates. Ed Meese.

Clark's law studies were interrupted by a stint in the Army. He served with the Army counterintelligence corps in Europe from 1954 to 1956. He later attended night law school classes at Loyola University in Los Angeles, but never graduated. He passed his bar exam on the second try.

~~Clark~~