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STORY:WHU4
MA:00 FMT:

CUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/01,10:12

To: mls llt jf dr bfp jg gp dcb dxb lh nwm rak pa pgh sxm

From: sjf

The following items come from a background interview with

Larry Speakes:

* With the President's blessing, Chief of Staff Jim Baker is currently up to his elbows in negotiations with Democrats Rostenkowski and Jones on a budget compromise.

* U.S. Ambassador Deane Hinton is quietly telling the rightists in El Salvador that they risk losing U.S. aid if they exclude Duarte from a coalition government.

* The prevalent image of Reagan as a heartless, one-term ideologue will be countered in these ways: (1) the radio speeches, (2) more face time on television (such as Wednesday night's press conference), and (3) more spontaneous acts such as the Fort Wayne visit that show compassion.

Budget compromise. Speakes denies reports that Baker was chewed out by the President for talking to Tip O'Neill.

"He did it at the President's direction," he says.

According to Speakes, Baker is not talking to reporters because he is deeply involved in discussions with Jones and Rostenkowski. Some progress has been made and Speakes seemed optimistic about the outcome. Speakes describes the talks so far as "probing--the beginning of agreements."

If Baker cannot reach a compromise with the Democratic leadership, he will seek to put something together with the conservative Democrats as he did last year. Many

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Republicans are demanding a commitment from Reagan that the budget will be balanced sometime in the future.

Yet Reagan still will not yield on his "basic principles," says Speakes. Meese has told Reagan that most Presidents panic at this point in their term, and Reagan's determined to be different. "He does not want to make any change in course because any change in course would be government as usual."

Image. The evening press conference and the radio speeches are designed to give the American people more of an opportunity to see and hear the President first hand. This is expected to restore their faith in what a nice guy he is. In looking for impromptu events, aides are hoping to get Reagan out among the people more often--to give him a chance to talk to farmers and blue collar workers. A foreign policy speech also may be in the works. But Speakes does not think news conferences in prime time will become the rule.

The Soft Touch. His image as the rich man's President irks Reagan very much. He views himself as a compassionate man. That's because he has a habit of giving money to anyone who asks. Says Speakes, "If a bum in the park came up to him and said 'I need a quarter,' the President would give it to him." Speakes offers these two examples of Reagan's compassion:

* When Reagan and aides were discussing what to do with the Haitian refugees last year, somebody in the group

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proposed dumping them at Guantanamo. Everyone laughed-- except the President. Reagan noted that Guantanamo is in a rural area and it would be unfair to unleash these people-- some of them mental cases and criminals--on the poor, unsuspecting people of Guantanamo.

* For years, Reagan has been sending money to two sisters in the Midwest who have a retarded brother. These women have been writing to him for years. Each time they do, he sends them some money. Kim Hoggard of the press office recalls typing a letter from Reagan to the women during the transition. The letter included a check for 100 dollars.

(END)

STORY:GERGEN
MA:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:DML ;04/01,18:18

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

FROM: RAK

RE: Background-only_ivu_with_David_Gergen

El Salvador. The success of the election, despite its dubious outcome, has virtually ruled out any serious U.S.-backed negotiations with the guerrillas. "Any chance of the U.S. government moving off its [current] position has evaporated...The rebels certainly have less strength at any conceivable bargaining table," says Gergen.

The administration is making it clear to the right-wing political parties that "a government without the Christian Democrats is unacceptable" to the U.S. Gergen concedes, however, that if the rightists exclude Duarte and the Christian Democrats from the new government, the only choice left to the administration would be between the elected government or left-wing guerrillas supported by Cuba. He suggests that the White House might support a potential compromise in which Duarte is dumped for some other Christian Democratic leader who is more acceptable to the right. "Part of the problem is Duarte himself."

Retirement age. On Friday Reagan will announce his support for legislation that eliminates the mandatory retirement age. Gergen was foggy on the details but thinks Reagan will endorse a bill "to remove all barriers" to working to as old an age as one wants. (He said he wanted to alert me to

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this late-in-the-week story because of the large number of U.S. News readers who are elderly.)

Press conference. Of Reagan's Wednesday night performance, Gergen claims: "We thought it was his best press conference, at least his best in several months...He was sharp and on top of it...He had a whole slew of facts he wanted to get out. He was loaded for bear....He feels a lot of the facts about his program are not getting through and he wanted to use that as a forum to get out those facts."

Reagan spent more time boning up for the session. "He hit the books earlier and he spent a little more time in Q&A sessions." There were "a handful" of practice sessions with White House aides.

Gergen chuckles at the way Reagan called on several reporters by their first names last night. Gergen notes that ABC's Ann Compton "was almost asleep" when Reagan called on her by name. She didn't even have her hand up at the time. Apart from Sam Donaldson and a couple of other networks correspondents, Reagan, of course, does not know reporters by their first names. Before each press conference he studies a seating chart prepared for him by the press office. [Whisper?] He virtually memorizes first names and seat assignments. At his last press conference he called a black reporter by his first name and the reporter acknowledged that he had never met Reagan except to shake his hand in the receiving line at the White House Christmas party. Says Gergen: "It's a technique some speakers have.

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It's entirely his own thing, a true Reaganism...It creates warmth in the room....It's a damn nice touch."

1984. Will Reagan run for re-election? "I have the feeling that he truly doesn't know [whether he will run]. I think there's an instinct in every President to run again, and my betting is that he will."

Jim Baker. We ran into Jim Baker, who has stopped giving press interviews during the budget negotiations, in the White House lobby. When we asked whether he is making progress in talks with the Democrats, Baker replied, "We make a little progress one day and the next we lose it...It's a very long haul."

(END)

STORY:WHUE
MA:60 FMT:

QUEUE:SJF-SJF
EJ:

MSG:
INI:

OPR:SJF ;04/01,19:57

SJF copy

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

From: sjf

The following items come from a particularly unproductive background interview with Ed Meese:

START talks. The President will receive strategy recommendations from his advisers within two weeks. The overall U.S. strategy could be set by as early as May 1.

Kremlin Politics. Meese views the current rumblings at the Kremlin as "leadership machinations in anticipation of the day when Brezhnev will no longer be in office." Asked what new leadership at the Kremlin would mean for the U.S., he replies that there are two schools of thought: (1) those who expect a harder line from younger men at the Kremlin who have not experienced war and (2) those who think the younger men will be less doctrinaire.

MX. The administration will not accept a return to the "racetrack" basing of MX as advocated by Senator Tower. Meese says it would only "cost a lot of money and tear up a lot of real estate." But he thinks a compromise can be worked out soon with the Senate.

El Salvador. Meese seems to subscribe to the theory that a "new face"--somebody other than Duarte or D'Aubisson--may emerge in El Salvador. He indicates that the election turnout virtually rules out any more talk about a negotiated settlement with the rebels.

Reagan's second term. Meese genuinely believes that Reagan and Nancy have never discussed a second term. "He feels

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there is a time to discuss that and that time will come,"
says Meese. "He doesn't scratch where it doesn't itch."

(END)

April 2, 1982

FROM: RAK - White House

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

Falkland Islands. President Reagan talked by phone for 50 minutes Thursday night to the President of Argentina in a vain effort to head off the invasion of the Falkland Islands.

When Reagan was asked after a Rose Garden ceremony this afternoon about the invasion, he said: "I wish it had not gone forward." What actions is the U.S. prepared to take? "Just to be a help if we can in this dispute," said Reagan.

The President placed the call to Argentina at 8:41 p.m., and he talked to the President of Argentina with the help of interpreters. "The President appealed to the President of Argentina to avoid the use of force and to seek a peaceful solution," spokesman Larry Speakes said at today's regular White House briefing.

No sanctions against Argentina are being considered by the administration at this time. Speakes confirmed reports that Argentina has occupied the Falkland Islands, including the South Georgias and the South Shetlands.

Speakes read the following statement:

"We have made clear to the government of Argentina that we deplore the use of force to resolve this dispute. We have called on Argentina to cease immediately hostilities and to withdraw its military forces from the Falkland

Islands....Because of our concern over the hostilities between the United Kingdom and Argentina, the U.S. government welcomes and strongly supports the statement by the President of the U.N. Security Council'' on Thursday.

Reagan was informed of the invasion about 7:00 this morning by NSC adviser William Clark. Reagan had not been in telephone contact with Margaret Thatcher as yet.

Retirement age. During the Rose Garden ceremony, the President announced he will support legislation to remove altogether the mandatory retirement age in government and private industry. Under a 1978 law, the mandatory retirement age was lifted from 65 to 70.

During the ceremony to sign the document proclaiming May ``Older Americans Month,`` Reagan cited a Lou Harris poll showing that 73 percent of retirees wished they had never quit working.

But the White House has no legislation ready to submit to Congress. Reagan is simply endorsing the concept of abolishing the mandatory retirement age. His advisers are acutely aware of the President's slipping popularity among older Americans.

Reagan took pains to point out in his Rose Garden statement: ``I might add that older Americans currently dependent on Social Security did not see this program touched by our efforts to cut spending increases in our battle against inflation. In fact, while they make up only

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11 percent of our population, elderly Americans will
receive 28 percent of the federal budget in this present
fiscal ^{YEAR."}~~period.~~

(END FILE - CKM)

STORY:SUMMIT
MA:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:RAK ;04/05,16:06

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

FROM: RAK

RE: Reagan's impromptu press conference

The President this afternoon held the first of his impromptu "mini press conferences" in the Oval Office with reporters assembled around his desk.

Summit. He used the occasion to announce that he has invited Soviet President Brezhnev to New York in July to address a UN conference on disarmament that Reagan will also address. Reagan wants to meet with Brezhnev at that time, but he said he didn't necessarily want to call the meeting "a full-blown summit...[But] I think it would be well if we could have a talk." When he was asked whether Brezhnev's health would allow him to travel in July--if, indeed, he is still alive then--Reagan said only that "we have no confirmation" of the published reports of Brezhnev's poor health. Reagan did not dispute the accuracy of the reports. It is conceivable that U.S. experts do not expect Brezhnev to be able to attend and that the invitation is more a propaganda tactic than an effort at serious talks with the Russian leader.

Nuclear superiority. In light of the numerous experts who have disputed his claim that the Soviets enjoy a margin of nuclear superiority, Reagan was asked whether he was sorry he made the statement at last week's press conference.

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“No, I’m not sorry I said it. We know for sure the Soviets know it,” and Americans are entitled to know it, too, he said. To back up his assertion, he cited the “300 missiles with 900 warheads” which the Soviets have aimed at Western Europe and which are capable of hitting targets in the Middle East. NATO, at present, has no nuclear force to counter these Soviet intermediate-range missiles, said Reagan. “There is the evidence of superiority they already have.”

Falklands. Reagan was careful not to take sides with either Britain or Argentina, almost to the point of suggesting the U.S. will observe neutrality (although that word never came up) in the conflict. “We’re friends of both sides,” he said. He still has not communicated by phone with his good friend Margaret Thatcher. This suggests to me that Reagan really does want to stay out of the Falklands battle if at all possible. But the questioning by reporters on this subject was incomplete and did little to illuminate Reagan’s views.

The budget. The President responded positively to the suggestion of a “summit” with congressional leaders to settle the budget impasse, but he appeared to be referring only to general discussions, not a specific meeting with bipartisan leaders. “I look forward to progress being made as soon as we come back from Easter break.” He plowed no new ground, however, on areas of the budget in which he would be willing to compromise.

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Economy. "We're in a trough, the bottoming out of the recession," said Reagan, conceding that the unemployment rate is likely to increase in the weeks ahead even if the economy does start to pull out of the slump.

The polls. To what does the President attribute his slump in the polls? His answer: "The steady drumbeat of criticism" of his programs in the media. He admitted that opponents speaking out against his program are news, while "there isn't much news in [our] continuing to say we support our program."

The press conference. The session lasted for about 15 minutes, with about 50 reporters in attendance, compared to the 200 who attend a formal press conference in the East Room. To hold down the number of reporters, Larry Speakes did not announce the 1 p.m. session until shortly after noon.

It was fairly orderly despite the fact that Reagan tended to respond to whoever shouted a question the loudest--which meant he answered the questions of the network correspondents and UPI's Helen Thomas who got in line early to stake out a spot in front of the desk. But because of the unrelenting barrage of new questions, Reagan was able in the informal setting to give short nonanswers to tough question (such as what he will do if a naval battle ensues in the South Atlantic between Britain and Argentina) and then field the next question. There is a substantial advantage to the President in the Oval Office sessions,

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where he can get off the hook with a very short answer and an amiable smile. In a formal press conference he is forced to at least offer a reasoned reply.

The start of the mini press conferences was coupled with a White House announcement that Reagan no longer will answer questions during Oval Office photo opportunities, unless otherwise announced in advance. Reagan joked that he is prepared to take a bar of soap to the mouth of any reporter who has the audacity to ask a question during a photo opportunity. Questions during photo ops have for some time been a constant source of irritation to Mike Deaver-- although Reagan himself has never seemed to mind them (He always answered the questions.) Also banned now during photo ops for the sake of decorum are motor-drive cameras, which make a buzzing noise.

If Reagan continues to hold these impromptu sessions on a weekly basis, we may learn more of his thinking on issues than we have in the past. Speakes promised that the mini sessions will not become a substitute for formal press conferences.

Aside. Reagan's reputation for being led around by the nose by his staff was reinforced when he was asked, as he got up to leave the Oval Office, how often he intends to hold these mini press conference. Reagan stared blankly at the reporter who asked the question, then turned for the answer to David Gergen who was standing behind the President. Gergen said, "Very frequently." Reagan then

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turned back to the reporter and said, "Very frequently."

(END)

STORY: EXERCIS
MA:60 FMT:

QUEUE: RAKX-RAK
HJ:

MSG:
INI:

OPR: RAK ; 04/06, 15:03

TC: JSL (MLS, LT, DR, GP, SJF, PA) ✓

FROM: RAK

RE: Exercise and dieting at the White House

Efforts by White House aides to shed pounds and to generally improve their physical conditioning have been spurred of late by the much publicized "Easter renewal project." Under this plan, 16 advisers--vowing to lose a total of 231 pounds--contributed \$10 each to a kitty that will be divided among those who succeed in losing their excess weight by Easter. Here is a rundown of what White House aides and the President are doing to try to stay in shape:

Reagan. Reagan complains often that his job prevents him from getting as much exercise as he would like, particularly the outdoor exercise that he prefers. To keep in shape, he works out in a fitness room in the residence almost every afternoon after leaving the Oval Office. According to PA, Mrs. Reagan also exercises there each morning for 20 minutes, riding the stationary bike. The President works out on a Nautilus-type exercise machine that was donated by the sporting equipment manufacturers' lobby.

When he is at the ranch, Reagan invariably spends a couple of hours each day doing strenuous work--chopping wood, clearing brush, mending fences, etc. His kitchen cabinet chums claim that strenuous exercise is Reagan's favorite

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form of relaxation. Of course, he also goes horseback riding with Nancy when at the ranch; when in Washington, the President often spends Wednesday afternoons (which are reserved for mid-week relaxation) riding with such local cowpokes as Malcolm Baldrige or William Clark at the Quantico Marine Base in Virginia. Reagan also likes to swim in good weather in the outdoor pool at Camp David. Those few aides who have been invited to Camp David on weekends claim that Reagan does pretty impressive dives off the diving board. He has attempted to teach the young children of some White House aides how to dive. To the horror of these aides, Reagan once almost cracked his head while doing a flip of some kind.

The Reagans generally eat a light, low-calorie diet, but they don't skip dessert. Reagan does complain, though, that he has to watch how many jelly beans he eats.

Michael Deaver. Three days each week, Deaver takes an hour off to exercise in the executive gym in the old Executive Office Building next to the White House. He works out for 30 minutes (100 sit-ups, 2 miles on the stationary bike at the hardest setting and 10 minutes on the Nautilus), then spends 10 minutes in the sauna, takes a shower and heads back to his office. "It's worth a million dollars to me," he says (on the record). "I just feel so much better. It gets a lot of tension out of you."

With almost every meal, Deaver eats half a grapefruit in the belief that it helps to burn up fat--a habit for which

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he takes a lot of good-natured ribbing from his colleagues. But other aides have begun ordering from the Mess what has come to be known as "the Deaver plate." It consists of cottage cheese and ground beef. He also skips bread and desserts. "I've been able to keep my weight fairly consistent because, I think, the tension keeps the pounds off," says Deaver.

Ed Meese. Meese, who pledged to lose 12 pounds by Easter, scarcely believes in exercise. He once joked that he belongs to "exercise anonymous," a fictitious organization that helps people resist the urge to exercise. Meese says he skips dessert and sometimes skips lunch, too.

James Baker. Baker put on 7 pounds in the past year but lost 4 when he gave up desserts for Lent. He tries to eat light lunches, usually tuna. He has also cut down his smoking to one cigar a day. (His first wife died of cancer.) He works out in the gym but only sporadically. He uses the treadmill, the stationary bike and does situps. Baker plays tennis but only infrequently.

Elizabeth Dole. She works out for 30 minutes each morning at home (the Watergate) while listening to a cassette tape and lifting 3-pound dumbbells. Mrs. Dole claims that one of these days soon she is going to break the all-male preserve that the executive gym now is. Under the rules, the gym is open to all aides with the rank of deputy assistant to the President or better. There are two women in this category, Dole and Karna Small, both of whom have refrained up to now

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from using the gym.

Larry_Speakes. Each afternoon after the daily briefing, Speakes runs two miles from the White House to the Jefferson and Lincoln Memorials. After running, he goes to the gym and does sit-ups, lifts weights and sits in the whirlpool. White House adviser Rich Williamson, a former varsity football player at Princeton, also runs on the Mall occasionally. He says he has gained 10 pounds since joining the White House staff.

David_Gergen. ``A lot of us have problems with weight,`` says Gergen. ``If you are really tense and tired, you tend to eat a lot.`` Gergen plays tennis every Wednesday night and on weekends. He keeps yogurt in his office refrigerator and tries to eat salads instead of heavy meals.

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STORY:MEESE
MA:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:BEQ ;04/07,16:38

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

FROM: RAK

RE: Background-only_ivu_with_Ed_Meese

Budget compromise. Meese refused to discuss the specifics of a potential compromise or to reveal anything about the negotiations that Jim Baker is conducting with House Democrats. He stressed that Baker does not have the authority to make a deal in the President's behalf. Such an arrangement makes it easier for all parties to talk freely, he claims.

What are the prospects of a compromise when Congress returns from Easter recess? "It's very hard to tell right now...It's still in the listening stage...It's really literally a discussion session rather than a negotiating session." But Meese points out that Democrats also want to find a budget solution because in an election year voters tend to blame all incumbents for the mess in Washington. "I think there will be a lot of people anxious to get something done by the end of April."

Revised deficit figures. Meese read to us from a memo, presumably written by David Stockman, asserting that both the '82 and '83 deficits will remain around 100 billion. The administration is basing its revised estimate on "technical reassessments," and not on new economic assumptions. The economic assumptions are unchanged in the

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new report.

Falklands. Meese hints strongly that despite Reagan's public stance of neutrality, his true sympathies lie with Britain. "We don't say we're neutral--we say we're friends with both parties." He maintains that the administration's public refusal to take sides puts it in a better position to help the Thatcher government and that the Brits understand this. Meese readily agrees that it would be a disaster for the U.S. if the Tory government were to collapse due to humiliation over the Falklands conflict and be replaced by a pacifist Labor Party regime.

Meese seems optimistic that a diplomatic solution will be found. Argentina and Britain are both uncertain whether they could win a shooting war, and that fact "bodes well for a peaceful solution."

Asking that his comments not be attributed to the White House, Meese adds: "Necessarily the countries must be reassessing their positions now because...it's pretty clear that the British navy has the capability to sink the Argentinian navy. At the same time, the British navy is a long way from their supply positions and is in tough shape as far as any sustained conflict" goes. "Two factors are important. There are logical and reasonable diplomatic solutions that could be achieved, and secondly there is enough time in which to pursue them." Meese refused to detail the possible diplomatic solutions, claiming that such information is classified.

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If diplomatic efforts fail to avert an armed conflict, would Reagan side with Britain or Argentina? Meese's answer: "A key factor in this is that the islands were taken by use of force...That must be a very important consideration in any action the United States takes."

China-Taiwan. Meese declined to comment on this dispute in any substantial way, "because of some discussions we're having with Taiwan."

(END)

STORY:WHU1
MA:62 FMT:

QUEUE:SJF-SJF
EJ:

MSG:
INI:

CPR:SJF ;04/08,09:21

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

From: sjf

The following items come from a background interview with David Gergen:

* Jim Baker will not talk to reporters while he's involved in budget negotiations because he feels ``he has been so abused lately'' by White House officials who accuse him of leaking information to the press.

* Both sides are showing a willingness to negotiate a peaceful settlement of the Falkland Islands dispute, but Secretary Haig told the President cannot promise success.

* The White House is so touchy about press criticism of Reagan's Barbados trip that aides were discouraged from taking their spouses.

* Nobody at the White House believes Cuba's claim that it has halted arms shipments to Nicaragua and El Salvador.

* Several hundred dollars will change hands at the White House on Monday when the big diet contest ends.

Baker and budget negotiations. Gergen insists it's too early to predict the outcome of the budget negotiations. ``They're still talking fundamentals,'' he says. ``But the talks have been good and consistent.'' He refused to discuss the various proposals. Reagan has made a point of being conciliatory in public statements lately.

Baker is ``staying very close to the President'' in his talks with congressional leaders. He's making no commitments, and he's reporting back to Reagan at every

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step. Although Baker's "in a better mood now" about the criticism of him, he's still very sensitive to charges that he has been leaking information to reporters.

Falklands. Haig departed at 3 a.m. Thursday for some Kissinger-style shuttle diplomacy between London and Buenos Aires. Before he left, he was asked at the White House whether he could guarantee success. The answer was "no." But officials are encouraged that the dispute is "cooling down a bit" and "both sides certainly are more interested in talking" now than they were at first. Keeping Thatcher in office is a prime concern.

China-Taiwan. White House officials view the China-Taiwan issue as "one of the most sensitive issues" on the President's agenda. An announcement on arms sales to Taiwan is expected soon--perhaps next week.

Barbados. Gergen was scheduled to go on the trip, but declined because he did not want to be seen "lolling on the beach." He gleefully noted that 25 reporters took their spouses while only 4 White House staffers were accompanied by spouses.

Diet Contest. The big winner (or loser) is yet unknown. Meese and Gergen are both close to their goal of 12 pounds each. Meese had not eaten since Tuesday night in an effort to shake off the last one and one-half pounds by Thursday. The pot will be split by everyone who achieves their goal. Gergen has 40 dollars riding on it, including side bets.

Reagan. Gergen doubts that Reagan has ever questioned

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whether he is on the right track in his effort to cure the economy. "He is not a man afflicted with doubts or uncertainties," says Gergen. But Reagan does not confide in aides. "His private world revolves around Nancy. I don't know who his close personal friends are. He doesn't need people around him all the time."

Although Reagan is frustrated with "misrepresentations" of his programs in the press, he reserves his anger for other things. He hit the ceiling recently when somebody tried to talk him into more defense cuts. What upsets him most are leaks.

Although it's too early to tell, most White House people think Reagan will run for a second term. The Presidency has not had much of an "aging effect" on Reagan. Most aides also doubt the accuracy Nancy's statement that she and Ronnie have never discussed a second term.

Reagan calls himself a "soft touch" because he often responds to individual pleas for help from the poor. Gergen repeated an oft-told story about a time as governor when Reagan sent a poor man one of his own suits to wear. "He's easily touched by people's situations," says Gergen.

Federalism. As the New York Times reports, the White House and the states have reached an impasse on the proposed swap of programs under Reagan's new federalism. But legislation still is expected to be proposed this year.

(END)

STORY:ROLLINS
MA:60 FMT:

QUEUE:JWM-JWM
HJ:

MSG:
INI:

OPR:JWM ; 04/13,10:46

TO: MLS, LT, DR, SXM, SJF, RAK, TJP, File
FROM: JWM
Re: Sperling breakfast with Ed Rollins, White House
political assistant, on record.

Overall: The important, and surely controversial message that Rollins carried is that the White House is hollering "discipline" in no uncertain terms to members of Congress who have been critical of the President. He seemed to get carried away at times and his get tough talk could boomerang with the sensitive GOP'ers on the Hill. I think this is especially true since David Stockman was permitted to remain in office after his blasts in Atlantic. It is a rather high risk game for Rollins and the White House, with the polls going down for Reagan and the party. (SXM may want to pick up on this discipline line in a section of Tomorrow this week.)

Republicans: Rollins says Republicans "need to get some discipline back into this town." He says GOP polls show that Republican candidates are hurt when they separate themselves from the Administration. His words: "Republicans who attack Reagan are suffering in their districts." (He claimed four or five examples but refused to offer names.) He said many Republicans need to be reminded that they voted for the President's program last year and ripped their attempts to use the deficit or other issues to jump ship this year.

Rollins said he was having some "heart to heart" talks with some of the 35 or 40 Republicans--mostly the so-called Gypsy Moths in the East and Midwest--who have either criticized Reagan or voted against the Administration. The message is clear apparently: We won't send Administration or Cabinet people out to help if you blast the President. (No threat of money cutoffs but you can bet that is part of this whole strategy.)

The congressional leaders, Rollins said, would have to lead the effort to whip the troops into line on the Hill. Putting distance between yourself and the White House, he said again, hurts GOP re-election efforts.

White House: Rollins got the White House into the lack of discipline act, too. He says: "We've done more damage (to RR) from within than any criticism from outside." He says the eagerness of some to speak for Reagan had created the impression that the "President is vacillating." But he added that Reagan had been consistent in policymaking and was being hurt by the expansive talkers. (No names, but you can pick them starting with Stockman.)

As a matter of fact, he took a shot at Stockman when asked about the President's errors in press conferences. He said Reagan didn't pull material like that out of his hip pocket but it was "information checked by people like Dave

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Stockman."

Press: Rollins claims Reagan won't be a part of any war on the media any more. "You won't see any more attacks on the media. It's no win for us." Rollins claimed, to much laughter, that was a lot of affection and trust for the press among the public. He cited Cronkite as an example. "There's even a lot of people who believe Sam Donaldson more than those in this room would like to think."

Blacks: (Good material for our story this week.) Rollins admitted that the big backlash from blacks and minorities gives him more concern than any other political issue. Says RR is being "falsely castigated" and adds: "If this Administration becomes the symbol of racism, the blacks will turn out (against us) in greater numbers than ever. Liberals and moderates will turn out to vote against us." Said he was about as concerned over this issue as any in advance of the 1982 elections. (Note to DR: We should probably get this high up in our story.)

Radio Show: Rollins believes RR's radio show isn't getting enough audience to help carry his message. Plans are under way to take out ads to publicize the Saturday Reagan numbers. Rollins also said that RR likes to get out among the folks and he's counting on a busy campaign schedule this fall.

Bolls: There are 20 Boll Weevils who supported RR on the big ones last year who the President is pledged not to campaign against. He says the GOP congressional campaign committee may do it but he doubts they want to waste resources against these likely winners. He put Phil Gramm of Texas in this category.

GOP'ers: Though the hour, Rollins managed to take shots at Stockman, Packwood, and Lowell Weicker. He didn't really pounce on any Democrats.

Asked if this was kind of strategy he was building for in the fall, Rollins mellowed. He said it was essential that Republicans win some seats in the Senate (a wash won't do, he argued) because the numbers are against the GOP in 1984 and 1986. He also wants to "maintain the numbers" in the House. So he's eager to go after the Democrats in the fall. That, he concludes, is why he's so anxious for the Republicans to unify behind RR. "As Reagan's approval rating goes down, the party's comes down, too."

Again, I think Rollins talked a little too much and openly at this meeting. Some Republican backs are going to be up over his tough statements on loyalty and discipline. Hope we can use this week in Tomorrow, as Current (if SJF/RAK have some material to go with it or in some other piece.

(END)

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

From: sjf

The following items come from a background lunch with Rich Williamson, White House aide for intergovernmental affairs.

* Political chief Ed Rollins is in hot water at the White House for his remarks about party discipline at the Sperling breakfast on Tuesday.

* A budget compromise is at least two weeks away. Reagan is a ``sphinx`` when Jim Baker briefs him on the talks and aides fear the President won't buy the final agreement.

* Although Reagan will unveil a plan for tuition tax credit this week, the administration will not push for it during 1982. It's being proposed to shore up support among blue collar, ethnic voters.

* Reagan will endorse a balanced budget amendment prior to the November elections, but not until a compromise has been worked out with Congress on the 1983 budget.

* The program ``swap`` called for in Reagan's federalism plan is almost dead. Although negotiations with the states are nearing an impasse, there has been one side-benefit: The talks have generated some political good will among governors for Reagan.

* OMB Director David Stockman was asked to stay away from some meetings with the governors on federalism because the governors doubt his credibility.

* Jim Baker has nothing to worry about in intramural wrangling with Ed Meese. ``Does a rooster in a cock fight

(MORE)

have to worry a chicken on the sidelines?"

Rollins. Williamson, who obviously covets the job of White House political director, was pleased to criticize Rollins. He says Rollins' remarks to the Sperling breakfast were not authorized by the higher-ups at the White House. Officials at the White House already have gotten several angry calls from congressional Republicans complaining about it. Rollins' remarks reflect his own wishful thinking, says Williamson. His ideas have not been approved. Moreover, Williamson notes that this is the third time that Rollins has gotten himself in trouble by talking too much. The two previous instances: (1) His remarks at Georgetown University about Senator Jepsen and (2) something he said about Maureen Reagan that prompted the President to admonish him. On the other hand, Williamson praises Rollins for being a better manager than Lyn Nofziger.

Budget Compromise. Williamson thinks Reagan is in a good bargaining position right now. He thinks the Democrats are anxious to get things settled, and Tip O'Neill to retain control of his people. Reagan's unwillingness to yield earlier also gives him a tactical edge. Recalling his days as a lawyer, Williamson notes: "The hardest person to negotiate with is a madman." Williamson is not calling Reagan a madman. But he is suggesting that there's little difference between a madman and a stubborn ideologue in negotiations. Reagan's aides are yet not sure that the President will accept the compromise they are designing.

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And Senator Laxalt, Williamson's former boss and Reagan's closest friend on the Hill, has no idea what the President will accept. The negotiations have put Jim Baker in a difficult position. Because he is not an ideologue, Baker does not always have a good feel for Reagan's views.

Williamson thinks that Congress will deal with the Social Security issue in a lame duck session following the election.

New Proposals. Williamson confirmed our suspicion that the administration has begun trotting out old campaign proposals to improve Reagan's ratings with special groups. This is the reason why he's proposing tuition tax credits and the abolition of mandatory retirement age.

Reagan has deferred endorsing the balanced budget amendment in order not to complicate talks on the 1983 budget. OMB also has raised some objections to the amendment. Williamson describes the idea of a constitutional convention as a "terrible idea."

Radio Shows. The Saturday radio shows are becoming a forum for Reagan to get some things off his chest. "I think they'll be mostly Reagan," says Williamson. Reagan's speech about college loans last week was entirely his own. No aide suggested it. It was something he wanted to say.

Federalism. Williamson admits that the administration has fallen behind schedule in drafting legislation to implement the new federalism proposal. A New York Times story declaring the "swap" dead was premature, but it "could

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prove to be prophetic." Some legislation will be proposed, even if it does not include the swap. The governors barred CMB Director Stockman from some meetings on this subject because they view him as a fast-talking manipulator who does not know these programs as well as they do. Williamson says Stockman often pretends to know more than he does. He gets away with it on Capitol Hill, but not with governors.

Baker-Meese-Clark. Jim Baker is on solid ground with the President and will continue serving as chief-of-staff as long as he wants to do so, according to Williamson. Neither Meese nor any of Baker's critics can oust him. Meese, who's jealous of Baker, has tried to finger him for some leaks. In the long run, Williamson expects Baker to become Attorney General and run for elective office. William Clark then would take over from Baker as chief of staff.

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Wh a Panickin' fronts :
on many

> Anti Poor

> Anti-Black

> Peace-War.

> Supply side -

> Hoover.

> Morale.

> Attack Press.

STORY: SPEAKES
MA: 60 FMT:

QUEUE: BEQ-BEQ
HJ:

MSG:
INI:

OPR: RAK ; 04/14, 18:13

TC: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXB, SJF,
FA, PGH, SXM, WLC

FROM: RAK

RE: Background-only ivu with Larry Speakes

Falklands. Secretary of State Haig returned to the White House this morning with encouraging news that a diplomatic solution can be worked out. ``Haig is a little more optimistic than we're saying publicly,`` says Speakes. The Brits and Argentines are not that far apart in negotiating a face-saving solution for both sides, Speakes says, but he could offer not specifics. The latest snag was caused by the U.S.--Argentina is outraged that we are relaying intelligence data to the British. Speakes believes the administration made a big mistake by confirming publicly that intelligence information is being shared with the British fleet. When Haig arrives in Buenos Aires he will have to smooth out this problem before there will be any further progress toward a settlement, says Speakes.

Budget. Speakes predicts that it will be ``a couple of weeks at best, maybe longer`` before a budget compromise is reached. He believes the only question to be settled thus far is that the third year of the tax cut is off limits to compromise. The Democrats no longer are pushing hard to defer the third year of the tax cut, because the White House has made it clear that Reagan will never go along with that. ``They're doing some fairly serious talking

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[now]...But no one is sure the President is going to buy it." Reagan "is preserving all the options" by refusing to give congressional leaders any hint of what he will accept in the way of a compromise.

Dave Stockman is telling congressional leaders in private that this year's deficit will actually hit 124 billion, not the 101 billion contained in the revised budget estimates sent to Congress by OMB last week. Stockman admits in private that the administration's old economic assumptions are no longer valid but the revised official deficit of 101 billion is based on the old economic assumptions, anyway.

Panic? In an election year, says Speakes, any administration works to "broaden your base" of support among voters. Toward this end, the President is considering naming a special White House liaison to blacks--a step the Reagan crowd long has said it would not do, on the grounds that such a move would be patronizing to minorities. "It would give blacks a feeling that they have a conduit to the White House and have the President's ear." Speakes rejects the idea that the tuition-tax credit proposal is a purely political move.

Morale. Speakes claims that White House morale is on the upswing, not on the decline. "We feel we've turned the corner on the downbeat times...The economy has finally hit bottom and we'll reach a budget compromise pretty soon."

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STORY:GERGEN
MA:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:RAK ;04/14;18:17

TC: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXE, SJF,
PA, PGH, SXM, WLC

FROM: RAK

RE: Background-only_ivu_with_David_Gergen

Budget. Gergen is not as sanguine as others that a budget compromise will be reached. He notes that there are some in the White House--presumably including the President--"who still want to fight for our budget and see how much we can get...I would still be very cautious about assuming it [a compromise] will come together."

Reagan's claim that he is not involved in the negotiations is not really true, says Gergen. Jim Baker is reporting to the President after each meeting with congressional leaders. "And I wouldn't say that Baker is just listening [as Reagan claims]. Obviously that [claim] strains credibility." Gergen says that both sides "now are putting things down on paper" in an effort to firm up the outlines of an agreement.

Falklands. "The parties are a little closer together than has been suggested but there are still some sticking points. The parties are within distance of being brought together," says Gergen. He suggests that a diplomatic solution might involve U.S. troops on the ground in the Falklands as part of a peace-keeping force.

Taiwan. Although Peking has not yet responded to the proposed sale of spare parts to the Taiwanese, the

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consensus in the White House is that the Chinese will not make any effort to downgrade relations as they have threatened to do. ``They're making a protest but I don't see it as a long-range problem.``

Panic? The administration is planning a number of things to build support among ``constituent groups`` in advance of the election. An effort will be made to speed up the work of the White House task force that is supposed to be identifying state laws that discriminate against women. Gergen notes that the White House hopes to improve Reagan's standing among women as steps toward arms control progress with the beginning of the START talks. In addition, the White House will soon announce the appointment of a black or two to jobs in the administration; black White House aide Mel Eradley will be promoted to a new job of coordinating ``minority policy.`` ``We're looking for more women, blacks and Hispanics to serve in the administration,`` says Gergen. (He has said this many times before.)

Haig's guerrilla. In light of Secretary of State Haig's claim through his subordinates today that Jim Baker has been sniping at him for over a year, Gergen reports that Haig and Baker have never gotten along well. ``It's been an on-again, off-again relationship.`` But Gergen denies Haig's claim that it was Baker who leaked to reporters the sordid story of how Haig virtually involved the President in order to get the plane of his choosing to fly to London

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last week. Of Haig's assertions, Baker says: "It's a misplaced apprehension."

Haig and Baker got off on the wrong foot when Baker killed Haig's now famous bid for power on the first day of the Reagan administration. Baker also was decisive in having George Bush, instead of Haig, named to head the crisis-management team. Off the record, Gergen says that Baker had him call State Department spokesman Dean Fischer this afternoon and warn Haig to "call it off," or his criticism of the White House would land him in big trouble.

Radio spots. Senior White House advisers--Gergen in particular--are sorely disappointed at the topics Reagan has chosen for his Saturday afternoon radio shows. [Whisper?] White House aides tried to talk Reagan into talking about arms control this Saturday to ease fears of nuclear war. But Reagan, in his own stubborn way, has decided to talk about "private-sector initiatives"--a subject that bores everyone in the nation except Reagan. Aides did not want Reagan to talk about student loans last week, either, but he insisted.

(END)

STORY:CHICAGO
A:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:RAK ;04/15,17:48

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

FROM: RAK

RE: Reagan goes to Chicago

Tuition-tax credit. The proposal outlined by Reagan in his speech to the National Catholic Educational Association contained no surprises. Needless to say, he found an enthusiastic audience for his speech.

Anti-nuclear protests. At the start of his remarks, about two dozen women teachers in the McCornick Place auditorium stood up and began singing to show their opposition to Reagan's budget cuts, his policy in Central America, and the "acceleration of the arms race." The women, mostly nuns in civilian dress, held violet ribbons above their heads, and after a minute or so of singing, "The Lord hears the cry of the poor, blessed be the Lord," stood quietly throughout the rest of his speech. Reagan successfully ignored the protesters, but he was prepared with a speech insert that was not in his prepared text (which covered only the subject of education).

Said Reagan: "Before I begin talking about some of the things that I think are of immediate concern to you in this kind of meeting, could I just say to those who obviously and very sincerely are motivated by a deep desire for peace in the world that I share that desire. And whatever we're doing in Washington today in this regard is aimed at one

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purpose and one only--to make war impossible and never again have to bleed a generation of young Americans on the battlefield.''

Budget. Aboard Air Force One on the return flight to Washington, Reagan made a rare appearance in the back of the plane to talk to reporters. When asked whether he had intended in his Wednesday Rose Garden press conference to signal his approval of a 4 percent surtax--as reported in the Washington Post and NY Times--Reagan said: ``No. I was just saying that this discussion process--I want it to go forward and keep going....I wasn't picking on any specific [proposal] in there...No, no broad signal there.''

Larry Speakes also stressed that Reagan never intended to indicate acceptance of the surtax proposal. Reagan has not ruled it out, either, but my guess is that in the end he won't support a surtax. It conflicts too harshly with his supply-side views.

Flubs. The President's reason for coming to the back of the plane was to make sure that reporters did not interpret as a gaffe his claim that employment increased by 525,000 between February and March. Reagan made the claim during a visit earlier in the day to an 8th-grade civics class at St. Peter's Catholic School in Geneva, Ill., a Chicago suburb. On the plane, Reagan offered a long, convoluted explanation to support his claim. He said the increase was a statistical aberration documented by the Bureau of Labor Statistics. ``This is absolutely true and from their own

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figures provided to me in a memo," said Reagan, feeling compelled to cite the source of his information.

Gergen nisses the boat. David Gergen, whose reputation for tardiness is legend, was scheduled to accompany the President on the trip to Chicago. Gergen, however, was slow getting from his office to the helicopter on the South Lawn after Reagan boarded it this morning to fly to Andrews AFB. As Gergen went dashing for the chopper, it lifted off without him. Time, and Ronald Reagan, wait for no man.

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STORY:WEU4
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/15,18:32

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

From: sjf

The following items come from a background interview with

Ed Meese:

* Officials hope a temporary ``lack of clear-cut leadership'' in the Kremlin will allow President Reagan to retain the upper hand in the propaganda war over nuclear weapons, at least until he returns from Europe.

* Reagan hopes a budget compromise with Congress--expected within 10 days to 2 weeks--will to be ``the confidence-building event'' that brings down interest rates.

* Reagan may place a personal call to Margaret Thatcher or the president of Argentina before Monday. The British have some good ideas for action--short of a direct confrontation--when their fleet arrives in the South Atlantic.

* Meese defended Jim Baker in the current flap with Haig. He says he knows for certain that Baker was not the source of the New York Times story about Haig's refusal to fly in a plane without windows.

Falklands. Meese views chances for a settlement in the Falklands as ``a long-shot.'' He says the situation is both ``exceedingly complex'' and ``almost nonsensical.'' The Argentine invasion was motivated entirely by domestic politics. ``Oil had nothing to do with it,'' says Meese.

Meese says next week he might disclose ``some interesting things'' the British might do when the fleet arrives. ``It's

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not a foregone conclusion that the minute they arrive on the scene they will engage in naval combat or land the royal marines."

Reagan's role has been to send messages to both sides and discuss the matter two or three times a day with Haig.

"It's possible that before your magazine comes out there may be one or more phone calls," Meese said. News of U.S. intelligence activity aiding Britain had a "very negative influence" on the negotiations.

Haig-Baker. This incident delights Meese. Laughing, he describes it as "the Great Airplane Caper." He quickly adds: "As the story goes, I was in Philadelphia." He laughs harder. "I was glad to be in Philadelphia." He adds: "I take no credit for it. This was all baloney-- people ought not to engage in that sort of thing."

"I can guarantee that the story in the Times today about Jim Baker leaking this...was absolutely untrue."

Fudget. "We'll know within the next 10 days to two weeks whether any accord will be reached," says Meese. "As you know, these things have a way of taking longer than you anticipate."

Meese seems more certain than other aides that Reagan will endorse the compromise. "If there's any question mark in our minds right now it's whether O'Neill will endorse it," he says. "I don't think there has ever been a question that the President will be reasonable." (I get the impression that the White House is sounding more

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conciliatory in order to draw O'Neill deeper into talks.)

On taxes, Meese says the President has always maintained that he would consider anything that does not "hurt the essentials of the tax reduction program." Meese adds:

"That's a pretty limited area. There were a lot of things in the tax bill that he said were fair game."

White House officials currently are saying that the President will accept a "balanced" package. Meese says that "balanced" means that "everybody gives a little bit." He declined to discuss the "ingredients" in the balance because the talks are at a "delicate" stage.

Economy. Meese agrees with Treasury Secretary Regan that the economy is currently "dead in the water." The lack of a budget compromise is keeping it that way, Meese says.

"What you need is something--a signal, a psychological incentive to get on with the future reduction of interest rates," he says. A budget compromise "should be the confidence building event." It will be aided by a 10 percent tax cut this summer.

Nuclear. Meese says that Reagan has the upper hand in the propaganda war with the Soviets because he "reacted in an unpredictable fashion" by proposing the "zero option," calling for talks and calling on Brezhnev to speak at the United Nations. He says it is possible that the Soviets will not respond before Reagan goes to Europe, thus making the trip easier for him. "You also have a possibility that a lack of clear-cut leadership in the Kremlin right now may

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be delaying their response," he says.

Meese acknowledges there is some concern among White House aides that President is being "over-booked" for his Europe trip.

(END)

STORY:PRESCON
MA:60 FMT:

QUEUE:BEQ-BEQ
HJ:

MSG:
INI:

OPR:RAK ;04/20,17:06

TC: MLS, LT, JF, DR, EFP, JG, GP, DCE, LH, JWM, DXE, SJF,
FA, FGH, SXM

FRCM: RAK

RE: Reagan_meets_the_press

Budget. The President is stepping up the pressure on Speaker O'Neil to come to terms on a budget compromise. After meeting for over an hour this morning with Senate and House Republican leaders, Reagan telephoned O'Neil to "express his hope that the [budget] talks would come to a successful conclusion," David Gergen said. Reagan told the Republican leaders that he is willing "to go the extra mile" to reach an agreement with O'Neil. In calling upon O'Neil to agree on a compromise, the President was seeking to portray himself as flexible, conciliatory and eager for a bipartisan solution to the budget. The converse of Reagan's approach is that O'Neil is the stubborn one, not the President.

From all indications, however, Reagan has not yet budged an inch from his original proposal. He was careful today not to make any commitments to the Republican leaders or to O'Neil. If the budget negotiations collapse, or if Reagan does not like the outcome of the talks, he now is in a better position to blame the Democrats, in the view of White House strategists. Despite Howard Baker's personal plea that Reagan meet with O'Neil in the next 48 hours to settle on a budget, the President did not propose a meeting

STORY: MEESE
MA: 00 FMT:

QUEUE: BEQ-BEQ
J:

MSG:
INI:

CPR: RAK ; 04/21, 17:24

TC: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXE, SJF,
FA, PGH, SXM

FRCM: RAK

FF: Background-only_ivu_with_Ed_Meese

Budget. Meese says there is only a "50-50 chance" that a compromise will be reached, but he seems more optimistic that something will be worked out. Will Reagan accept a deal negotiated by by Jim Baker? "I think he's going to say yes to anything that's halfway reasonable."

White House strategists believe they are in a good position to bargain. "There is considerable pressure on the Democrats to cooperate," Meese says with a smug grin. "We've already indicated our desire to cooperate."

Speaker O'Neil is under very heavy pressure from Representatives Jim Jones and Dan Rostenkowski to make a deal with Reagan, says Meese. Jones and Rostenkowski "don't think the public is going to buy playing politics on this." The House Democratic negotiators have never pushed for eliminating the third year of the tax cut; O'Neil is alone in calling for eliminating it, says Meese.

He believes a compromise would contain these elements: A surtax in exchange for limits on entitlement COLA increases, and defense cuts of around 20 billion over the next three years. (Of the 20 billion in defense cuts, Meese says, "That's been on the table for a long time.") He suggests that a deal might encompass more than one fiscal

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year in order to demonstrate to Wall Street that deficits will decline after 1983 and create ``stability...and a degree of certainty over a three-year period.''

Surtax. How would Reagan be persuaded to violate his supply-side logic and accept a surtax? ``In order for the supply-side logic to work, you have to get those interest rates down so you can have the economic recovery....A surtax would not be counterproductive to the economic recovery or to the tax cuts, because it would be relatively modest in effect.''

Reagan as negotiator. Meese recalls sitting beside Reagan when he negotiated welfare reform in California. ``We sat from 8 in the morning until midnight negotiating....He understands tactics and techniques....He understands that there are critical times to make particular moves...His move yesterday was very well timed because it put the heat on the Democrats to be reasonable...just at the time when that pressure would do the most good. Had he said it a week ago, it wouldn't have nearly the impact it had yesterday. He has a good sense of timing.''

Falklands. Meese believes a diplomatic solution is still within reach. ``As long as they're talking, there's still hope...If there's any excuse not to engage in hostilities, I think both countries might want to do that.''

British Foreign Secretary Pym is coming to Washington, instead of Secretary of State Haig returning to London, because Haig's carrying Argentina's latest peace proposal

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to Britain would make it ``appear that it was Britain that had rejected it. Whereas, Pym coming here kinda puts it in a neutral mode. And in actuality, the country that is more at fault here is really Argentina.''

If a war breaks, the U.S. would side with Britain, says Meese, but we would not get involved militarily, because Britain wouldn't ask us to.

CAS_action. The U.S. would be badly outnumbered in any CAS vote to invoke the Rio Treaty against Britain. ``There is a sense of solidarity [among Latin American nations] that would probably be there...Our best reading is that they [Latin Americans] would...have common cause with Argentina against the European invader.''

Menachem_Begin. Does Begin have the U.S. over a barrel until the Sinai is returned to Egypt? ``Actually, I think we have him over a barrel. He is personally committed to the Camp David accords as a lawyer,''' says Meese, asking that we not attribute his comments to the White House. It is too early to tell whether Israel's bombing raids into Lebanon are a serious infraction.

Jimmy_Carter_in_the_Middle_East. Meese made it clear that Carter did not check in advance with the White House about his planned trip to the Middle East. ``I find it hard to find any value in'' Carter's trip, says Meese, noting that Egyptian President Mubarak is far different from Anwar Sadat, and that Carter and Begin never got along, anyway.

NRA. Meese disavows credit for the recent sacking of the

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National Rifle Association's chief Washington lobbyist, who had opposed Meese's plan for abolishing the Bureau of Alcohol, Tobacco and Firearms. "Like most things, I got credit that certainly wasn't due me...I had nothing to do with it." Despite growing opposition from the NRA and conservatives in the Senate, Meese is pressing ahead with the administration's plan to reorganize BATF's enforcement responsibilities under the Secret Service. Firing of the NRA lobbyist may have encouraged Meese to continue his fight. A few weeks ago he appeared ready to give up until next year on abolishing BATF.

(END)

STORY:WHU4
PA:60 INT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;04/22,18:48

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

From: sjf

The following items come from a background interview with David Gergen:

* Middle East. President Reagan will make a statement before the end of the week--perhaps on his Saturday radio show--about the Israeli bombing raids. The raids are not being viewed too seriously at the White House.

* Budget Negotiations. The President wants to cap COLAS on entitlement programs, but he won't do it if it costs him the third year of his tax cut. This subject also may be discussed on the Saturday radio show.

* Falklands. The situation is ``drifting toward conflict.``

* Nuclear freeze movement. Although the demonstrations this week have been small, the White House recognizes that this idea is ``taking hold in people's minds and thinking.`` He says, ``We're taking it fairly seriously.``

* Brezhnev. The President suspects that Brezhnev's last statement calling for a summit in Switzerland or Finland was written by others and did not come from him personally.

* People Like Us. The CBS show Wednesday night put Gergen into a panic. He spent most of the afternoon talking to CBS, demanding time for rebuttal. As a result, he kept me waiting a record two and one-half hours for my appointment.

Ingen. Gergen, who claims to have talked to Bill Casey three times about the Inman resignation, says he picked up

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no hint that Inman is leaving in disgust. He says the resignation was received on March 22, but the White House sat on it while looking for a successor. They released it Wednesday because it began to leak out. The White House was anxious to find a successor because Inman's departure is expected to rekindle anti-Casey sentiment in Congress.

Gergen thinks Inman's presence at the CIA was responsible for saving Casey last year after the flap over Max Hugel.

Rollins. Gergen cannot confirm that Mike Deaver tried to get Ed Rollins fired, but he says he "sure wouldn't be surprised" if it happened. (Deaver flatly denies it--so we better not use it as a whisper unless we can get it confirmed elsewhere.) Earlier, says Gergen, Deaver personally reprimanded Rollins for his comments about Maureen Reagan. Deaver was upset then. Jim Baker told Rollins to be more careful when he's talking to reporters. But Gergen insists that Republicans in Congress were not too upset by Rollins' remarks. (Some cynical White House reporters think that Reagan and Rollins may even be doing a "good cop, bad cop" routine on this issue.

Brezhnev. There have been no private communications between Brezhnev and Reagan about a summit meeting, even though the two men have exchanged proposals in the press. Reagan suspects that Brezhnev's last proposal was written by someone else. (This last statement from the Kremlin surprised the White House because they thought Brezhnev was sick. Just last week, Meese was saying that administration

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officials were hoping to keep the Kremlin on the defensive during the current struggle for power in Moscow.) Rostow has promised that Reagan will have a proposal for START strategy within 10 days.

Falklands. Although he described the situation as "drifting toward a conflict," he did not entirely rule out the possibility of a negotiated settlement. Gergen said the President and people at the White House were very concerned about a new round of stories of anti-Haig sentiment within the administration. They feared these stories would hurt Haig's negotiations, and quickly sought to squelch them. If fighting starts, there's no question that Reagan will support the British. To Argentine and Latin America, "We'll just have to say we're sorry."

Budget negotiations. Three months ago, Gergen says, he would have predicted the chances of Reagan accepting a surtax were "none or close to none." Now the chances are "reasonable," as long as it's coupled with a cap on COLAS. Even though the President has pulled the rug out from under Jim Baker before, Gergen feels confident that Reagan will support whatever Baker negotiates. He says the President has been "rather fullsome" in his expression of support for Baker's efforts. Yet Gergen adds that Reagan is prepared to fight if no compromise is reached. On COLAS, Gergen says the administration would be happy to agree to postpone any change in Social Security until next year.

Middle East. Gergen dismissed the Israeli bombing raids as

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``nothing too serious.``

(END)

STORY: BAKER
MA: 62 FMT:

QUEUE: NRD-X-NRD
HJ:

MSG:
INI:

OPR: BW ; 04/29, 10:41

TC: MIS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXB, SJF,
FA, PGH, SXM, BK, JMH

FRCM: RAK

RE: Jim Baker meets the press

In the briefing following the collapse of the budget negotiations, Baker was vague about where the White House intends to go from here. But he left a few hints:

It appears that the broad dollar figures proposed by Reagan in the meeting with Speaker O'Neil will serve as a bench mark for the budget that the White House now will try to get enacted. Reagan, said Baker, "indicated his willingness" to accept 122 billion dollars in tax increases over three years (FY '83-'85). That compares to 45 billion in tax hikes proposed over three years in Reagan's February budget. He also offered to go along with 28 billion in defense cuts (over three years) below the levels proposed in his February budget.

Baker did not rule out the possibility that the President will continue to support his February proposal, but he said that seems very unlikely now that the White House has made public the scope of the changes Reagan was willing to accept to make a deal with the Democrats.

It is important to realize, though, that Reagan never offered the Democrats any specifics as to how the new budget figures would be achieved. For example, Reagan never agreed to a surtax, and Baker said that idea was never

(MORE)

came up Wednesday, that the discussions were not that specific, because Reagan and O'Neil were not able to agree on the broad dollar figures. (At the White House, however, there were rumors that Reagan suggested deferring the third year of the tax cut for 90 days and spreading it out over a year with two 5-percent cuts instead of a single 10 percent cut.) Nor was there any detailed discussion of an oil-import fee, gasoline tax or other revenue measures and budget cuts that have been under consideration in recent weeks. The President has kept open all of his options regarding how he will attempt to achieve the levels of tax hikes and budget cuts that he proposed to O'Neil.

I doubt that Reagan will propose a new budget in any specificity until Faker has had lengthy discussions with the House boll weevils. The administration's new budget probably will be tailored to win their support. In the briefing, Faker said it was too early to say whether the White House will try to work a deal again with the boll weevils, but I don't see what other options Reagan has. It is possible that the White House will try a replay of last year--first push the administration's budget plan through the Senate, then work with the boll weevils to get it through the House.

(END)

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

From: sjf

The following items come from a Sperling breakfast with Norman Bailey, director of planning and East-West expert for the National Security Council:

* In the Falklands, "the situation does look a bit grim." If the British succeed in landing on the island, there will be "one hell of a fight."

* The Soviets have "an intense desire" for a summit with Reagan this year, but U.S. officials think Brezhnev might be forced to send a substitute--perhaps Tikhonov.

* In Poland, "I'd guess martial law would be around for quite a while." The military is beginning to enjoy power.

Falklands. The Falklands crisis is "much more serious than originally expected" and appears to be "heading for a more general conflict."

As late as last week, the U.S. expected Argentina to withdraw. Thus the U.S. asked the British to delay the fleet for three or four days. This is why the British fleet slowed to half speed.

Yet when the British set a deadline for a blockade, the U.S. did not try to talk them out of it.

In the event of war, the United States will ask them to disengage, ask Argentina to withdraw and propose a system of combined authority on the islands.

He was vague on the question of whether the British assault may already be underway. Asked if he knew whether

(MORE)

any British troops are already on the island, he said:

``I don't have firm information that they are not there.``

The British have never misinterpreted the so-called ``neutrality`` of the U.S. ``I think the British understand exactly what we're doing,`` he said.

Soviets. He says the Soviet leadership is currently in ``considerable disarray.`` Brezhnev is very sick, but no obvious successor has emerged. There is evidence of ``substantial maneuvering in the Kremlin.``

He expects a summit before the end of the year, even if the Soviets are forced to send a substitute for Brezhnev.

Clark. Bailey had the usual praise for Bill Clark. Yet he added that Clark sometimes disagrees with Haig, Weinberger, Brock and Baldrige. Their disagreements involve policy, not turf or personalities. Asked if Clark has any flaws, he replied: ``He's much too nice.``

(END)

STORY:WHUS
MA:GZ FMT:

QUEUE:SJF-SJF
HJ:

MSG:
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OPR:SJF ;04/29,17:09

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

From: sjf

The following items come from a background interview with David Gergen:

* President Reagan will propose a balanced budget amendment in his speech on Thursday night. ``We've tried a carrot, now we'll try a stick,`` says Gergen.

* Reagan will begin meeting with congressional leaders Friday in an effort to put together a Gramm-Latta style compromise--but not just with the Boll Weevils.

* The White House thinks that Representative Jim Jones and other leading Democrats might get involved in the new compromise. Reagan called Jones on Thursday to thank him for his ``good faith`` contribution to the failed talks.

* The President is planning several ``people oriented`` trips to rally the nation behind him. ``Without a compromise, we are in a better position to be on the offensive,`` says Gergen.

* Jim Baker fears he will be blamed by the right-wingers for convincing Reagan to go along with tax increases. This is why he took Ed Meese to Capitol Hill on Wednesday--to help deflect criticism.

Constitutional Amendment. What Reagan will endorse is the balanced budget amendment proposal now before the Congress. This helps to make him look more serious about bringing down the deficits.

Compromise. What Reagan will try to put together is a

(MORE)

Budget resolution tied congressional action raising the debt ceiling in late May. He will begin by meeting with GOP leaders on Friday and the Senate Budget Committee Republicans on Monday. Gergen expects the eventual compromise to be in the same range as what the President offered to accept on Wednesday--minus any changes in Social Security or third year of the tax cut.

In addition to Jones, there are a few other leading Democrats that the President hopes to draw into this compromise. In the failed negotiations, says Gergen, "some Democrats seemed more willing to compromise than others." He said there were some holdouts who always kept raising the anti. "They made it seem like a mirage," he said.

No one at the White House knows how much GOP support there will be for a compromise. The Gypsy Moths may pose a problem.

Trips. The President's trips will be designed to "rally the country." Because the Democrats rejected the compromise, he says, "It gives us more of a rallying cry for the faithful."

The President will hammer away at the "bankrupt ideas of the liberal Democrats." But he will not emphasize partisan politics too much because that would tend to drive the Democrats together. "People look upon it as a bipartisan problem," says Gergen. "The economy is a tar baby to which the Democrats are also attached. The Democrats also bear responsibility for the future of the economy. They

(MORE)

refused to go along with our program."

The Democrats. Most of the discussion at Wednesday's summit meeting was about spending--not revenue. Reagan and O'Neill argued vigorously on behalf of the poor and fairness. O'Neill seemed afraid that he was going to "get trapped into pulling Ronald Reagan's fat out of the fire."

Reagan was "damn disappointed" that this meeting produced no compromise.

Gergen expects the Democratic leadership to capitalize on the fairness issue from now on. Although the negotiators considered a bipartisan cap on Social Security, both sides carefully maintained their "deniability" of any intention to deprive old people of benefits.

Right Wing. "Bells are ringing on the supply side" as a result of the President's expressed willingness to accept new tax increases. Gergen says the supply siders are saying that Baker "talked him into it."

(END)

ST-CRY:MEESE
MA:60 FMT:

QUEUE:NRDX-NRD
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MSG:
INI:

OPR:BW ;04/29,17:21

TC: MLS, LT, JF, DR, BFP, JG, GP, DCB, LH, JWM, DXB, SJF,
FA, PGE, SXM, EK, JMW

FROM: RAK

RE: Background-only_ivu_with_Id_Meese

Budget_strategy. Meese says the message Reagan will try to drive home in the weeks ahead is this: The nation's main problem is "the old-style way of doing things as represented by the liberal House leadership." While Speaker O'Neil personifies this leadership, Reagan will try to avoid personal attacks on the speaker. Reagan "won't be partisan in a strident sense...[But] he will assess appropriate blame." (The official White House line is that Reagan will seek support from Republicans and "responsible Democrats"--an effort to wean away conservative and moderate Democrats from the liberal leadership.) Meese adds, "I think you'll find [the President waging] a vigorous campaign. He will be taking his case to the people through a variety of media."

Meese sees a silver lining in the collapse of the negotiations: Republicans are more united now than they have been since last year. [Whisper?] Meese believes the President will have little problem getting his way in the Senate, and even House Republicans are now pulling together.

Will the White House try to get a budget through the Senate first and then work on the boll weevils in the

(MCRE)

House? ``That's a reasonable possibility, or some variation of that.'' Meese notes that the ``main thing that attracts the boll weevils is keeping the deficit down.'' With House Republicans pretty much in line behind the White House, the next step is ``to try to pick off Democrats one by one.'' But he offered no specifics on how Reagan might woo Democrats. He describes the bill to raise the debt ceiling, necessary by late May, as an ``action-forcing event,'' but it may or may not be the vehicle to get a budget passed.

RE vs. Tip. Meese says the Wednesday meeting on Capitol Hill was spirited but not nasty. ``It never got bitter or acrimonious but it got strong...You had two people coming from totally different perspectives'' on the role of government and its prerogatives to tax and spend. Meese describes Reagan as a consummate negotiator while O'Neil is more accustomed to ``backroom political activity.'' O'Neil was ill at ease during the meeting. ``He was very wary. He figured that, somehow, this was a trap...He didn't have the same grasp of the subject as the President...Tip had not mastered the subject.'' Others at the White House also are gloating over the fact that once the discussion of numbers started, O'Neil had to rely on Rules Committee Chairman Tolling to do the talking, while Reagan was able to discuss the budget details himself. [Whisper?] Meese also confirms that Reagan offered to delay the '83 tax cut for 90 days.

Falklands. Meese had little new to offer. ``The prospects don't look very good.'' The White House is not worried that

(MORE)

the war might widen to involve the Soviets in some way.

Insanity plea. Off the record. Meese says the Hinckley trial is the reason the administration has delayed taking an official position on abolishing insanity as a defense plea. Meese, of course, believes insanity should be abolished as a defense for which a suspect such as Hinckley could be acquitted. It is obvious that the administration would be in an embarrassing spot espousing this view while the Hinckley trial is going on.

Who runs America. Meese reports that the President definitely will not attend the Monday reception, although he claims that ``we tried very hard`` to get Reagan to go. Meese suggests that Mike Deaver might be available to receive Reagan's award. (Meese joked that since Tip O'Neil also is among the top 10, perhaps the speaker should accept Reagan's award for him.)

(END)

STORY:SPEAKES
MA:60 FMT:

QUEUE:NRDX-NRD
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;04/29,17:56

SJF

TC: MLS, LT, JF, DR, EFP, JG, GP, DCB, LH, JWM, DXB, SJF,
PA, PGH, SXM, BK, JMH

FRCM: RAK

RE: Background-only ivu with Larry Speakes

Budget. To drum up support for the administration's budget, the President will hit the road and give speeches in a few different cities in the weeks ahead. But because of a very tight May schedule, his travel probably will be limited to one-day trips--perhaps two or three in addition to travel already scheduled, says Speakes. Reagan is going to be tied up getting ready for his marathon trip to Europe in June, a mission that will require him to do a great deal of advance preparation and study. (Ed Meese also noted that the European trip will cut into Reagan's time. The White House had hoped to have a budget compromise by now so that Reagan would have adequate time to prepare for the nine-day cutting to Europe.) Reagan already is scheduled to speak in Knoxville on Saturday; in Chicago and Eureka College early in May; and in Los Angeles in May. All of these stops now will be used to plug the administration's budget.

Speakes also said that cabinet members probably will be sent to various cities to talk about the budget. The cabinet was used effectively in this way last year, too.

Boll weevils. Speakes says the House boll weevils again will be the battleground. In the Senate, he says,

``Tomenici is on board and Dole will be on board soon.

(MORE)

We're not that far apart with the Senate." The outlines of a budget could be worked out in the Senate Budget Committee in the next two weeks. The White House folks will be meeting with Domenici on Friday to begin work on the Senate version.

Wooing the House Democrats will be very difficult, in Speakes's view. "They don't like high deficits but they also don't like revenue raisers that hit on the energy field." This tends to rule out an oil-import fee and a gasoline tax. Speakes does not believe the surtax proposal will survive, either. There was never much enthusiasm for the surtax even among the Democrats, says Speakes, because it wouldn't raise much revenue.

The recovery. There is widespread agreement within the administration that the failure to reach a budget compromise means the recovery "will not be as rapid and not as sustained."

The meeting. Speakes says Reagan was in a "feisty" mood when he went to the Capitol on Wednesday. And he says that Jim Faker, David Stockman and "even the Democrats" were impressed at the President's grasp of the budget. Although Speakes was not present during the meeting, he complained that O'Neil and other Democrats "give you the feeling that they really don't want the economy to succeed." Speakes has never liked O'Neil and complains that he has little respect for the Presidency, regardless of who holds the office.

(MORE)

Falklands. Once the shooting starts, says Speakes, ``we'll tilt pretty hard toward the British...Our public words will be very much for the British.''

Meese. Speakes joked about the fact that Ed Meese rated higher than Jim Faker in our survey of who runs America. Then he went into a long discussion of how little influence Meese now has. ``I'm surprised that he's fallen so fast.''

Meese's position has been reduced to ``counselor without portfolio.''

Speakes seems to overlook the fact that Meese still has influence with the President, if not with the White House staff. So much for the in-house squabbling.

(END)

STORY:WBU4
NA:62 FMT:

QUEUE:SJF-SJF
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OPR:SJF ;04/29,18:30

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

bk

From: sjf

The following items come from a largely on-the-record session with Jim Baker, White House chief of staff:

* Beginning next week, the President will try to work out a Gramm-Latta style compromise budget resolution with the Republican leadership and a few "responsible" Democrats.

* The President does not intend to endorse any budget proposal until he's held these talks. However, he realizes that the ultimate compromise "will not be his budget."

* Although the President was willing to consider a bipartisan three-month delay in Social Security cost of living raises and the third year of the tax cut, these ideas are no longer possible.

* The President will take a "visible role" in seeking public support for his efforts, beginning with Thursday night's speech.

Compromise. Baker said the President's television speech has two purposes: (1) to demonstrate to the American people "that he did go more than half way" in his efforts to seek a compromise and (2) to encourage citizens to support his continued efforts to get a budget from Congress.

Talks with the Democratic leadership broke down because of "fundamental ideological differences" between Reagan and the Democrats. "The President wants reduced spending and

STORY: WHU4

PAGE:

says Baker.

The White House sought a compromise with the Democratic leadership because there was not initially enough support for a Gramm-Latta style compromise. Now that the possibility of a full bipartisan compromise has been eliminated, there may be more support for a Gramm-Latta type budget among conservative Democrats. "We didn't have the political strength without doing this--going through this process," says Baker.

Even though the President indicated a willingness to give in on several controversial issues on Wednesday, this is not "the benchmark from which we will proceed." Reagan will not accept changes in Social Security or the third year of the tax cut--even though he indicated on Wednesday that he would accept such a trade-off as part of a bipartisan compromise.

Economy. "There will still be an economic recovery," says Baker. "The strength and duration of it is dependent on Congress passing a budget." The White House is holding to its earlier prediction that the "first signs" of recovery will be seen in the second quarter, followed by an upturn later in the year.

Politics. Baker acknowledged the political liabilities inherent in the current situation. But he added, "any chief executive in an election year is going to be in that position."

Meeting. (On background) Baker says that the President

wanted to limit Wednesday's meeting to three people--Reagan, Howard Baker and O'Neill. But O'Neill insisted on bringing Folling and Wright, forcing Reagan to bring Baker and Meese. After the meeting began, O'Neill insisted on bringing in one of his aides. So Reagan responded by calling in his aides. Thus the meeting got pretty big.

Taxes. Among the tax increases that the President was willing to accept were a minimum tax on corporations, a minimum tax on individuals and a surtax on upper income people.

(Attached is the final worksheet used by the budget negotiators, plus a chronology of the negotiations.)

(END)

BUDGET WORKSHEET

| | <u>1983</u> | <u>1984</u> | <u>1985</u> |
|--|-------------|--------------|--------------|
| 1) <u>Baseline Deficit</u> | 182 | 216 | 233 |
| <u>Deficit Reduction Measures:</u> | | | |
| 2) Management ^(a) | 11 | 11 | 11 |
| 3) User fees..... | 2 | 2 | 2 |
| 4) Federal pay..... | 4 | 7 | 10 |
| 5) Non-defense discretionary..... | 3-6 | 7-11 | 13-18 |
| 6) Targeted entitlements..... | 3-6 | 4-8 | 5-11 |
| 7) (a) COLAs ^(b) | 1-2 | 5-8 | 10-16 |
| (b) Social Security fund protection: | | | |
| (i) Revenue ^(c) | 3 | 4 | 5 |
| (ii) Commission recommendations..... | 2-2 | 10-7 | 10-7 |
| 8) Defense (not including pay/ retirement) ^(d) | 6-4 | 11-7 | 16-12 |
| 9) Revenue ^(e) | 25 | 35 | 50 |
| 10) Interest (market effect)..... | 7 | 15 | 20 |
| 11) Debt service savings..... | <u>5</u> | <u>17-18</u> | <u>31-33</u> |
| 12) Total deficit reduction..... | 72-77 | 128-133 | 183-195 |
| 13) Remaining deficit..... | 110-105 | 88-83 | 50-38 |

-
- (a) Senator Hollings felt these figures are too high
 - (b) Senator Domenici felt more restraint is needed
 - (c) Modified version of Congressman Bollings proposal (\$4,8,8 billion, FY 83-85)
 - (d) Some participants felt defense savings range too low
 - (e) Congressmen Bolling and Rostenkowski did not accept these target figures as a ceiling.

(*) Budget Worksheet last on the table as of April 27 01:00 p.m.
NOTE: Some participants still had minor reservations in addition to those noted at (a)-(e).

CHRONOLOGY OF SELECTED DISCUSSIONS/NEOGTIATIONS RE BUDGET

This is a chronology of major discussions conducted by representatives of the Administration and the Congress in an effort to resolve an apparent stalemate re the FY 83 budget. The discussions commenced when, on March 19, 1982, the President authorized White House Chief of Staff, James A. Baker III to open a line of communication with the Speaker of the House of Representatives, Thomas P. O'Neill, Jr. This was, in part, a response to a suggestion advanced by House Minority Republican Leader, Robert H. Michel.

[NOTE: In addition to the discussions noted here below, there were of course many sub-group discussions and informal conversations -- as well as important consultations within the groups representing the respective parties, and between these groups and their respective principals and constituencies.]

- March 20, 1982. J. A. Baker telephoned and met privately with Speaker O'Neill, who suggested that the Democratic House be represented in further discussions by Congressmen Bolling, Rostenkowski, and Jones. The meeting with the Speaker took place at the Speaker's home.
- March 22, 1982. J. A. Baker telephoned House Budget Committee Chairman Jones, and met privately with him, at Chairman Jones' home.
- March 22, 1982. J. A. Baker telephoned House Ways and Means Chairman Dan Rostenkowski in Hawaii, and met privately with him upon his return, on March 25. The meeting took place in the White House, and included a brief discussion with the President.
- March 23, 1982. J. A. Baker, OMB Director David Stockman, and Presidential Assistant Richard Darman met with Chairman Jones -- at the J. A. Baker residence in the evening.
- March 24, 1982. J. A. Baker called House Rules Committee Chairman Richard Bolling. (Subsequently, Messrs. Baker and Darman met privately with Congressman Bolling, as did OMB Director Stockman.)
- March 25, 1982. The following group met at J. A. Baker's home. Representing the Administration: Chief of Staff Baker, Treasury Secretary Regan, OMB Director Stockman, and Presidential Assistant Darman. Representing the House of Representatives: Chairman Bolling, Chairman Rostenkowski, Chairman Jones, Minority Leader Michel, and Minority Whip Trent Lott.
- J. A. Baker and Senate Majority Leader Howard Baker consulted with each other (as they did throughout the negotiations) and determined that the discussions with the House showed sufficient promise to justify their expansion to include representatives of the Senate.

- March 30, 1982. The following met for breakfast at the J. A. Baker residence. Representing the Administration: Messrs. Baker, Regan, Stockman, Darman, and Duberstein. Representing the House of Representatives: Messrs. Bolling, Jones, Michel, and Lott.
- March 30, 1982. The President, J.A. Baker, and K. Duberstein met with Senators Dole and Long at the President's residence.
- March 30, 1982. The following met in the evening at J. A. Baker's residence. Representing the Administration: Messrs. Baker, Regan, Stockman, Darman, and Duberstein. Representing the Senate: Senators Dole, Domenici, Laxalt, and Long.

NOTE: Following this meeting, a "Group of 17" was established. It was comprised of the following.

Representing the Administration:

James A. Baker III, Presidential Chief of Staff
Donald T. Regan, Treasury Secretary
David A. Stockman, OMB Director
Richard G. Darman, Assistant to the President
and Deputy to the Chief of Staff
Kenneth L. Duberstein, Assistant to the President
for Legislative Affairs

Representing the Senate:

Senator Robert J. Dole, Senate Finance Committee Chairman
Senator Pete V. Domenici, Senate Budget Committee Chairman
Senator Ernest F. Hollings, Senate Budget Committee Ranking
Minority Member
Senator Paul Laxalt
Senator Russell B. Long, Senate Finance Ranking Minority
Member

Representing the House:

Congressman Richard Bolling, House Rules Committee Chairman
Congressman Barber B. Conable, Jr., House Ways and Means
Committee Ranking Minority Member
Congressman James R. Jones, House Budget Committee Chairman
Congressman Delbert L. Latta, House Budget Committee Ranking
Minority Member
Congressman Trent Lott, Minority Whip
Congressman Robert H. Michel, Minority Leader
Congressman Dan Rostenkowski, House Ways and Means Committee
Chairman

The "Group of 17" met on the following occasions:

- Thursday, April 1, 1982: a breakfast meeting at the Vice President's residence (all 17 members present).
- Friday, April 2, 1982: a breakfast meeting at the Vice President's residence (all members present).
- Sunday, April 4, 1982: an afternoon meeting at Blair House (all members present except Senator Hollings).
- Tuesday, April 6, 1982: a breakfast meeting at Blair House (all members present except Senator Hollings and Chairman Rostenkowski).
- Tuesday, April 13, 1982: a morning meeting at Blair House (all members present except Senator Hollings and Congressman Lott).
- Tuesday, April 13, 1982: an afternoon meeting in the EOB Indian Treaty Room (all members present except Congressman Lott).
- Sunday, April 18, 1982: an afternoon/evening meeting in the White House Roosevelt Room (all members present except Senators Hollings and Long and Chairman Rostenkowski).
- Tuesday, April 20, 1982: an afternoon meeting in the White House Family Theatre (all members present). [Note: During this meeting, the President met briefly and privately with Senator Hollings.]
- Wednesday, April 21, 1982: an afternoon/evening meeting in the White House Family Theatre (all members present).
- Thursday, April 22, 1982: an afternoon meeting in the White House Family Theatre (all members present).
- Friday, April 23, 1982: a breakfast meeting in the White House Family Theatre (all members present).
- Sunday, April 25, 1982: an afternoon meeting in the White House Roosevelt Room (all members present except Senators Long and Hollings).
- Tuesday, April 27, 1982: an afternoon meeting in the White House Family Theatre (all members present). At this meeting, the group agreed to recess and to recommend that the Principals meet to attempt to resolve remaining points of difference.
- On Wednesday, April 28, 1982, the President, the Speaker of the House, and the Senate Majority Leader met in the President's Room at the Capitol.

April 30, 1982

FROM: SJF - White House

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

RE: White House report, Friday, April 30

President Reagan today ruled out U.S. military involvement in the Falklands crisis but offered to supply arms to the British under existing treaties.

Responding to questions posed by a group of Midwestern editors and broadcasters who came to the White House for lunch, Reagan condemned the aggression in the Falklands by Argentina. "Armed aggression of that kind must not be allowed to succeed," he said.

He held out some hope that the dispute still might be settled in the United Nations without bloodshed. But he added, "We've gone as far as we can go" in trying to negotiate a settlement.

He flatly ruled out military involvement by the United States and said that the British had not even sought any U.S. help. But he said military equipment would be made available to the British if they asked for it but "only in keeping with bilateral treaties."

Budget. Republican congressional leaders obviously disagree among themselves -- and with the President -- on the benchmark figures that should be used to resume negotiations on a budget compromise.

Ed Meese predicted today that the ultimate compromise would be somewhere between the President's original budget and what he offered to O'Neill on Wednesday, suggesting

that the President intends to roll back on his offer to the Democrats. Some GOP leaders who met with the President indicated that they were starting from the figures that Reagan used in the summit meeting with O'Neill, however. Senator Domenici, for example, said he was still looking for 122 billion dollars in tax increases. But not all the Republican leaders agreed with that as a benchmark. Representative Barber Conable said he though^T 122 billion dollars was too big a tax increase.

Tip O'Neill. Reagan also passed up an opportunity today to take a jab at Tip O'Neill. Under questioning from the Midwesterners, he emphasized that he and O'Neill are still friends after hours. Reagan said he understands that O'Neill has to answer to a variety of Democrats in the House of Representatives. He added that the two of them are divided by ``great philosophical differences.'' Reagan said O'Neill ``truly believes that government spending stimulates the economy'' and that deficits don't count.

The view around the White House and on Capitol Hill is that O'Neill came to his meeting with Reagan on Wednesday expecting to meet up with an uncompromising President. Thus O'Neill was not prepared to bargain. Representative Robert Michel told reporters at the White House today that he thought ``the Speaker might very well have misjudged the President's willingness to compromise.'' Larry Speakes noted that the Democrats never made ``a firm counteroffer''

in the meeting.

Interest rates. Reagan told the Midwesterners today that there is ``no reason`` why interest rates are so high. Had there been a compromise this week, he said, [``]I have a hunch that interest rates would have instantly come down.``

(END FILE -- rw)