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WITHDRAWAL SHEET
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DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. transcript	Tate comments (2 pp partial)	11/2/82	C
2. transcript	Fuller off the record comment (1 pg partial)	11/11/82	C

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STORY:REAGAN QUEUE:JWM-JWM MSG:
MA:60 FMT: HJ: INI: OPR:JWM ;11/01,15:36

TO: MLS, LT, DR, SXM, SFJ, RAK
FROM: JWM

Re: Reagan in the West (Highlights)

The President's 2-day dash into five Western states was obviously aimed at maintaining control of the Senate by making appearances for three GOP incumbents and two challengers in friendly Reagan country. But the hastily planned trip, with most of the President's time spent aboard Air Force One, was lacking in continuity or zip.

Presidential aides, nervous about Tuesday, must have scheduled some stops with haste and without full agreement by their candidates. There were probably more non--voters, school kids off for the day, than voters at the five stops. C/S Jim Baker, the top aide on the trip, said his numbers corresponded roughly with ours: The GOP losing 24 in the House, one or two Senate seats and 6 governorships.

GOP Senator Malcolm Wallop reportedly told Wyoming interviewers, after the President left Casper, that he hadn't specically asked for RR. Late readings in the state put Wallop ahead and apparently secure.

Reagan inserted a blast at Democrats on Social Security, accusing them of last minute desperation on the issue by suggestion that a post-election surprise would be to trim benefits. Wallop's Democratic opponent has been needling him on the SS issue.

At this and other stops, the President repeated largely the same theme: The nation needs to stay the course, get behind Republican candidates to aid him in Washington, resist the attempt by Democrats to exploit fear by voting for hope. He ran against Washington about as hard as he did in the 1976 and 1980 campaigns.

Rep. Dick Cheney of Wyoming, an incumbent in no trouble, said Wallop looked good in tracking polls now but he had been dipping a bit of late. RR forgot the name of the GOP gubernatorial campaign--twice.

At the second stop in Great Falls, Mont., cheers for the name of the local high school topped anything RR told the crowd. The President appeared for Larry Williams, the GOP Senate locked in a tight race with incumbent Democrat John Melcher.

Judging from what I heard from the locals, Melcher is narrowly ahead and is likely to remain that way.

Air Force One next docked in Las Vegas. The rally at the convention center may have been the tackiest of the 1982 campaign. Wayne Newton did a gyrating rendition of ``America the Beautiful'' with three bosomy songbirds running interference for him. Robert Goulet, an entertainer age is NOT treating kindly, boomed the national anthem. And GOP Senate candidate Chic Hecht, a tiny fellow in cowboy boots, complained that someone had misplaced the boots they were going to present RR.

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The Las Vegas Sun came out that day for Senator Howard Cannon and the general feeling is that Cannon is a safe Vegas bet tomorrow. Also, GOP Governor Robert List looks like a goner.

On Friday, the President stopped first at Salt Lake City to give Senator Orrin Hatch a boost. Some there think Hatch didn't need it. This was the best attended rally and RR was in better form than the day before. Unless a lot of folks are mistaken, Hatch will be back.

Roswell, New Mexico, was the last port of call. There was a large crowd at the airport, again with many youngsters. Reagan urged the re-election of slumping GOP Senator Harrison Schmitt. The word around the crowd was that Schmitt has been hurt by some late, negative-type advertising against Democratic Attorney General Jeff Bingaman.

Presidential aides think Schmitt will make it, but I'm not so sure. This race ranks along with the Senate chase in Missouri (Danforth-R vs. Woods-D) at the top of the GOP incumbent worry list.

But the Republicans could spring an upset in the gubernatorial race. Republican John Irick has momentum in the polls and is nearly even with Democrat Toney Anaya.

Aides kept the President from the press and there was only one brief exchange on the way to Air Force One Friday morning. Reagan took a shot at the Joint Economic Committee for predicting a 10.5 per cent unemployment figure after the election. Aide Mike Deaver also dressed down the CBS correspondent, Bill Plante, for the network's playing that story high on the evening news.

(END)

STORY:PREZ QUEUE:RAKX-RAK MSG:
MA:60 PMT: HJ: INI: OPR:RAK ;11/01,17:11

TO: DR (MLS, LT, GP, DCB, JWM, SJF)

FROM: RAK

RE: Republicans for whom Reagan has campaigned

Here is a list of the Republican candidates Reagan campaigned for in their states, broken down by Senate, House and gubernatorial races. The President spent all or part of 22 days stumping for Republicans in 16 states. (Of the 22 days, all were in 1982 except for one appearance at a fundraiser for Illinois Governor Jim Thompson in 1981.) Needless to say, most of Reagan's campaigning took the form of brief appearances at fundraisers for the candidates.

Senate. Pete Wilson, California; David Durenberger, Minnesota; Larry Williams, Montana; Jim Keck, Nebraska; Chic Hecht, Nevada; Millicent Fenwick, New Jersey; Harrison Schmitt, New Mexico; John Heinz, Pennsylvania; Robin Beard, Tennessee; James M. Collins, Texas; Orrin Hatch, Utah; Paul Tribble, Virginia; Malcolm Wallop, Wyoming.

House. (Included here are House candidates who shared the stage with Reagan at various political events. Reagan did not campaign specifically for House candidates, with the exception of Minority Leader Bob Michel in Illinois and six Republican contenders in North Carolina.)

Illinois: Bob Michel, Kenneth McMillan, Tom Corcoran, Lyn Martin; Montana: Bob Davies, Ron Marlenee; Nebraska:

(MORE)

Douglas Bereuter, Hal Daub; Nevada: Peggy Cavnar, Barbara Vucanovich; New Mexico: Manuel Lujan, Joe Skeen, Majorie Bell Chambers; North Carolina: Eugene McDaniel, William Cobey, Anne Bagnal, Eugene Johnston, Harris Blake, Bill Hendon; Ohio: John Kasich; Tennessee: James Quillen, John Duncan; Texas: Jim Bradshaw; Utah: James V. Hansen, Dan Marriott, Howard Nielson; Virginia: Thomas Bliley; Wyoming: Dick Cheney.

Governors. George Deukmejian, California; Jim Thompson, Illinois; Sam Hardage, Kansas; Charles Thone, Nebraska; Robert List, Nevada; John Irick, New Mexico; Clarence Brown, Ohio; Richard Thornburgh, Pennsylvania; William Clements, Texas; Warren A. Morton, Wyoming.

(END)

SF

November 2, 1982

To MLS, LT, DR, GP, JWM, SF, RAK , BFP

From PA

From Lunch with Sheila Tate-- on background, not for attribution

In Tate's view:

O Reagan will decide on a bid for second term early next summer.

A month ago, Tate thought he would not run but today she strongly believes he will on the basis of signs of upturn in economy and expected minimal losses for GOP today in election along with Reagan's own signals. (She said her former colleague, Bob Gray is predicting right now that the Republicans will pick up two Senate seats and lose only 12 to 15 seats in the House--very bullish but that is what he told her and others)

O Nancy Reagan is increasingly aware of the "historical implications of recent Presidents serving only one term and the negative impact that has on country and party." Consequently, if her husband wants it, Nancy will support him. If unforeseen developments arise--foreign crises such as those which hit Carter and Johnson-- and if Reagan's health falters--all bets are off on where Nancy would land on advice. If things go smoothly, however, Nancy will not pressure him either way. Right now, it's wait and see.

Both Reagans are strong believers in what they regard as "destiny or fate. They will go with their sense of things next summer and on what the President perceives as what he has accomplished, what remains to be done and what the country wants." Tate discounts theories that strengthened opposition from Deomocrats in Congress would deter him from a second term. "Those who think that would frighten

him off badly underestimate Ronald Reagan," said Tate.

O Mike Deaver will stay until Reagan decides whether he definitely wants to run or not. If Reagan wants a second term, Deaver will stay through the election. If not, Deaver will leave as soon as the President's decision is firm.

O Jim Baker would indeed like to move over to Justice. The opening would occur if William French Smith goes to the Supreme Court. Tate says the joke going around the White House consists of the so-called William French Smith handshake each time he greets a High Court Justice. The handshake consists of a grabbing around the wrist to feel the pulse not a grasp of the hand. Tate thinks Reagan would give the nod to Smith for the Supreme Court at the next opening.

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O Tate freely acknowldges the danger of the gender gap. She thinks the only way to combat is , of course,"though substance not window dressing." One initiative would be more high-level women appointments. But--she doesn't see this happening. She thinks women do have hard time at the White House chiefly because such things are not high on the President's priority list. He just doesn't put his mind on it. That would be the only way to counter the chauvinism inherent in the top male staff."

O Look for Liddy Dole to go to a Cabinet post. But-- not Education or Energy. Tate says watch for her to move to Commerce Department with Baldrige moved elsewhere. Tate thinks Dole wants elective office as well. (Dole last week acknowledged

elective office is an option which she would consider in the future.) Tate even posits that if Reagan doesn't run, that George Bush would accept Liddy Dole on the ticket with him. Said Tate: "Bush would go with it" because of the deep-rooted ppoblem the GOP has with women voters--agains the so-called gender gap. (This sounds like a real gambit on Tate's part but she did say, "Remember I told you this two years from now," if Reagan doesn't run.

O Nancy Reagan is "developing a deep sense of accomplishment as First Lady." On the personal level, it is the aiding of the Peruvian child in securing a heart transplant. On the professional level it is the growing awareness and highlighting of the the drug abuse pxxxxxx problem among youth and the Foster Grandparent program. Tate says that through her book and the Frank Sinatra record. "To Love a Child", Nancy Reagan will have raised $200,000 for the Foster Grandparent program.

O Look for Nancy Reagan to step up her activities on drug abuse. Under consideration are a series of public broadcasting segments, hour length programs designed to draw in direct community involvement in specific cities. Mrs Reagan would go to the city and tape a xxxx spot, possibly linked to the United Fund, urging parental involvement, where to call in the community for help in a crisis and perghaps xxxxxy saying pwople should write her at the White House for general information.

Nancy will become more active in good works after the election, not less.

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Drew

O O Transportation Secretary ~~Bren~~ Lewis will leave government and return to private enterprise in Pennsylvania, not because of dissatisfaction with him, he is very highly regarded at the White House. (The information about his leaving comes from his wife Marilyn Lewis to Tate) Tate says to look for Lewis to run for office in Pennsylvania in 1984 or 1986. Tate thinks he will run for Governor not Senator.

November 3, 1982

FROM: RAK - White House

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

RE: Reagan's Reaction

The President appeared in the Rose Garden this morning to try to put the best face on Republican setbacks in Congress, but his performance before the cameras was less than convincing. Reagan clearly was straining to maintain his usually cheery demeanor. He appeared tired and his voice was somewhat hoarse. Somber-faced senior aides assembled along the portico outside the Oval Office to hear Reagan defend the election results.

The tone of Reagan's remarks was much more conciliatory than was the case throughout the campaign. He promised to work with Congress ''in a bipartisan fashion,'' and dodged questions about whether he is ready to compromise on defense spending, cuts in social spending and the third year of the tax cut. He said only that ''we won't compromise on principle.''

Reagan stressed that he always has compromised with lawmakers, citing his tax program and past budget cuts as examples. ''There's been a fair exchange and a willingness to meet other people's views,'' said Reagan, noting the number of meetings he has held with Democrats in Congress.

The President placed great importance on the fact that Republicans picked up a seat in the Senate, and he claimed that ''we beat the odds'' in House losses, because the

overall average loss of the party in the White House in midterm elections is 31 seats.

Asked whether he expects to have trouble getting his program through the House, Reagan responded, ''We've had trouble for 22 months. It's been a struggle every foot of the way.''

(END FILE - WKM)

STORY:WILLIAM QUEUE:SJF-SJF MSG:
MA:-0 FMT: HJ: INI: OPR:SJF ;11/03,18:33

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

From: sjf

The following comes from a background lunch with presidential assistant Rich Williamson:

* Paul Laxalt has said he does not want to be Republican National Committee chairman unless he gets a commitment that President Reagan will seek reelection in 1984.

* Reagan is under pressure from his top aides to declare his candidacy for relection by mid-1983. Some say it should be announced by summer; others say no later than Labor Day. But Reagan is expected to hold out longer.

* Reagan's top advisers have vowed to put as much pressure as possible on their boss over the next month to convince him of the need to compromise on taxes and military spending. A gas tax increase is possible.

Reagan's Reelection. Williamson says that Jim Baker is advocating an announcement as early as next summer as a way to keep other GOP candidates--including Kemp, Dole and Baker--out of the running. (Do not use Baker's name.)

Williamson says that he and many other aides think that Reagan should have a reelection committee in place no later than Labor Day. Reagan is expected to resist their advice, however. Reagan is very superstituous about rushing important decisions.

No matter when Reagan makes the annoucement, the White House can be expected to put out numerous signals over the

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next year that Reagan is planning to seek re-election. Among them will be the choice of Laxalt as RNC chairman.

New RNC chief. Williamson, a former Laxalt aide who remains close to the Nevada senator, thinks he will ultimately agree to take the RNC job. But Reagan and Laxalt ``haven´t shaken hands on it.´´ Williamson notes that Laxalt, who has a reputation for being lazy, is never anxious to take on new tasks. ``Paul´s concern is that he doesn´t want to get in a position where he can´t do an adequate job,´´ says Williamson. Laxalt apparently thought he was overextended in 1980 when he was serving in the Senate, running for re-election and heading up Reagan´s campaign. For that reason, Laxalt is studying the budget and personnel situation at the RNC. In addition, ``Laxalt wants to be sure that Ronald Reagan will run for re-election.´´ For this reason, says Williamson, it should be be interpreted as a strong signal that Reagan will seek reelection if Laxalt agrees to serve.

The following is a list of potential candidates for the top full-time position at the RNC: Rich Bond, Haley Barbour, Ed Rollins and Rick Shelby. Williamson says Rollins approached him about the RNC job on the day he had a stroke. Williamson does not want the job himself, even though it was offered to him.

Although it´s difficult to draw him out on this subject, Williamson apparently hopes to combine his current job with the role of political director after Rollins leaves the

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White House.

Budget Process. Reagan's aides intend to be brutally honest with the President as they lay out the options for fiscal 1984. They all feel guilty that they did not force Reagan to face reality sooner during the 1983 budget process. Although none of Reagan's aides (with the possible exception of Meese) are true believers in Reaganomics, none of them has ever previously expressed their doubts to the President. They have talked about it among themselves and with reporters. In a sense, they are all guilty of the same thing that Stockman did when he talked to Bill Grieder. Although nobody expects the President to embrace tax increases or defense cuts, Reagan's aides want him to be completely aware of the political consequences he faces if he does not compromise.

Reagan's aides will press him to set ``guidance ceilings'' on every budget category within the next two weeks. Then the Budget Review Board will take over. Finally, in December, Reagan will be asked to make the line-by-line decisions.

Williamson does not think that Reagan will buy a tax increase, with the possible exception of a gas tax. Although he does not rule out some trims in military spending, the President will not propose any.

It's too early to foresee any changes in Reagan's dealings with Congress as a result of the election. ``We don't know the beast well enough yet. We'll get a better

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feel for it when the lame duck session convenes.''

Williamson thinks that Bob Michel will be in a better position to influence Gypsy Moths after his close reelection.

Shakeup. Sam Pierce's departure is being discussed again. No change in the scenario at the White House since the last time we talked about it. Elizabeth Dole is still a candidate for a cabinet job, to be replaced by Craig Fuller.

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STCRY:SPEAKES QUEUE:NRD-NRD MSG:
MA:60 FMT: HJ: INI: OPR:BW ;11/04,16:08

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

FROM: RAK

RE: Background-only ivu with Larry Speakes

Compromise. The President recognizes that the new makeup of the House will force him to compromise to a much greater degree than has been the case up to now. Reagan's strategy, however, is to not compromise until he is forced to. Hence, the election results will not alter the budget that he will propose for 1984. He will seek the same high levels of defense spending and the same deep cuts in entitlement CCLAs and other domestic programs that he would have proposed if Republicans had done better on Tuesday.

By election day, says Speakes, the White House political office was telling Reagan that Republicans would lose no more than 19 House seats. Pollster Richard Wirthlin also predicted about a 20-seat loss, although Wirthlin always hedged his prediction with a range that went as high as 27 seats.

Defense spending. Speakes believes there already is a consensus in Congress to stretch out the defense buildup in order to hold down the deficit. In the end, Reagan may agree to stretch out the 1.6-trillion-dollar defense program over six years instead of five, Speakes says, but Reagan certainly has not agreed to such a change. He plans ``to remain hardline until he sees the clear need to

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compromise.''

Nuclear freeze. ``It just doesn't concern us that much,'' says Speakes. Many in the White House believe the brunt of the freeze movement is now passed. They profess to be more concerned about how the Soviets will interpret the freeze vote. The Soviets may be slower to compromise in Geneva if they believe the freeze movement is going to catch fire and force the administration into a weaker negotiating position.

There is considerable concern, however, about the pastoral letter being drafted by the Catholic bisops.

Pipeline sanctions. Speakes thinks a deal can be reached within the next 10 days. The French may be more willing to compromise now that the U.S. election is over. The White House believes the French were trying to use the election to pressure Reagan to make a quick deal to lift the sanctions.

Social Security. Senate Finance Committe chairman Bob Dole ``is all alone'' in trying to get the lame-duck session to take up Social Security. Neither the White House nor Democrats and Republicans on the Hill want to touch Social Security until next year.

Department of Education. Speakes reports that Jim Baker and Ed Meese are in direct conflict over the fate of the Department of Education. [Whisper?] Abolishing the department is Meese's pet project (albeit a futile one up to now). Meese has promised to renew his efforts now that

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the election is over. He believes lawmakers who otherwise would have supported abolition were afraid to do so this year because of the clout of the National Education Association. Baker agrees wholeheartedly with the lawmakers. He believes it is politically stupid to alienate the education lobby (and hundreds of thousands of teachers) by dismantling the department. Speakes believes the more liberal composition of the House will help Baker block Meese's efforts to abolish the department.

1984. Senior White House aides want Reagan to publicly state his intentions by late spring or early summer, 1983. ``That's our preference but maybe not his desire,'' says Speakes. He notes that Reagan does not like to be rushed on such important matters. If Reagan does not announce early, he will run the risk of being branded a lame duck, a development that could seriously weaken his Presidency. Speakes believes Reagan is not even close to making up his mind. The most important consideration, says Speakes, is who Reagan believes his successor would be if he decides not to run. While Reagan likes George Bush on a personal level, the President may not be altogether comfortable with the idea of Bush in the White House. Reagan also may question whether Bush could get elected.

White House staff changes. ``It doesn't look like there are going to be many,'' says Speakes. ``I don't think anybody is going to be thrown out.'' The Big Three do not intend to propose staff changes to the President. OMB Director Stockman is the only adviser Speakes believes will leave.

STORY:MEESE QUEUE:NRD-NRD MSG:
MA:60 FMT: HJ: INI: OPR:BW ;11/04,17:05

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

FROM: RAK

RE: Background-only ivu with Ed Meese

Pipeline sanctions. In an bid to pressure the French into accepting the compromise on East-West trade worked out with the other allies, Italian Prime Minister Spadolini is to make a personal overture to President Mitterrand on behalf of Reagan. Meese says Spadolini's public declaration that an agreement is near was designed to increase pressure on Mitterrand. The compromise generally provides that the West stop subsidizing the Soviets with low-interest loans and tighten technology transfers in exchange for Reagan's agreeing to accept the ``sanctity'' of contracts already signed for the pipeline and thus lift the U.S. sanctions. Meese refuses to predict whether or how soon a deal will be reached.

Marines in Lebanon. Meese concedes that it is virtually inevitable that the size and mission of the Marine force will expand. Reagan is putting no limit on how many Marines the U.S. will deploy to keep the peace, and Meese says the number could easily double from the present 800. He is unconcerned that the potential for more U.S. casualties will create problems for the administration.

Budget. Reagan has made no firm decisions on the 1984 budget. He will make some decisions during an intense round

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of meetings over the next two weeks. Meese refuses to discuss details.

He says the White House also will be taking a hard look at ``the trade situation'' in an effort to boost exports and remove foreign barriers (particularly in Japan) to U.S. trade.

Nuclear freeze. ``This issue possesses a volatility that could recur....[But] the vote is not of a magnitude to give the Soviets any aid or comfort,'' says Meese.

Begin visit. How does Reagan intend to deal with Begin when he comes to the White House later this month? Meese says Reagan has nothing special in mind, but the President is convinced that increased personal contact with Begin will soften his opposition to the U.S. peace plan.

The Falklands. Meese is more concerned than I expected over Margaret Thatcher's angry reaction to American support for the UN resolution urging negotiations to settle the Falklands dispute. He describes it as ``a very serious difference of views.'' Reagan and Thatcher have exchanged several messages in recent days but Meese won't discuss their contents.

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SJF-RAK

STORY:SINO.0 QUEUE:WATX-WAT MSG:
MA:60 FMT: HJ: INI: OPR:WAT ;11/05,08:46

to: LH 5 Nov 82

from: WAT re: possible whisper item

STRICTLY NOT FOR ATTRIBUTION OF ANY KIND, limited circulation please.

(source:Wm. Rope, head China affairs, State Department).

In an effort to begin the repair of relations badly damaged by the Taiwan arms issue and related matters, the U.S. and China plan soon to resume high-level government exchanges. A high level Chinese delegation will come here to meet Treasury Secretary Regan in November or early December to kick off the rapprochement effort.

Then, in fairly rapid-fire order, the U.S. plans to sent cabinet members Shultz, Baldridge and Weinberger to Peking. Parallel Chinese delegations will visit here.

The Baldridge mission will seal agreement on a joint Sino-American commission on science and trade, part of Washington's answer to Chinese complaints that the U.S. is dragging its feet on selling high technology items to Beijing.

Weinberger's mission (probably next spring) COULD mark the start of modest U.S. arms sales to the PRC.

U.S.-Chinese relations are at the lowest point since normalization, due not only to Taiwan deal but also to Chinese second-guessing about value of strategic

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relationship with Washington and the slowness with which the U.S. has acceded to requests for technological assistance.

Contributing to Chinese doubts are Reagan's decision to lift the grain embargo and his perceived mismanagement of relations with the NATO allies.

Further complicating the problem are current efforts by the administration to sell the joint communique on Taiwan arms. Reagan's public reassurances to GOP conservatives--i.e. Beijing gave up a lot more than we did--is grating on Chinese leaders, particularly the pro-American wing led by Deng.

In fact, both sides made major concessions.

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STORY:GERGEN QUEUE:SJF-SJF MSG:
MA:60 FMT: HJ: INI: OPR:SJF ;11/05,14:07

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

From: sjf

The following comes from a background interview with David Gergen:

* Don't expect Reagan to compromise on taxes or defense. ``He will stick to principle, but carry it out in a more bipartisan way.''

* Reagan soon will start dropping ``a steady stream of hints'' that he will run for reelection in 1984.

* The State Department and Bill Clark are at odds once again--this time over the proposal to lift the pipeline sanctions

* In response to the bishops, Brezhnev and the nuclear freeze movement, the president wil make a major arms control speech on November 18.

* At least two pieces of legislation are dead as a result of the election--the balanced budget and the anti-abortion amendments to the Constitution. School prayer may still have a slim chance.

Compromise. ``The President has shown no inclination to change course--not even a `mid-course correction,'' says Gergen. The President has already made it clear in budget meetings that he opposes any compromise on taxes of defense spending. Reagan is counting on an economic recovery to bail him out. ``People are overlooking the fact that the economyc may come to his rescue.'' He's also hoping that the Grace Commission will come up with some economies at

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the Pentagon that will help him trim the defense budget without eliminating programs. The President also feels certain that there will not be sufficient votes in the new Congress for abolishing the third year of the tax cut. Gergen notes that the debate over cutting military spending will be in a narrow range of 10 to 15 billion dollars. Gergen says the President might buy a gas tax, but not if he's forced to accept an increase in Social Security payroll taxes--a likely possibility. The budget process will be different this year. ``We've decided not to get into the position that we were last year with the staff ganging up on the President. We're going to lay out all the options for him. But once he makes his decisions, we're not going to be maneuvering to change his mind.''

The balanced budget amendment is dead because Reagan will get fewer members to vote for it without the leverage of an impending election. ``Before the election, we were able to hold their feet to the fire and now we can't do that.''

Reagan's re-election. Gergen opposes an early declaration of candidacy by Reagan. He thinks Reagan is politically strong enough that he does not need to become a candidate so soon. ``Personally, I hope we can have some presidential time--a time when he can focus on being a good President.'' But Gergen predicts there will be ``a steady stream of hints'' coming from the White House that Reagan is a candidate for reelection. Laxalt's appointment as RNC chairman will be announced before the end of November.

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Campaign critique. Gergen asserts that Reagan's ``Senate strategy paid off handsomely.'' He adds that Reagan would have lost 50 seats in the House had he not conducted a national campaign in defense of his economic program. Reagan's influence on the election peaked with the television speech. After unemployment hit 10 percent, the Republicans lost 4 points in the polls. Wirthlin says the loss would have been 8 points had Reagan not made his television speech. He says the White House did its best to stay away from the nuclear freeze issue, even though both Weinberger and Clark spoke out on it. The White House turned down many invitations to send someone to speak against it. Why? ``We thought it would help them mobilize against us.''

Pipeline. Bill Clark thinks the State Department is too settle with the Europeans over the pipeline. Clark's holding out for a better deal. Everyone is worried that it will be portrayed as a flip-flop by Reagan. This seems unavoidable, even though White House people are searching for a way to avoid it.

Shakeup. Prospects for a full-scale shakeup are dwindling, although some changes are still expected. No one will be fired outright, but some will be encouraged to resign. Hodel will be appointed as energy secretary on Friday, and a new Veterans Administration chief will be chosen soon.

Budget. Reagan has held two meetings on the 1984 budget

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so far. Three more meetings are scheduled next week. After that, he will lay out some general guidelines for the budget review board to follow.

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STORY:WFU1 QUEUE:SJF-SJF MSG:
MATT FMT: HJ: INI: OPR:SJF ;11/09,16:53

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

From: sjf

The following items come from a background lunch with Bob Bonatati, White House labor liason:

* With the election behind them, Baker and Meese are feuding once again. Aides are being told that Baker already has approached the President with proposed staff changes.

* The biggest battleground between Baker and Meese has been appointments. Helene Von Damm, siding with Meese, is pushing several right wing appointees that Baker opposes.

* The President will hear a pitch from his advisers on Wednesday for a 5 cent gasoline tax increase to finance a 5 billion dollar public works program to create jobs.

* Drew Lewis is making it known at the White House that he would like to be secretary of labor. But Bill Brock also has expressed an interest in the job.

Shakeup. All of the ill-will that was swept under the rug at the White House during the election campaign has resurfaced. ``It's ten times worse than ever,'' says Bonatati. He says that he has been told by ``some one in Baker's office''--probably Margaret Tutweiler--that the President is currently considering some staff changes proposed by Baker. But Baker never threatened to resign if the President rejected his proposals, according to Bonatati's source.

Ray Donovan's future will depend on whether Meese wins on

(MORE)

loses in the power struggle with Baker. Meese (and Helene) are strong defenders of Donovan. Bonatati clearly wants to see Donovan out, but he fears that Lewis' hard line against PATCO would make him as unacceptable to organized labor as Donovan. I think Lewis would certainly be more acceptable to labor than Donovan.

Bonatati notes that neither Donovan nor Meese were true-blue members of the right-wing camp until recently. Both men have aligned themselves with right wing groups in an effort to save their jobs.

Appointments. One of the appointments over which Meese and Baker are wrangling is the choice of Donald Dotson as a member of the National Labor Relations Board. In his current role as Donovan's assistant secretar for labor-management relations, Dotson angered organized labor by hiring someone from the right-to-work committee as his top aide. Bonatati says that both the AFL-CIO and the Teamsters have threatened to oppose Dotson's appointment to the NLRB. Meese is pressing for the appointment of Dotson; Baker is threatening to veto it. Ironically, says Bonatati, Donovan is pushing for it because Dotson has been his most ineffective assistant secretary.

Public Works. Most of Reagan's advisers think they can sell the President on the idea of a public works bill. Although he has generally opposed such measures in the past, Bonatati contends that a public works program does not fully qualify as a ``make-work'' program--the term

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Reagan normally uses. A White House analysis of the plan notes that gasoline prices have fallen 14 cents per gallon under deregulation. Thus Reagan's aides contend that this would not be a hardship. The White House bill would not be targeted to high unemployment areas, but White House officials expect the Congress to add such a provision.

The plan will be outlined for the President on Wednesday morning at a cabinet council meeting. No one knows whether Reagan will buy it. Bonatati says most White House advisers feel that unemployment is now so bad that they must abandon ideology, at least somewhat. Even if the President rejects their plan, this development certainly suggests that Reagan would be hard-pressed to veto a public works bill coming from Congress. (However, David Gergen pointed out last week that Reagan cannot support an increase in both the gas tax and the Social Security payroll tax.)

Footnote. Many Reagan aides think the Washington Times is becoming an organ of the right-wingers at the White House, who seem to leak stories (some false) to the Moonie paper on a regular basis. As a result, says Bonatati, the Washington Times is also getting good play in the White House news summary.

(END)

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

FROM: RAK

RE: Bush goes to Africa

Vice President Bush held a briefing for about two dozen reporters on his upcoming 15-day trip to seven African countries, with a one-night stop in Bermuda on the way home. Leaving Wednesday, Bush will visit Cape Verde, Senegal, Nigeria, Zambia, Zimbabwe, Kenya and Zaire.

Although Bush stressed the great importance the administration places on his trip, the junket is primarily a goodwill mission. Perhaps his most interesting day will be November 20, officially listed on his schedule as a ``private day.'' When I asked Bush's press aide how he would spend the private day, I was told off the record that he would be flying into a game park in Kenya for a photo safari. When I complained that there was no reason for such information to be off the record, the aide, Shirley Green, cited security considerations, saying that Africa is full of terrorists who might want to ambush the Veep in the game park.

Bush is taking along 11 advisers--including Thaddeus A. Garrett, assistant to the Vice President for domestic policy. Garrett's only qualification for the trip is that he is black. Also accompanying Bush is his executive assistant and Texas political protege, Chase Untermeyer,

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and Bush's appointments secretary, Jennifer Fitzgerald. Peace Corps Director Loret Ruppe and her husband Phillip also are along for the ride. Bush is rounding out the group with the presidents of Tuskegee Institute and the Morehouse College School of Medicine. He is taking no reporters, although about 25 wanted to go. Green says there was no room for reporters on Air Force Two--a big jet comparable in size to Air Force One.

In the briefing, Bush made only very general comments about his mission, saying he wants ``to develop better understanding on major bilateral issues'' and ``to demonstrate the high value'' the administration places on its African friends. He also wants to stress the importance of ``African solutions to African problems,'' and does not want to impose American solutions on the turmoil in southern Africa.

In Nairobi, Bush will deliver what he called a ``major statement'' on U.S. policy toward Africa. But he described the statement as a ``broad overview'' that ``will resist tweaking the Soviets'' for meddling in African affairs.

Namibia. Bush repeated the administration's view that it is ``highly unlikely'' that there can be a settlement of the Namibia crisis without the removal of Cuban troops from Angola. He added, ``We are committed to being a catalyst for peace in the area. We know we can't dictate a solution.'' While Bush undoubtedly will discuss the Namibia dispute with the black African leaders, he is not carrying

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any new U.S. proposals to advance a solution. ``It's not my objective to go there and have Namibia be the prime agenda item...We're very flexible on agendas.''

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

From: sjf

The following items come from a background interview with Craig Fuller, director of the Cabinet:

* President Reagan seems inclined to ask the lame duck of Congress to enact a new multi-billion dollar public works program financed by a gasoline tax hike.

* In the fiscal 1984 budget, the President eventually will accept some cuts in military spending and an unspecified tax increase--but only if the Democrats agree to go along with most of his social program cuts.

* Current White House figures set the 1984 deficit at nearly 200 billion dollars, and there's no hope of getting it down even as low as 170 billion dollars without military spending cuts and revenue increases.

* At least one or two other cabinet officers will depart before the end of the year. His list of possible candidates: Pierce, Bell, Donovan, Watt or Kirkpatrick. Baldridge and Schweiker will stay. Lewis might leave unless he gets another position.

Gas Tax. The proposal, authored by Drew Lewis, calls for a 5 cent gas tax that would produce 5.5 billion dollars in revenues annually--4.4 billion dollars to be spent on highway repair and 1.1 billion to be spent on mass transit. It would create 170,000 jobs directly and indirectly, and another 150,000 jobs ``induced'' as a result of increased

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economic activity. Although Reagan has not announced his decision, Fuller thinks the President will buy the idea, perhaps with some modifications. Two reasons: (1) the concept of a ``user fee'' has been employed previously by Reagan and (2) the only reason Reagan rejected it last year was that would not have helped in reducing the deficit. Although Reagan could trim Lewis' proposal to 2 or 3 cents, the Congress seems to be set on 5 cents. Some reservations were expressed by the President and David Stockman during the meeting, however. The gas tax creates a ``winners and losers situation,'' with some states paying out more than the get in return--something that conservatives do not like. It's also viewed as a ``big government'' measure. If Reagan decides to accept it, he will propose it for the lame duck session in order to preempt the advocates of a larger economic stimulus program.

Economic Stimulus. Reagan will oppose any stimulus for housing, which he thinks are ``ill-conceived'' because the statistics show the housing industry is already beginning to recover (slowly). But he is considering ``a list of options'' for additional jobs-related programs in the 1984 budget. Most of the options are similar to the very limited jobs training bill that he signed for fiscal 1983. The new program will be focused on two long-term jobless groups: (1) displaced workers and (2) young people just entering the job market.

The 1984 Budget. Unlike last year, Dave Stockman is not

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recommending a budget plan. He is simply laying out all of the options and allowing the President to decide. However, Fuller says that Stockman's presentation seems designed to convince the President of the need for military spending cuts and increased revenues. Current spending levels will put the deficit at 200 billion in 1984 and even higher in the out-years. No one thinks there is any hope of cutting as much as 30 or 40 billion dollars. As a percent of GNP, says Fuller, federal revenues have hit an historic low and expenditures have hit an historic high. ``This analysis helps us make the case that you need both to cut expenditures and raise revenues,'' he says. In Fuller's opinion, Reagan ``will consider defense cuts and revenue measures, but he cannot consider them until there is some signal from the Democrats that they will accept our cuts in social programs.'' (Stockman says the Congress has failed to act on 50 percent of the social program cuts adopted for 1983). The new budget will project a 2.5 to 3 percent economic growth rate in 1984 and 4 percent in the outyears.

Meese-Baker. The Meese-Baker feud persists. ``I don't expect any near-term changes in the situation,'' says Fuller. ``Whenever they've had to confront the problem as a result of press reports, they've reacted by backing off, cooling off.'' Fuller denies reports that Baker and Meese have been feuding over issues. ``Ed doesn't seem to interject himself much any more on issues.'' Appointments has been the big battle ground.

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Fuller reports off the record that he has been approached [redacted]

Deaver. Fuller disclosed the real reason why Deaver is not leaving. ``He has not yet found an exciting option.'' In other words, people are not beating down the doors offering him high-powered jobs. Nor do his potential jobs on the outside offer the perks he now enjoys at the White House. (Deaver loves perks.) Although Deaver was hoping to leave primarily for more money, Fuller says that Deaver also expressed some hope that his departure might force the President to solve the Meese-Baker problem. Deaver holds the balance between Meese and Baker.

Trade. David Stockman and Marty Feldstein came to a meeting on trade policy on Monday prepared to do battle with ``protectionist'' proposals by Bill Brock. But Brock's proposals were more low-key that Feldstein and Stockman expected. Thus a threatened confrontation was avoided.

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STORY:PIPES QUEUE:RAKX-RAK MSG:
MA:60 FMT: BJ: INI: OPR:RAK ;11/11,10:48

TO: MLS, LT, JF, FFP, DR, JG, GP, LF, DCB, XF, JWM, SJF, PA, PGE, SXM, DLB

FROM: RAK

RE: Background-only ivu with Richard Pipes

Pipes, director of East European and Soviet affairs on the National Security Council staff, is the only true Sovietologist in the administration. He is very much a hardliner toward Moscow. We talked by phone and he was in a hurry, but this is his seat-of-the-pants assessment of what to expect after Brezhnev:

Successor. The fact that Yuri Andropov has been named to head the commission that will arrange Brezhnev's funeral is a clear indication that he will be the ``immediate'' successor to the post of general secretary of the Communist Party, Pipes says. In the past, the man named to head the funeral commission after the death of a Soviet leader became the interim head of the government. But Pipes expects someone other than Andropov to be given the post of president, the lesser of the two top positions. Brezhnev held both posts.

Transition. Pipes believes the transition arrangements were made long before Brezhnev's death, particularly in light of the fact that Andropov was named so soon to head the funeral commission. In past times there have been struggles over who would head the funeral commission after

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the death of a Soviet leader. ``The indications are that the transition will be smooth,'' Pipe says. ``In a sense, Brezhnev has been dead for months,'' he adds, referring to the anticipation of Brezhnev's death within the Kremlin.

The long-term. ``There is going to be a battle between the two factions and I'm in no position to guess who will win.'' Andropov, the former head of the KGB, is the leader of one faction. The other faction is led by Politburo member Constantin Chernenko. Pipes views Andropov as the more aggressive of the two. Andropov is more likely to continue Soviet expansionist policies around the world, while Chernenko is more inclined to focus ``inwardly'' and tackle the problems of the Soviet economy and other domestic concerns.

Poland, arms control, Afghanistan. Pipes speculates that the Kremlin ``might become more conciliatory'' toward Warsaw because of preoccupation with the succession struggle, and because the Soviets ``have so many problems.'' Perhaps they will be less inclined to create additional troubles by increasing pressure on the Polish regime.

Pipes sees no change in the Geneva arms talks, conceding that the talks ``have been on hold from the beginning, anyway.'' Whether the Soviets loosen their hold on Afghanistan depends on whether the hawks or the doves prevail in the long-term struggle.

U.S.-Soviet relations. Pipes sees no immediate

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modifications, and any long-range change ``all depends on them.''

Funeral. Brezhnev's funeral probably will be held on Saturday or Monday, and Pipes does not expect Reagan to attend. Bush is more likely to head the U.S. delegation.

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STCRY:GERGEN QUEUE:NRD-NRD MSG:
MA:60 FMT: HJ: INI: OPR:BW ;11/11,14:53

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

FROM: RAK

RE: Background-only ivu with David Gergen

Tax increase. Gergen believes there is a ``good chance'' that Reagan will get behind some kind of public-works jobs bill funded by an increase in the gasoline tax. But Reagan has made no decision.

On Wednesday Transportation Secretary Lewis outlined to Reagan his proposal for a 5-cent hike in the gasoline tax to raise 5.5 billion dollars a year and create 320,000 jobs to upgrade highways, bridges and mass transit systems (excluding operating costs). Gergen does not believe Reagan will accept the Lewis plan in its present form.

The President's main reservation about the Lewis plan is that some of the money would have to be spent to improve roads and bridges that are now the responsibility of states and municipalities. If the funds were earmarked exclusively for improvements on the federal highway system, all of the 5.5 billion would not be used up. Reagan objects to using federal money to improve state and local roads and bridges on the ground that it is a further intrusion by Washington into local responsibilities.

Reagan also objects to using revenues from the gas tax to improve mass transit. Says Gergen, ``He feels, `Why should the people in Arkansas pay to improve mass transit in

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Boston?' '' Reagan would prefer that any increase in the gasoline tax be regarded as a user fee. Hence, the revenues should benefit only those who pay--gasoline consumers.

Gergen expects that Reagan will go along with perhaps a 2-cent or 3-cent increase in the gas tax, with the proceeds to be used only on improvements in federal roads and bridges. The scaled-down plan would, of course, create fewer jobs. Gergen stresses that while Reagan is mindful of the new jobs that would be created--and the political realities of what is happening on Capitol Hill--he is more interested in the plan as a way of upgrading highways, etc.

Reagan's preference is to defer a decision on the jobs bill until after ``all the pieces are in'' on the budget, including the future of Social Security. He would rather wait and see if he has to go along with higher Social Security taxes before deciding on the gas-tax hike. But Gergen concedes that Reagan probably will have to deal with the jobs bill in the lame duck session instead of deferring action until next year. Lewis wants Reagan to endorse the jobs bill now, ``to get on the train before it leaves the station.''

Pipeline. Reagan is now considering the ``consensus'' agreement worked out by the State Department. Gergen presumes the President will accept it and that it will be announced within the next few days. (I talked with Gergen before the news of Brezhnev's death, an event which certainly could influence the timing of any pipeline

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Decent. Jan 1981
up 10 cents - peak
14 cents
since

announcement.) Gergen claims that the pipeline deal has enough ``teeth'' in it to prevent it from being seen as a retreat by Reagan. The Europeans have agreed to stop subsidizing credit to Moscow.

Lame duck session. In addition to appropriation bills, the White House will push for the Caribbean Basin Initiative authorizing legislation; the bill establishing Radio Marti (a project being pushed by William Clark); and urban enterprise zones, ``because it's got a job potential in it.'' There is some talk about trying to get another vote on the balanced-budget constitutional amendment, but Gergen concedes that now that the election is over there is little pressure on lawmakers to support it. The balanced budget amendment stands even less chance of being passed by the new Congress.

Menachem's visit. Gergen says Reagan ``really wants to put the heat on'' Begin. ``I think it will be very candid talk.'' Some advisers are urging Reagan to threaten a cutoff of economic aid but Gergen does not believe Reagan will go that far. It is ``very likely'' that Phillip Habib will return to Lebanon in an effort to get progress on troop withdrawal.

Meese vs. Baker. Although there are strains between Ed Meese and Jim Baker, Gergen says they both got on the phone to NY Times reporter Francis Clines to deny his story about friction between them. The two main points of contention are that Baker wants defense cuts and Meese doesn't; and

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Meese wants more cuts in federal eductation aid and Baker doesn't. Baker believes cuts in education funds, and the administration's efforts to dismantle the Department of Education, hurt Republicans in the mid-term elections.

Gergen also expressed dismay over the snail's pace at which the Grace panel of outside cost-cutters is proceeding. [Whisper?] Meese is in charge of the Grace commission, which is composed of corporate executives who are supposed to find efficiencies and cut costs in goverment operations. Gergen complains that the new budget cycle is in full swing but the Grace crowd hasn't yet reported any ways to save money. Baker has hoped to use the Grace commission as a tool to push for some defense cuts.

VA chief. Gergen hints that Reagan is about to cave in to the Senate Veterans Affairs Committee Chairman Alan Simpson on the choice of a new Veterans administrator. Simpson is pushing his own candidate and the White House last week abruptly ``reconsidered'' the man Reagan was about to nominate. ``We have a need to build some alliances up there,'' says Gergen.

VP Bush. Why is Bush off to Africa? ``Don't all vice presidents go to Africa?'' says Gergen. Bush ``never talks about his frustrations to anyone around here...He seems to be pretty happy....The vice president has always been standby equipment. Let's face it--that's the nature of the job.''

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

FROM: RAK

RE: Begin comes to Washington

The following is based on a background-only ivu with Howard Teicher, a Mideast specialist on the National Security Council staff. (Geoff Kemp, the senior Mideast specialist, is in Israel renewing contacts.)

Confrontation? Reagan will make an all-out effort to avoid an ``angry confrontation'' with Begin. The White House believes any direct confrontation would enable Begin to return home ``and rally Israel behind him by making it a question of who decides Israel's security, Israel or the U.S. President?''

Hardliners in Congress and in the administration are urging Reagan to threaten a cutoff of economic aid unless Begin's settlements policy is reversed. But Teicher denys the Evans and Novak column earlier this week asserting that Secretary of State Shultz is among those supporting a threat to cut off or reduce economic assistance. Teicher does not believe Reagan will make any threats, implied or explicit.

Nor does he expect Begin to slow the expansion of settlements. In Teicher's view, the new settlements are not as much of an obstacle to Reagan's peace plan as they are generally regarded to be. But Teicher's view is strictly a

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minority one within the NSC staff. He believes Reagan should be putting less pressure on the Israelis and more on the Arabs.

Begin's wife. The White House believes Begin may be even more recalcitrant because of the ill health of his wife. She has been in the hospital for several weeks and recently had a tracheotomy, so she cannot talk. ``Just being away from her at this time is difficult for him,'' says Teicher.

Habib. Shultz and special ambassador Habib met today with Reagan, and Teicher believes Habib will be sent back to the Middle East. He believes the Draper mission was burdened by overexpectation.

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STORY:SOCIAL QUEUE:SJF-SJF MSG:
MA-60 FMT: HJ: INI: OPR:SJF ;11/11,16:32

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

From: sjf

The following material comes from a luncheon appearance by Senator Bob Dole at the Washington Press Club:

* Dole's proposal for saving Social Security: Advance the 1987 and 1990 payroll tax increases and cap cost of living increases at 4 percent for the next few years.

* Dole also called on President Reagan to support the 5 cent gax tax hike for highway and bridge repair.

Social Security. ``Don't look for miracles to come from the commission,'' said Dole, who is a member of the commission. ``If all 15 members of the commission agree that our problem is in the range of 150 to 200 billion dollars in the short term--the next seven, eight to 10 years--then I think we're on our way to finding some solution.'' He predicted that the Social Security problem will not be tackled until next year, when it will become a part of the budget process. He added that Congress will probably authorize more interfund borrowing.

Compromise will be necessary, said Dole. ``A majority of us are going to have to swallow some of the things we don't like,'' he said. Although Dole said he opposes any increase in Social Security payroll taxes, he endorsed the idea of moving up the 1987 and 1990 tax hikes. He proposed to advance the 1990 tax hike back to 1987 and the 1986 tax hike to 1984. That certainly seems like a tax increase to

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me. In addition to capping the cola increases for the next few years, he proposed in later years to adopt an index based on wages, not prices, less one and one-half percent. He estimated his proposed changes in the cola alone would save 130 to 140 billion dollars.

Dole stongly opposes funding Social Security through general revenues or additional taxes other than the Social Security payroll tax. Among the ideas being considered are a tax on liquor, cigarettes or gasoline and a new inheritance tax.

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To: mls lt gp jwm rak

From: sjf

For your information:

During President Reagan's trip to New Orleans and Miami this week, I was involved in a dispute with Larry Speakes that has already been reported in some publications and is likely to appear elsewhere. I think that you should know the details of what happened.

On Air Force One enroute to New Orleans, I was the pooler. I asked Larry for his reaction to the increase of the prime rate by Chemical Bank. He replied by saying that fluctuations should be expected. Then he volunteered that the Federal Reserve Board was meeting that day and added that the Fed is ``not afraid'' to lower the discount rate because the administration has showed that it can successfully keep inflation down. ``Does that mean that the administration is looking foward to favorable action by the Fed on the discount rate today?'' I asked. He replied: Yes. As a result of this exhange, I wrote the following passage in the pool report:

``He suggested that the administration is looking forward to action by the Federal Reserve Board today on the discount rate. He said the Fed is `not afraid' to act because the administration has succeeded in reducing inflation.''

The pool report containing this paragraph was read and approved by all five members of the pool. Speakes himself

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read it before it was distributed and raised no objection.

When Reuters wrote a story about it, the stock market soared. Speakes then came to me and insisted that I misquoted him. He told me that I had screwed up the stock market. He demanded a correction. I then polled the pool members, all of whom stood behind my version of Larry's remarks. Larry then confronted me in a loud voice in the middle of the New Orleans press room. I told him that I was willing to put out another pool report saying that he disagreed with our characterization of his remarks. But I said that I would also have to add that the poolers were firm in their recollection of the event. He accused me of trying to ``get'' him. At one point in the debate, he asserted that the ``plane probably lurched'' when I asked him the question, causing him to reply in the affirmative involuntarily. The argument ended in a stalemate. Larry was so angry that he refused to allow his staff to duplicate my second pool report until about 8 hours later.

On the next leg of the trip, Larry issued a statement designed by him to ``set the record straight.'' The statement took a personal shot at me. ``There is an erroneous impression here in the report that sadly misquotes me,'' he said. ``As any newsperson worth their salt would know, the White House has no information and no way of predicting what the Federal Reserve will do. The job of the pool reporter in my opinion is not to say, `I gotcha,' but to say, `Wait a minute, did I hear you right,

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is this an accurate reflection of the total picture?''

The reaction of the press corps to all of this was virtually unanimous: Larry overreacted. Everyone says that Larry has developed a habit of attacking reporters directly when they ask questions he does not like. In most cases, these have been women reporters. Tom Defrank of Newsweek, who heads the White House Correspondents' Association, told me that he intends to discuss the problem with Jim Baker. I, too, plan to lodge a protest with Baker.

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STORY:GERGEN QUEUE:SJF-SJF MSG:
MA:60 FMT: HJ: INI: OPR:SJF ;11/18,15:17

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

From: sjf

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

* The President has instructed the Office of Management and Budget to trim 25 to 30 billion dollars from non-defense spending in fiscal 1984. No decision on defense spending or Social Security until early December.

* The proposal to advance the next income tax cut is being discussed as an ``off-set'' for a gas tax hike. The idea is to propose both measures to the lame duck session.

* Reagan will make his televised arms speech on Monday night. It will propose confidence-building measures, and might even include his decision on MX.

* Like other White House aides, Gergen is disgruntled by two continuing problems: (1) the Meese-Baker ``standoff'' and (2) Reagan's inflexibility on the 1984 budget.

Budget. Reagan has told the OMB to trim 25-30 billion dollars from current spending levels in the 1984 non-defense budget. The administration currently projects the 1984 ``on-budget'' deficit as 150 and 175 billion dollars. The President's proposed cuts in non-defense spending would rise as high as 50-to-60 billion dollars in the out-years. Cuts in health-related costs would provide a major portion of the savings.

The President expects to make ``additional savings'' in

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fiscal 1984 by proposing changes in Social Security, even though he has not yet decided how he wants to solve the problem of Social Security. (Gergen's statement suggests that the President is more likely to cut benefits than to raise taxes. Reagan's remark at the press conference last week also suggests he's scaling back on his promise not to touch benefits.) His decision on Social Security could be made before the commission reports.

Reagan has given OMB ``no hard guidance'' on the defense budget. Although the President continues to resist any cuts in defense, he's postponing his decision until after he returns from South America. (Indications are that Reagan will go no further in cutting defense in his initial budget proposal than he can justify through ``management savings'' or lower cost estimates caused by lower inflation.)

The President has shown ``a good deal of interest'' in the proposal to advance the next tax cut. He views it as a way to stimulate economic recovery--``adding fuel to the fire.'' He also sees it as a way to help offset the gas tax increase, and a good strategic step in opposing tax increases proposed by the Democrats.

Gergen is among the many White House aides who think that the President is only ``staking out his position'' when he takes a hard line posture on defense cuts and tax hikes. They expect him to compromise, but they have no assurances that from him that he is willing to compromise. They are clearly uneasy about it.

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Gergen also reflects a general feeling of resignation among White House aides as they face another budget battle with Congress. ``There´s a hell of a mountain out there for us to climb,´´ he said. ``We´ve climbed it before; I guess we´ll climb it again.´´

Meese-Baker. Gergen says the battle between Meese and Baker is a ``standoff.´´ As long as the standoff continues, Deaver will stay at the White House. If nothing happens to solve it, Gergen says White House officials are resolved to put up with the tension. ``We´ll get along,´´ he says.

Arms Speech. The MX decision could be announced during the speech Monday night. Or, it could be announced as early as Saturday. The decision is expected to be ``dense pack with a wrinkle´´--no explanation. The Monday night speech will also talk about additional confidence building measures, going beyond the proposals made in Berlin.

(The idea of announcing the MX decision in connection with a so-called ``arms control´´ speech seems laughable. But rumor has it that Reagan´s right wing friends have convinced him that he was too soft on the nuclear freeze people during the recent election campaign.)

Kohl. Asked about the President´s reaction to Kohl, Gergen said that the man made no strong impression on anyone at the White House. Certainly their public statements indicated that the meetings lacked substance.

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From: sjf

The following comes from a combined background interview with Jim Baker and Mike Deaver:

* President Reagan nixed any major personnel changes in the White House or the Cabinet. ``He's made it very clear,'' says Baker. ``It's not his style.''

* Baker and Deaver admit their relationship with Meese is tense. ``We can make it work,'' insists Baker. ``We can work around it. We've been doing it for two years.''

* Deaver promises to decide soon whether he will leave. ``I cannot go on forever like this. If nothing else, I'm getting sick and tired of people asking about it.''

* President Reagan will add a stop in Honduras to his South American trip. He will not stop in Peru.

* Deaver says the French ambassador okayed the East-West trade agreement, but Mitterand reneged at the last minute. Reagan tried unsuccessfully to phone Mitterand shortly before it was announced on Saturday.

* What's the difference between Helmut Schmidt and Helmut Kohl? ``It's like the difference between Al Haig and George Shultz,'' says Deaver.

The interview. The interview itself was unusual. Deaver joined in voluntarily. The two men were apparently going somewhere with their wives afterwards. They were extremely giddy. They danced around the room a bit. Whenever they

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told an obvious lie they made a gesture to indicate that their nose was getting longer.

Economic policy. Baker insists that Senator Baker and Representative Michel were ``far less independent'' in their meeting with the President than White House officials expected. He says they told Reagan ``it's going to be a lot tougher, but we're willing to follow your lead.`` Their expressed pessimism about Congress' willingness to advance the tax cut did not convince the President to drop the idea. The meeting convinced Baker that Congress will not be as difficult as everyone expects. ``You watch how much of a concensus there is up there to cut defense,'' he said.

Still talking about the Baker-Michel meeting with Reagan, Baker added: ``Never once was the election raised--except in the context of the nuclear freeze movement.'' He said Howard Baker characterized the President's unwillingness to be drawn into the freeze debate during the election as ``brilliant.'' (This remark by Jim Baker was directed at the right wing, which has criticized Reagan for not going after the freeze people.)

No deficit targets have been set. OMB has been told to trim 25 billion dollars from non-defense programs in 1984. Baker says it's likely that Reagan's 1984 budget will use a ``plug number'' for Social Security. In other words, it will list a certain dollar figure to be saved, but will not explain how they intend to achieve the savings.

On defense, Reagan has indicated he would accept some

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``management savings,'' but he has not okayed the idea of a ``disinflation bonus.''

Baker has not met with Paul Voelker in at least two weeks. ``He's left him alone since the election,'' jokes Deaver. Baker adds: ``I would hope they are going to lower the discount rate.''

Personnel. Asked how many personnel changes we can expect, Baker and Deaver both replied: ``None.'' They say the President has made it clear that he wants to stick with his team. They say they never asked Reagan directly for permission to make any changes. ``We don't need to tell the President that Baker wants to get rid of Donovan, or that Deaver wants to get rid of Watt,'' says Baker. ``He can read it in the newspaper.''

Baker says he's ``heard'' that Lewis and Baldridge are dissatisfed and Stockman might depart voluntarily. But he claims no firsthand knowledge of any impending departures. _ Deaver says he hasn't had time to ``sit and think'' about whether he will leave. One concern of his is that his departure would alter the balance of power between Baker and Meese.

Meese-Deaver. Baker and Deaver make no secret of their low opinion of Meese. They are particularly upset with Meese because the Grace Commission has not finished its work. They were counting on the commission to provide them with some ``management savings'' to trim the defense budget._(Meese told reporters on Tuesday that the report

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One cent aimed at
heavy

5 cents at refinery.

might be delayed until January.)

South America. Deaver said he's had trouble arranging the South American trip because some countries that Reagan considered visiting don't have two important things: 600 vacant hotel rooms and a 9,000 foot runway.

He said Argentina was only considered briefly. It was mentioned by him in a meeting with aides to the President of Brazil that the Argentine leaders might want to come to Brazil to meet with Reagan. This was apparently the basis of the New York Times story that the Argentine president turned down an opportunity to meet with Reagan.

Kohl. There was a noticable difference in atmosphere in the Reagan-Kohl meeting in comparison to past meetings with Schmidt. ``Even the Germans were comfortable.'' But Deaver emphasized he was speaking for himself, not the President.

Freeze movement. Reagan probably will not bring up the subject of communist manipulation of the freeze movement in his arms control speech. Deaver seemed to suggest that Bill Clark is more worried about the bishops' policy than anyone else at the White House. ``Bill Clark is concerned about the bishops,'' says Deaver. ``He's Roman Catholic.''

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"5 cents at refinery"

8.1 billion.

4 cent + variety excise taxes = 625 - 526

distributed among user classes — including autos — tires

Jim. 9/83

last summer - study - heavy trucks under paying fair share.

more equitable reallocation

What mix of excise taxes? = under review.

Bottom line $4 billion = 4 cent. cent say.

Other side 9 cents

STORY:LAPREXY QUEUE:BURO-COM MSG:
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TO: GP DLPfile

FROM: JLG Los Angeles

SJF

President Reagan Monday wrapped up a six-day West Coast holiday with a speech to some 4,000 delegates to the National League of Cities' 1982 Congress in Los Angeles.

The president reiterated his support of the 5-cent a gallon gasoline tax hike to rebuild roads and bridges, and more importantly from the municipal leaders' point of view held out hope that he will support renewal of federal revenue sharing in 1983.

Asked if those weren't fairly slender reeds for cities plagued by high unemployment and a decaying infrastructure, one mayor responded, ``There just aren't any fat reeds out there anymore.''

President Reagan told the cities' congress that their leaders had driven home the point that his New Federalism program provide for some programs and some federal funds to pass directly from Washington to the cities without ``taking a detour by your state capital.''

``You represent the urban heart of our great country,'' Reagan told the delegates at LA Convention Center. ``But you and your cities are also saddled with concentrations of our nation's most troubling problems -- high unemployment, decaying neighborhoods, grim crime rates, idle industries, eroding tax bases, and roads and bridges that threaten to crumble beneath us.

``I have come before you with no magic wand. I am fighting in Washington to reduce, not increase, the big spending that keeps our federal budget badly out of balance. In a very real sense our coffers are empty.''

He called on the mayors and city leaders to draw on their imagination

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and creativity to find new local answers for today's urban problems. He added, to applause, that the federal government would not turn its back entirely on the urban areas but ``we'll not cure what ails us by drinking more of what caused our sickness in the first place.''

``There are some services that you cannot provide without some direct assistance from Washington and you will get that assistance. But it's time to sort out who does what best.''

President Reagan departed from his prepared text to note that in his 1980 campaign he supported revenue sharing and that it was contained in the 1981 and 1982 budgets. He noted that the new budget is still being formed and there were constraints that prevented him from flatly declaring that revenue sharing would be reauthorized. But he expressed hope that it would.

National League of Cities (NLC) president Mayor Ferd L. Harrison of Scotland Neck, N.C., reacted to the speech, ``I am encouraged by some of the things he said. It shows we have gotten our message home to him about the problems we are having.''

Seattle Mayor Charles Royer, NLC vice president, said he heard three major elements of what he called a mid-term correction by the President: his support of revenue sharing, his positive statement about the need for infrastructure rehabilitation through the gasoline tax, and his statement that White House support would be there for continued direct federal-cities links in the New Federalism program.

Mayor George Latimer of St. Paul, Minn., another NLC vice president, called Reagan's comments on revenue sharing's future ``as optimistic a statement as we could hope for.'' Latimer added that relations between the cities and the White House had measureably improved over the past year

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after getting off to a rocky start.

Mayor William H. Hudnut of Indianapolis, past president of the NLC, said the most important thing to the cities was revenue sharing ``and President Reagan reaffirmed his commitment even though a strong `maybe' was in there.''

Los Angeles Mayor Tom Bradley, another past NLC president, said he was very pleased that the President recognized the importance of rebuilding the urban infrastructure ``which is the underpinning of America.''

Bradley added that there was hope in Reagan's statement about revenue sharing as well.

``One year ago there wasn't much hope for the gasoline tax to rebuild roads and bridges. We've come a long way from that. And President Reagan recognizes, as we do, that we must go beyond the 5 cent tax and face up to the problem of rehabilitating our water systems, sewer systems. I hope that next year we will hear the voice of President Reagan supporting that next step.''

Bradley said he understood that President Reagan generally supported the idea of earmarking four cents of the gasoline tax hike for roads and bridges and one cent for mass transit -- but that the President has not yet decided on how that one cent would be spent.

``Today was the first time that I heard from the president's lips that he recognizes the need for rehabilitation of the infrastructure and I am encouraged,'' Bradley said.

In an address to the congress before the President arrived Mayor Bradley called for his fellow mayors to lobby hard to see that the gasoline tax revenues are fairly divided to allow for construction and maintenance of both interstate and local highways and freeways and

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bridges, and to provide operating assistance for mass transit systems as well as development of new mass transit systems.

Monday's speech was President Reagan's only public appearance since he flew West last Tuesday for a family Thanksgiving holiday at his ranch in the mountains above Santa Barbara. He immediately left for Washington where he will overnight before beginning his Latin American tour.

The President's arrival at the NLC meeting was delayed about 45 minutes when rain and low clouds forced the Presidential party to drive from LA Airport instead of taking the helicopter.

JLG Los Angeles 11-29 1Ø3pst

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