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Friday, August 20th. This morning the President was in the office at 9:00; got into some detailed questioning on follow-up on the economic program. He was pleased that the steps that Colson's taking on getting Connally to answer Meany, the VP doing the talk shows for the weekend, killing Hodgson on the talk show because he's too conciliatory. It's reported now that the longshoremen have agreed to resume negotiations next week, and Bridges has assured us that there will be a settlement within a week. The roofers have canceled their president's, present strike. The President kept asking for reports on Connally, but I couldn't get through because he had the Japanese in with him. We are getting a lot of other things going: the Governors are sending in telegrams; Gallup poll carried on the radio; Dow was holding steady; the Sindlinger poll was in the New York Times; Stans is working on the business leaders. And the President made the point that we can escalate the confrontation with Meany, but we've got to decide if we want to do this. I told Colson to have a meeting with Shultz and Connally and to work it out on the basis that the President can't have a confrontation with Meany, because it would blow the productivity conference, etcetera, but we might be able to make the point that the leadership has overstepped themselves. Go with the 3M rhetoric, the strange bedfellows, and so on. The President wants to be sure Connally's in charge on all of this, and that no one's end running him to the President. He makes the point that if attacking Meany gives a bad psychology to the overall program, then we shouldn't do it. The key question is what best helps the public attitude toward us? We've got to be careful not to make it too personal so it stirs up picketing of the President, and that kind of thing.

He said Scali came up with an interesting point regarding the VFW meeting, which was that there was no warm-up. They were just sitting there cold before the President came in; they had been there all day. So they were hard to crank up to a level of excitement; that we should do that all the time.



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Kissinger then burst in with a usual Henry type opening that we're having a massive problem on Berlin. He thinks that Rogers is trying to engineer a deadlock in the Berlin negotiations, which are now all worked out, and then move in to break the deadlock for personal publicity. Currently, Rogers plans to tell the ambassadors from France and Britain that we have serious objections to the present negotiations, and ask for a three week delay in order to bring this off.

Ehrlichman then came in with the problem that Shultz is concerned whether the President has provided policy guidance on international monetary policy. He thinks he'd better establish where he wants to end up. Unless this is done, we'll go with Volcker's view, which would be bad. If the President and Connally have a plan, it should be reduced to writing. Peterson feels he's been shut out, thinks the President's working through someone else, etcetera. So I suggested that John Ehrlichman call Connally and cover this with him. He did it, and unfortunately, Connally blew and told Ehrlichman he had talked to the President just a little earlier, and the President hadn't expressed any concern to him. So now I've got to call Connally tomorrow and untangle the whole thing.

Reagan came in at 10:30 for his meeting with the President. He refused to go out and see the press afterward, but did agree to our releasing a positive statement. According to Ehrlichman, he's afraid to tackle the White House press and wants to wait until he gets back to Sacramento, where he has better control of the press coverage of him. We took Reagan to Loma Linda, and



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that went very well; big crowd, good little talk at the hospital dedication and then back out. Reagan did a good job of supporting the President's economic policy in his remarks.

This afternoon, we got back into the economic thing. Colson reports that all of the groups in Texas have refused to back Smith, and that we've ordered Justice in, and it looks like we're in pretty good shape.

On the labor question, a number of labor leaders have now said for us to pay no attention to Meany; that we shouldn't allow a polarization or confrontation; that his comments are purely political; and that we should separate the labor thing into two points: operational, where we should avoid controversy and just try to end the strikes, and on the other front, political and rhetorical. We should answer Meany in kind, by Connally, when necessary, keeping Hodgson in his role as the good guy. They're drafting some legislation to curb union power and taking some other steps of that kind to build a public posture that we're firm, tough, holding our ground, getting our objectives done, and that any confrontation is labor's doing, not ours. But if it's essential, the President will have to step in on a confrontation. There will be several crisis points coming up when wage increases go into effect and management refuses to give in. Then, if the union goes out on strike, we'll have, the President will have to move. Harlow's thesis is that this is a great opportunity for the President to fight the bad guys, and he should go to the country and would get an enthusiastic reception. But Connally and our team feel that at the moment it's going our way and we should keep it that way, because every attack they make on us puts us on television, without our escalating the crisis.

The President had a good talk with Connally on the phone, says his spirits are high. They decided on the tactics, and so forth. He thinks that we have a lot of latent support behind this, and



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that this step opened it up. He's pleased with the enormous visibility we've had this week; thinks we ought to consider having a Quadriad or Cost of Living Council meeting out here next week, if we need a lift at that point.

He went to the Finch wedding tonight, as did all of us. There was a huge crowd outside; they gave the President a great cheer when he arrived. He and Pat and Julie came just for the service and then did not attend the reception.

End of August 20th.