

BOB GUTTMAN

March 30, 1982

I arrived at Quayle's office ready for the announced markup and learn it's off again. It's been announced in the papers twice (Thurs. last and today) and cancelled twice. It turns out that this time it's the Dems. Last week it was the admin. Bob says later, "This time we got the same thing from the left as we got last time from the right." In a way this sequence captures Dan's problem trying to steer a course between Scylla and Cheribdis.

Anyhow, Lester gives me the bad news. I go to see Bob.

"We were working with a very ambiguous consensus bill" he says first.

Then, "There was a real screw up here. After our negotiation with the Labor Department, they issued a statement that bothered Kennedy. The Democrats said they wouldn't show up for the markup. In order to have a quorum, you need at least one member of the minority. We didn't see the statement as a problem. It seemed to be just a press release. But it was the administration declaring victory over Kennedy or it was perceived that way. I was asleep at the switch."

What happened was this: Quayle originally met with Donovan, Meese, ^{Strom} Baker at White House and they worked out an agreement. Dan wrote a memo detailing the agreement. Donovan said that was not the agreement. So Dan had to negotiate with the administration on the terms of the agreement. They negotiated and reached what Bob calls "a consensus bill" with the administration. But, they also agreed that Dan would move to take out one of the sections of that consensus bill--the section barring all wages and allowances. That is, Dan agreed to this, for purposes of getting clearance from the administration, but always intended to take it out. And, as Bob tells it, the admin. understood that. Anyhow, Bob brings this "consensus bill" agreement back and talks to subcommittee staffers about it. It was Quayle's original intention to get an

agreement with the admin and use it as a basis for their negotiating with Kennedy. As Bob said "The negotiations between Dan and the administration proceeded as if there was no Kennedy involved." But that's because admin. can't abide Kennedy or any mention of him and didn't want to appear to be doing any negotiating with Kennedy. And wouldn't negotiation with him in reality, either.

Bob starts negotiating with relevant staffers with the idea that the subcommittee will take up 2036 (bipartisan bill), Quayle would put forward the consensus bill as an amendment to 2036 and they would proceed to amend the consensus bill. Then Dan would introduce a new bill, (with a new number, I think). Dems agreed to this and several of them sketched out what they would do in the "prearranged drama." Bob's idea is that these negotiations had yielded almost complete substantive agreement. They had some disagreement on city size, but had that wired pretty well - Metz. would propose reduction, Quayle would propose middle ground and it would pass. They had not reached agreement on the matter of support and assistance and the 15% cap on that. But Bob says they could have produced ambiguous language that would have satisfied everyone on that. But it was the one outstanding issue. With that agreement, they were prepared to go to markup.

Into this situation, was introduced two things. In Donovan's letter of transmittal, he has one paragraph in which he says that the Quayle-Donovan agreement includes a prohibition on wages and allowances. That's the item Dan said in advance, he would take out. But, to the Democrats, it seems as though Quayle is cast in brass on an issue that touches the area of disagreement that's left. Or, maybe, it's just a sensitive Dem. issue anyway. Then, there is the press release that the administration issues announcing the transmittal. (Their draft says an "agreement" was reached between "Donovan

and Quayle." But someone changed "agreement" to "compromise" and adds "Kennedy" after Quayle). This press release glides by the Quayle office; but when Kennedy sees it he takes it as a statement that cuts out Kennedy knows he was not a part of the agreement and the release sounds like he's agreed to it and that his role is over. He gets no credit for it. Then the problem arises.

Yesterday the Dems pull out. And problem now is how to placate Dems without alienating the admin.

"The breakdown is over who gets credit for the thing. We've settled the substantive wars and we're into the ego wars... We've succeeded in the substantive process but we can't succeed in the image process."

What has happened in the process of the bills progress is that "The Democrats have become more coherent. And as they have cohered, Kennedy has become less independent. He's not the ranking member of the subcommittee. Metzenbaum is. Kennedy wouldn't do anything that would make Metzenbaum unhappy. They have circled the wagons. Whereas we originally could dealt with Kennedy ^{alone} dove--relying on him to keep in touch with the others, now he doesn't feel he can do what the others would object to. The passage of time has changed the situation in that way and complicated things for us. This delay over Easter is likely to make things even more difficult."

"The suspicion between the two sides is made more difficult because of the personal enmity between Kennedy and Donovan. You heard Kennedy question him in the hearings. That wasn't tough, that was vicious. Kennedy is a red flag for Donovan and Donovan is a crook for Kennedy... It would be a great defeat for Donovan not to have the admin. bill pass."

"There was a breakdown in the Quayle office organization. There was no one there with enough political astuteness to see what the consequences of

the press release would be. Dan's original instinct was right. He said, 'No release.' But the admin. kept bugging him and bugging him. At the end of a long weekend of negotiation, he finally said OK... It hurts to think that all the substantive negotiations we have gone through don't matter and that what matters is what the press release says... That was the flashpoint for the Democrats. But it may have happened anyway assume other pretext."

I asked him what the Dems bottom line was. "They want 2036. But that's not their bottom line. The bottom line is who gets credit for the bill. In a sense, that has been the central issue from the beginning."

"Now Hatch wants to be number two in the list of co-sponsors. In the beginning, he had said 'I don't care if my name is third on the list; let's get the bill out.' But that was when he really thought it wouldn't go."

"The administration has accommodated us far more than I thought they would--they have made major accommodations. They've shown give on substance. The question is whether there's any give on procedure. We'll find out. We've spent all day trying to be inventive about procedure. That's the issue now." He was wanting to go back to Dan's office to talk about how to placate the Dems. But they seem a little adrift.

We talked about the veto as the ultimate threat. "My negotiating position is that the President will use the veto. And I think he will. The administration really doesn't care about this program. If we don't pass a bill, the program will be funded under the continuing resolution. But it will be cut way back, in part because it will be the CETA program... One new feature of this bill is that, for the first time, the business community is supporting a training bill. They are worried about social unrest. And they are worried about the lack of skilled workers. They see it as a necessity now.. Dan couldn't support anything that was actually oposed by the admin. He has to have the President say at the end, Dan Quayle you did a good job."

I need 3 documents that Bob has: (1) Dan's original memo growing out of the White House meeting (the one Donovan wouldn't agree to) (2) the "consensus bill" with Donovan's letter of transmittal (3) the Labor Department press release.

Lester said this morning that the House might go ahead and act first. Bob didn't mention this.