

Date to: AEI - 6/25/82

BOB GUTTMAN

May 25, 1982

I go to see Bob to see if there will be a markup tomorrow. Dan is down at the White House meeting with Hatch, Donovan, Baker and Stockman. Bob is up in the air as to what will happen. He fills me in a little.

Dan calls him from a limousine on the way to the airport. He goes to Atlanta tonight. Will be back tomorrow.

He tells Bob "the deal." There will be a prohibition on wages. And there will be a separate title from summer employment program with "such ^{sum is} was base necessary" in return for administration support.

Bob is disappointed. To Dan: "It's the worst of both worlds. When you separate the summer program from the training and from all the quality control--no performance standards, no flexibility, no local initiative--you get a crummy program. You give up the notion of a block grant with which we started and create another categorical program. You lose the argument on the merits. A separate summer program is not meritorious. Maybe it will appeal to people for that reason. It's politically attractive and it will just get pumped up and pumped up with money. That's where your costs will go. It's an income maintenance program and not a training program--just what we were trying to get away from. You will lose the programming people like Kennedy, because programmatically it's just no good. But you may attract people like Metzenbaum who don't care about the program. We'll be going back on all the things we talked about."

"You'll have a hard time selling the wage prohibition. The Democrats have been holding staff meetings all day telling each other to hang together on that. You'll have trouble with Weicker and probably Stafford on it, too. And the Democrats may just fall in line on all amendments. That brings up

the question of which amendment goes first. Probably the summer one; but I'll have to think that through. The summer program will be more salable. Weicker may want something to campaign on this summer. And it may appeal to Metzenbaum. We may be able to pick off a Democrat or two. It's impossible to predict how it will go. You just can't tell. I'll start peddling it in the morning to each of the Democrats and we'll see if it sells to any of them." Dan will call Weicker.

Lester calls. Bob says "It stinks. It will take us back to the same bad old programs. They'll pump it up with money without any controls. The real problem is: can we get nine votes for it."

When Dan put phone down, Violet said "Talk about CETA Revisited. That's just what we tried to get away from." Then later I heard her say to Don Nickles staff guy "Whatever Senator Quayle is for, we are for. Whatever he wants to get through, that's what we'll try to get through."

They are the program people. When Bob tells Dan the program people won't like it, he means himself. He sees the separate summer program, I'm sure, as a sell out to the administration. Surely it violates all the Quayle rhetoric vs. categorical programs, against income maintenance, against local boondoggling. But Dan's view is surely different--that he wants a bill, some bill and needs admin support. He will do what he has to do to get a bill--even if he violates his original conception and junks his original cosponsor, Sen. Kennedy.

Bob asks Dan over the phone "What will happen if you lose in committee." Will you pull the bill?" I don't know what he answered.

Since Bob had an evening of drafting to do I left.

Before the call came from Dan, Bob had told me what had happened since the non-meeting on Friday and the Angresani letter.

1. He and Chris Iverson and Angresani and Pam Turner and Justine(?) for Witt had met during budget days and had amicable meeting that resolved some problems, but left the key ones.

2. Dan wrote a letter to Baker offering a wage prohibition while making an exception for a summer program. At the time we offered that, we thought we could sell it to the Committee. I had talked to people close to Weicker and had gotten the idea that he would go for it. He wants a summer program to campaign on this summer. But we needed quick and enthusiastic support for it by the administration. Baker didn't answer the letter. A couple of weeks went by during which the Kennedy people lobbied Weicker not to accept what Dan offered to Baker. And Weicker became opposed to it. Timing is everything. The time for taking him aside, explaining it and asking for his vote had passed. Yesterday Stockman called and asked me to postpone tomorrow's markup--'just one more day while we work things out.' Hatch said 'No.' Then today, we finally heard from Baker. He asked Dan and Hatch to come down to the WH for a meeting. Dan went down with a different proposal--a weakened prohibition against wages and a summer program--which was no longer an exception, since there was no longer a flat prohibition on wages. We'll see what comes of it. He should be out of the meeting anytime now."

Bob calls Cynthia to see where Dan is; Chris Iverson calls Bob to see what he's heard; Cynthia calls Bob to tell him Dan is in limo; Dan calls Bob from limo; Lester calls Bob.

"The administration does not know what is going on. They said they wanted 2036 with a couple of our amendments. We have many amendments they've never heard of. The Nickles Pell amendment on vocational education. The

admin had never heard of it--even though 117 national educational groups had formed a coalition to support it. Their liaison work is incredibly bad."

Then referring to the Hatch Donovan feud "That's a lot more important than these amendments. Hatch was not ahppy when Dan called and said they were going down to meet with Donovan. Dan told him, I'll protect you."

I said to Bob I thought it was interesting that a bill that had begun on such a strong bipartisan note had become steadily more and more partisan and had gotten ground down to the point it had reached today. He said "The administration has always wanted a bill it could ca-1 its own. But it hasn't known how to do that." If got started too late, he commented.

I think Bob's small lecture to Dan on how bad a deal he got was Bob's last performance as entrepreneur; after that conversation, his role became that of staffer as implementer. His job, last night, was to do what Quayle had agreed to.