

PETE DOMENICI

October 8-12, 1981

Gretchen Blumberg, Mike D'Amico, Don Devoti, Rose Werner, Maxine Cogdill, Margie and Julian Lovato, Pete Davis, Bob Fulton.

Del Norte HS - Introduces staff and then says he'd like to go 45 minutes on taxes then general. 400 people.

American economic situation as of November.

Taxes at highest level in all of history of America.

Inflation moving people into higher bracket.

Once we have 25% tax cut in place, we will slightly lower than previous year.

So we were really putting a cap on taxes. 38B reduction in 1982 and budget 28B (1983 (93 & 75), 1984 (150 & 123).

he goes through provisions of tax laws.

"Time has come to build back basic production system."

"In a nutshell we are trying a new experiment, an experiment in the thing that made America great..."

"an exciting 8 or 9 months for your Senator...my job has been a difficult one. But I enjoy doing it and most of all I enjoy representing New Mexicans who, as far as I can tell, approve of what we are doing."

Question: Man disappointed that his conservative index is down.  
PD says he doesn't know what that index measures. Then guy complains about his vote to raise debt ceiling.

Answer: "R came personally and begged us to vote for it." "I'm not going to stand up there and shoot down national government in the first 9 months of RR term on something like the national debt." General faith in RR. He's going to vote for debt ceiling "if need results from his good work."

"I won't vote vs. it as long as I'm part of Congress and a

that I think is doing everything practicable to bring the government spending under control."

Did you vote vs. minimum social security payment?

Yes, we're going to change it again so that most people covered will be covered.

Question - Did you vote to raise salary? "Yes and I make no apology for it." "We voted to treat selves like other businessmen."

Talked about his house, he bought for 87,000 6 years ago. House next door sold for 275,000 this year. He speaks - on Sat. and Sun. "We decided I can make as much as you will let me. If I earn 200,000 and I come home here, you can throw me out. If I make 257,000 and you think that's about right after I disclose it and tell you when I get it. "It's very expensive to move a family to Washington and raise eight children. I have 3 in college. I'm not complaining. I'm going to do what I have to do to raise those children and I'm sorry if it bothers some of you, but...and we'll be up for election in 3 1/2 years and if you don't like it you can vote that way. But I'm going to make speeches."

"If you had elected me last year I'd have had two choices. Leave my children here or not serve the Senate. I couldn't have moved my family to Washington" (then to figures on his house).

Question: Are we on brink of bankruptcy? Answer: "No" same discussion.

Question: I find it hard to believe in school lunch programs as is?  
Ketchup question.

Question: Are farmers same as ranchers in estate tax?

Question: IRA accounts.

Question: CETA money? Does it still exist? "Still exists in some subsections - training is left, public service jobs is out.

Question: marriage penalty. Retiree said he and he wife were thinking of getting a divorce. PD: "Don't. (laughter) My wife says to me that if I sue, she won't contest and that she'll give me all eight children (laughter). If my wife's mother and father are here, they know she didn't say that." (laughter)

I repeat this to show that he has good humor and keeps group loose.

Question: defense budget. "We'll cut 3 1/2-4B this year and 50% more than President wants in the out years. But we can't balance the budget on the backs of the defense budget."

Question: Complaint about size of defense budget and nuclear weapons --gets applause. His answer draws applause - would like to see USSR and US cut back on nuclear weapons and protect freedom. He gets more applause.

Question: windfall profits tax - how computed and what's chance of getting rid of it. Answer: They made a couple of changes, but no more.

Question: When are we going to move to a tax system where everybody pays the same percentage, get rid of all the loopholes, get rid of all the accountants and get rid of IRS? (Great applause) Answer: "There's an election coming up for this job in 3 1/2 years. If you run on that, you'll get all the votes." laughter and applause.

Question: What to do about spending just to use up funds in last quarter?

Question: Interest rates? "If we don't get interest rates down, it will be the ruination of President R's economic recovery program."

"I personally encouraged the president to come forth with a round of budget cuts now."

"In 18 months interest rates will be down to 9 1/2%."

Question: You aren't getting at real cause of inflation--which is wages growing faster than productivity. He wants wage and price controls.

Answer: W & P control won't work.

*De Norte H.S.*

AWACS no firm commitment - leaning toward support to President.

"Ought to let president run foreign policy and not stick our nose into it all the time."

Story in Mexico. He talks in Spanish to some leaders.

PD: Why don't you sell us oil?

Mex: Because we don't want to.

PD: Why don't you want to?

Mex: Our people don't like you.

PD: Why don't your people like us?

Mex: Because we told them not to.

PD: Why did you tell them not to?

Other Mex: I'm sorry, because I didn't think they'd believe us.

Back in my room, I saw the meeting on Channel 7 "Action 7 News".

"Senator Domenici spent much of his time explaining and defending President Reagan's tax cut program".

Ch. 7 ABC & 13 CBS covered the meeting.

He listed it, later, as #1 in importance because "In my gut I feel it got the best coverage."

National Alliance of Business Breakfast.

"Not a lot of amendments accepted on floor of Senate. It passed 93-2. It was my privilege to be chief sponsor of that amendment."

People wanted to see if private sector could be given a better chance, a broader opportunity to work in the country. Am. people wanted to see 2 or 3



basic changes and give them a chance to work in American marketplace to work for American people. 1) American government had gotten very big and we had people very high. Government expenditures and programs had gotten out of hand... Let's see if we can provide jobs through private sector."

Lou Harris poll 3 months after RR got in. International survey. American people had made enormous transition "85% wanted to try what I have described, Harris called it incredible, but he had one caveat. Businessmen and you in Congress had better make it work, because if you don't, the pendulum will swing and it will swing far and it will stay in that mode for a long time."

He put challenge to business.

He and Heinz saw that previous targeted job credit was not in bill, so got together with Dole to extend it for one year. Had to change it to get it through--made it more tightly targeted.

Used to have retroactive certification - stopped that. "That is not going to fly." "We couldn't have gotten it passed otherwise."

"I'm going to do everything I can to see that Department of Labor and states have enough money to carry out the program."

"We're talking about you businessmen taking an extra step to help people who can't get into the work force. They get a benefit and you do too because it's to your advantage to do so... I don't know whether you will want to do it or whether it will work. But if you believe private sector is what made this country what it is, I solicit your help." Says he'll continue to promote and solicit it and hopes NAB will too. "It won't work unless NAB helps to make it work." Point is, if they believe in it, it will work.

Robert Angrisani - Assistant Secretary of Labor - manages 9 billion via his Administration of Employment Training. "Thanks largely to efforts of Sen. we have this tool and we don't want to blow it. If we do it may be last time we get a chance to have a government employment program."

"Truly disadvantaged will be served." "We are going to make sure the interest of the legislation is carried out." "Most productive, profitable training is on the job training." "Nothing on the books does this as well as TJTC." Under PSE, about 10% get long term jobs. He says small business can use this program. "No consensus in administration on what new CETA program should be." "What you have to do is give it a chance. That's why I've come here--to ask you to give it a chance. The Senator believes in it, the administration has begun to believe in it. What you need to do and we're asking you, begging you, to give it a good hard chance."

Then he goes into features that make it easy for business.

Ends with letter from RR to "Pete." "President knows about the program. He supports the program. He supports what Senator Domenici is doing. He is asking for your help."

Pete passes an amendment and goes home to sell it.

NAB head says "we'll be in there pitchin'" and says they'll help.

No question from audience. But some go up to talk to Angrisani afterwards.

At the breakfast, I had a talk with Pete Davis about PD's method of operation. I asked Pete whether, as he thought along with PD last night, how he answered questions. (It was Davis' first exposure to Pete's explanations.) "He's incredible. He's very retentive. I spend the last few weeks writing speeches. I showed him one shortly before the meeting. He

read it over in the car for ten or fifteen minutes, put it aside and then spoke completely off the cuff." Did he make any big mistakes? "No, he sometimes gets 1983 mixed up with 1982, but nothing serious. With a lot of politicians you spend half your time worrying whether they'll make a big mistake."

"All the time we were briefing him and when he was reading the speech over, he had a lot of other things on his mind--taking care of a problem at home, talking to McClure about some maneuvering on the budget resolution. But he was able to get up and say exactly what he wanted to say. It must be his training as a trial lawyer."

Talked about Bill Armstrong's "low blow" on the budget resolution. "That was a low blow. He's backstabbing Domenici all the time. He's a grandstander. He'll go out on the floor and buck Domenici and then vote with him back in the committee. But the attack on the budget resolution was the worst. Domenici knew it was coming, so it took a lot of guts to stand up and get voted down in committee. That was the only time we smoked up the numbers--so we could get Armstrong and the others to agree. Armstrong tried to take the committee away from Dan, but he failed.

Interview at Las Cruces

Question: Will cuts affect quality of life?

is to improve quality of life. (he used this repeatedly in his talks thereafter.)

If you look at budget growth 16% per year and economic problems. "We've seen hope for future and standard of living diminish." "Basic materialistic side of good life is that system produced more and more of good things--our economic system is the cornerstone of good life."

Great society aimed at those who couldn't participate in upsurge ... In effort to help, we didn't take cognizance of facts.

"Had to make decision that America wasn't a futuristic society and would stagnate... or would have to make change." Had to decide where to go.

AWACS - "Anwar Sadat's death has forced me to be more concerned about President's proposal. Some scholars think we should pull back from sale. My reaction has been just the opposite. We'll meet with group of Senators when I return to see what we can work out... I'm now convinced that nothing in the sale will damage Israel's position. RR is the best friend they ever had." "Problem is how to keep AWACS out of wrong hands."

Question: What about your political future? "I haven't given my own reelection much thought. That's 3 1/2 years away. I like what I'm doing. It's a tough job raising my children--8 of them. It seems like they never grow up."

Las Cruces Luncheon

Starts right in this time, saying that we know there are a lot of people who don't get into work force--then to passage of CETA, whose idea was to employ long term unemployment or newly employed and move them to private sector jobs. But it didn't work.

Then he went on to say that when you put this together with economic situation generally--

"I'm pleased to tell you that after much negotiation we got an amendment that passed the conference and is supported by the administration--a targeted jobs tax credit.

"We are here to lay it on the line with the private sector, the businessmen" "an experiment in private sector growth."

"If it doesn't work, expect of American people will turn full circle in a few years and the government will do more for us."

"opportunity to make a commitment--to use your businesses to hire people this bill gives you a tax credit for and give them on the job training.

Tax credit of 50% of wages up to 3000 in 1st year and 25% up to 1500 in second year.

"2 major changes which allowed us to get bill passed. (1) narrow down cooperative students to those from poor families. (2) no retroactive certification .

You ought to get behind it and government is going to make it simpler for you.

"Since I'm not the one who is going to manage the program, I thought we ought to get the Assistant Secretary to come here and talk about it."

Employment and training administration is Angrisani's job. "My little agency provided the President with 9 billion out of his 37 billion dollar

budget cuts. Someone asked me what this job prepares you for and I said nuclear war. When Senator Domenici asked me to come down here, we all think so much of him that I couldn't refuse."

"We have to rewrite CETA. We have to have a federal employment posture. We believe this program can be a cornerstone for new legislation."

Question: coop. ed students. "It was hanging on the balance whether we were going to have cooperative ed. students in at all."

Several other questions and some compliments - good session.

NMSU Sppech - Las Cruces - auditorium - President mentions him - story cut out - on tape.

"No way we can do it without making people mad."

RR "He seems to come out OK and those who vote for him seem to get the blame. That's pretty good for the President.

Question: Departments of Education and Energy. Re Department of Energy. "Congress has a habit of making a hodge podge out of something that is clean. So when they make a hodge podge out of something that was a hodge podge, that's even worse."

Reconciliation: .If you like it, I'll say I invented it; if you don't like it, I'll say Stockman did."

I don't think it's worth going through what we have to in next 40 days unless we get a package that will <sup>bring</sup> /deficits for 1982, 83, & 84 down." Wants same size as his, but more than just 82. Have to cut more out of defense. Have to address entitlements in some way. May have to say to pensioner that you get 22 instead of 23%. Have to deal with medicare, medicaid, maybe defer tax cuts. Need 80-85 billion reduction in next 3 years. "I'll do my best." But don't know whether it can be done.

"When are you and your colleagues going to the political foot bill and do something about social security."

"It may be dum but I'm ready to face social security now. But Congress isn't. The president isn't. So we probably won't." For next 3 years, all pensioners get 3% less than CPI index.

"That's what I asked the President to do but we'll have to wait for a while." Answer: "Keep fighting."

Immigration "huge American problem that cries out for solution." Law a mess. President proposal won't pass.

This method of forum keeps him looking Senatorial.

When I met Pete at the airport Thursday AM, he asked me "Were you there last night? Of course you were. What did you think about that stuff about congressional salaries? Wasn't that awful. I don't give a damn about those people. They can come and get me if they want to. But I'm not going to give 'em one inch. And attacking me on the debt limit. That guy lost the audience didn't he What business have they got putting the debt limit vote on their conservatism index. That was a vote to help the President with his program. If they give a damn about this President, they'll take votes like that out of their survey. What kind of a survey is it anyway if I come out with 57%. If they think this Senator is going to get anymore conservative, they can go shit up a tree. That knee jerk conservatism isn't what this President is going to win on."

I said these indices were drawn up to highlight people they agree with and that someone got 100% on the scale. And he said "Jesse." "But even Jesse voted for that bill."

Then he said to me. "What did you think about that comment about divorce. He smiled. "My wife really said that to me when we first moved to Washington. She said 'If you file, I won't contest it. But I will tell

them that I'm incompetent to care for the children. You can take care of them!" He laughed.

This was interesting, because he hit on the three personal items that came up in all of last night's forum--the attack on congressional parks, the attack on his conservatism rating and then his comment about divorce. For an hour and a half, he talked issues. But when he had a chance to talk to me he erupted on the personal items.

The morning talk in Albuquerque was flat - no questions. The afternoon in Las Cruces was good. I taped it. He said to Bob Fulton afterward "I do much better here than in Albuquerque." Martha said "He thought he did well in Albuquerque last night." And they both commented on how much more receptive the audience was in Las Cruces--elderly not complaining about social security, etc.

We drank Pete, Bob and Martha and talked about Pete. (1) His difference in attitude in N.M. (optimistic) and D.C. (where he worries about the budget). Is it environment? No - personality. Catholic self flagellation? Frank McCaffrey might know. (2) New Press Secretary - quail (a) get along with Pete D. (b) like Press - don't think of them as adversions (c) Stand up to Pete - he can be intimidating. Martha and Pete have stories. Martha uses example of not answering letter in papers. He wants to fight back. She says no "It won't be the last." (3) It finds him "quick study." (4) Pete tells story of Heinz starting TJTC, (He had 35 votes without PD. PD developed idea independently and trying to "mug" Dole on floor to get stuff tacked on it, and Pete's tactic. "If you do this, I'll go off the bill." Heinz is kind of guy that whenever a lobbyist comes in, he has an amendment." (5) Martha leaving "I can't wait to get back where they don't worry about the federal deficit all day every day. Sometimes he's so down



about the deficit, so gloomy, so worried that I just crawl out under the door at night." (6) Armstrong - "Pete is just waking up to fact that Bill Armstrong does not have PD's best interests at heart!" Slow to see this. (7) Lots of talk of Steve Bell and staff having good access to PD. Contrast with McAvoy (Fulton) and JT Com on Taxation (Pete).

At the fund raiser in Charlie Dickenson's barn, I talked with Martha. I asked her how the trip came about. "It was Pete's idea to have a series of tax forums. He called me and asked what did I think about it. I said it sounded good to me. We knew we wanted to have one with the ranching-farming group down here and one with the oil and gas group in Roswell. I suggested the last day in Albuquerque. He was dubious about it. He's nervous about Albuquerque." (Lou said later that they tacked Hobbs on because it was one of those out of the way places they had to touch base with and hadn't.)

Then she immediately said "He's very concerned about press. He wants a lot of press. He never gets enough. His appetite is insatiable. So I just have to live with it. He's gotten good press coverage so far on this trip. But you just wait. Before it's over, he'll say something to me like 'Couldn't we have done more?' 'Shouldn't we do this' to get press."

"I remember once after the President's speech, he was on the Today Show and CBS News. I had been up since 4:30 in the morning to get him there. But late that afternoon he began to go on me. How am I doing in New Mexico? What are they saying about me in New Mexico? I was dead tired. But I had to start making calls. And I wrote him a memo. 'You're doing fine in this place, fine in this place, fine in New Mexico. I also told him the next day that if he wanted to know how he was doing in NM to ask me and I'd find out, but not to come up in that sarcastic tone after I'd been up for 14 hours. He said he knew I was mad."

He talked about the Journal. "We've done everything possible with the Journal and there's just no way we are going to get anywhere with them.

I've talked and talked with Paul Wieck. He's a little better. We used to work for the same paper, so he thinks of me as a colleague. But the editor doesn't know anything about Senators or national politics and he isn't going to change. It bugs the hell out of the Senator, but we'll just have to live with it. I had dinner once with the editor and his wife and Paul Wieck and his wife and I never worked so hard in my life. I had to keep the editor from going off the wall--Pete says this, Pete says this--he was wrong. I came home and my stomach ached it was so tense."

Why Pete's obsession. "He got such good press when he was on the city council--the editor then was a man who liked city politics--that when he went to Washington he thought it was his right and his due. He spent the first few years thrashing ar-und to get press and not getting any. He shouldn't have been wasting his time trying.

The papers here thought he's just a freshman senator, not worth covering. And they were right. The problem is that now that he's an influential Senator, they still don't give him the coverage he deserves. They don't know what they've got. They don't realize how important he is. They are so parochial here. They think of him as old Pete, and they think he's just the same as he always was. Sometimes his picture is in the NY Times and the Washington Post and it won't make the local papers. If I call and complain, they say 'we print his picture all the time.' Besides they don't want to be thought of as boosters of his. They are paranoid about that. Not the small town papers. They are proud of him. They'll print his picture all the time. But the Journal thinks of itself as a big national paper that isn't going to be taken in by a Senator. They don't think his national activity is special unless they see him being senatorial. Chairing a hearing, coming out the White House. And there is more of that now. We'll

have to get him in more senatorial situation--and get a new editor for the Journal.

At dinner, we talked about the budget committee and certain key points in Domenici's career. They see Quayle and Kasten as flexible, Grassley as not too bright, Symms as dangerous and Armstrong as out to get all he can get for himself. Talked about Armstrong threatening to hold up debt limit. They saw his conversation with Stockman as crucial for his control of committee, respect of colleagues and survival of budget process. Also his standing up to the 3 dissidents as gutsy and k .

Fulton talked about Baker and Domenici going over to the House office where they were drafting the bill to keep it open after midnight deadline so they could file conference report in time to get it on the floor before recess (under 3 day rule).

Martha talked about problem for staff. "Our great problem with him spending all his time on the budget is that none of the other staff members get to see him to talk with him about the rest of his work. He is on two other committees, you know. It's terrible for poor Paul Gilman, his staff guy on . Pete is chairman of that subcommittee. Abe can't get to see him. And once when Paul finally got him to agree to hold a hearing on \_\_\_\_\_, he was over on the floor defending the budget and Abe couldn't get him to chair the meeting. He was going crazy. But I had the squawk box on and I could hear him talking over on the floor. Finally someone went over to the floor and got someone else to chair the hearing. It's frustrating for the personal staff--not for you guys on the budget staff. You get a large chunk of his time."

Martha "This is a transition time on the staff--with Lous new to Washington, me coming back to the state and Gretchen going to Washington.

We'll see how it works out." We chatted about Dennis (now with Kasten) and Helen (now with EPA working for a deputy administrator.)

Re Pete and image she also said "They (press) see him as just plain Pete because they see him so much. They can't think of him as an important national figure. Everybody thinks he's their personal friend. You saw how he was with Johnny Gonzales today. He doesn't know Johnny Gonzales. But he started right in talking Spanish, Johnny was grooving along. Now I'll bet Johnny thinks Pete is his best friend. One problem is that he's still young. If he were 10 years older, they might see him as more senatorial."

John Maynard Domenici story (around April 9) and its attraction. WS Journal.

After Pres. Ec. speech, local NM stations want to get comment. Pete is very tired "so tired he's slurring his words" Channel 7 calls and Martha says "Tell them you just have a few minutes." So he says to Mary Lynn \_\_\_\_\_, the co-anchor 'I only have a few minutes.' She gets mad at him and won't run the story. So now I have to go over and smooth Mary Lynn's feathers. It's easy in Washington. You go to the press galleries and you catch everyone. But in NM you have to make seven or eight separate calls--the wire service, the TV stations, the newspapers."

Roswell News Conference

Questions AWACS, repeat opening statement of conference. Will SS changes affect military retirement. Are we militarizing the economy? (long answer here).

"I haven't been to Europe, but my friends have."

State prison - any federal intervention? "This is one of most significant NM problems in many years and has to be solved. My role and my responsibility is that I stand willing to help from federal government standpoint. But there's misunderstanding about federal role. I asked Dir. of Federal Prison what is available to me, what law is in reference to helping. There is available professional, consultation services. "That's a long way from what some have suggested about federal government running the prison... Federal judge has great latitude in directing that changes be made. My role is to offer my services and stand ready to assist state officials if they need anything we might provide and any other advising role. Citizens are very concerned and impatient and some notification. As I see it politicians should do our share not in noismaking but trying as New Mexicans to get problem solved."

Roswell NMMI meeting--25 people on Saturday morning.

PD starts with how we should interpret election - he says that people wanted a country in which there was hope... They said let's try something different. That was the bottom line. They weren't sure it would work, but they wanted to try."

Dramatic change in polls "vindicated his interp." They said let's try less government, less taxes and let the private sector grow and create jobs."

Sense that we only have so much time.

Question: "Why should country be run by quarterback and what do they know about business? I'm a Republican. Here's my ticket to the Lincoln Day Dinner."

PD: "Is that for the last one or the next one?" "Question agrees with" "voodoo economics and asks what background Kemp has to fit him for policy address."

Jack Kemp has right to run - can't say that he has to work first for General Motors. "We can't screen in advance to find whether people can govern or not."

"Are we going to be intelligent enough to put together a majority to get the kind of package I have described?"

Question: Special land use deduction problem. PD & Pete Davis say they'll call in Commission of IRS. Question: Gary goes up to Pete with his bill on windfall profits tax, for 15%. Then he gives him an elephant with his name on it.

Question: Social Security prospects, windfall profits tax on natural gas when it gets deregulated, estate tax problem--collectibles and IRA accounts, double taxation, special tax on contractors, tax deferral from utility interest.

Here he got mostly individual questions and not policy questions.

In several cases Pete Domenici takes over after Davis has explained the law and explains why the provision was enacted. Can't put IRA money in collectibles because country is "capital short" and idea is to accumulate capital. In Albuquerque he took over from Pete on question of marriage penalty pension not affecting retired couple--by saying that purpose of act was to encourage people to work and therefore they focused first on marriage penalty where two working people were involved, to cut the disincentive

to work that gets involved in present marriage penalty.

Another example when question came up that lowering top bracket taxes would cut down charitable giving, Davis says yes - but people who don't itemize can deduct a certain flat % to charity. Then Pete Domenici came in and said that if charitable organization encouraged honesty among the latter people, i.e., to have them actually give what they say they are giving via their standard deduction--and that could be a "bonanza" for charitable groups.

80% cut in 3 years "will send the last signal to the money markets... that we are going to manage the deficit."

"I'm concerned that in my state the hardest hit are the farmer-rancher community. But I am also convinced that small businessmen, automobile dealers and home builders are hit just as hard."

He asks for "patience." "I've been surprised on this trip.

Roswell Luncheon (taped)

One question I might not have caught--a new one--was "Senator, do you think we can balance the budget in 1985 or 1986?"

Citizen comment re education loans--"Publish their names in the local paper! i.e., people who can afford it and still get loans."

In the Roswell luncheon, he got a couple of questions about the political chances of his ideas. But it strikes me that he does not get a lot of questions of that sort--i.e., political science questions.

Afterward, he came out and said "I'm tired." Then, "What do you think, eminent political science professor, was I right about the defense budget and the President "Yes." "I knew I should have gotten hold of the President and Meese and talked to them. They could have said, we've tried and tried and we've been able to come up with 13 billion as a defense as a contribution to the new round of cuts."

Hobbs afternoon talk - 21 people

2 TV statations, one radio

On the way there, he said, "We've never been able to draw a good crowd in Hobbs, unless it's in the evening. No matter who organizes it, or how hot the issue is--when electric rates took off--we can't get anybody to come out in the daytime."

In the car, Gretchen said to Mindy (Roswell staffer) "Lou told me that even though you are going to do political work, we can't say that, so we're going to call you executive assistant to the Senator". She ran for county commissioner and is a graduate student in economics at UNM.

Pete says, in his talks, "Whenever I've talked to the president and to his Cabinet I have suggested..."

Note in 3 days now, I've heard no one ask a question about unemployment or losing a job!



"I only hope that you who think we are on the right track will stick with us."

Hobbs - 1st 3 questions are about oil. "A lot of people in oil country were surprised that we got anything at all."

House "that great gob of humanity." "that monstrous institution." goes into Rules Committee rationale on House.

In Hobbs, he spoke often to "Bob" and "George" in audience. Similarly, in Roswell he spoke of similarity to individuals. These are his supporters. He said later that all Hobbs group were Republican stalwarts.

Humor - guy asks about "generation skipping provisions".

Answer: I don't know you'll have to educate me.

Pete Davis explains it has something to do with leaving estate to grand-child to avoid taxes.

PD said "George, I'm not very sharp today, I thought you were talking about generating electricity and I was thinking 'what did we do for electric generation.'"

Accounting procedures on royalties from oil on indian reservations - long discussion "One Senator questioned Secretary Watt for 1 1/2 hours. That was Senator Melcher of Montana. He has a propensity to be parochial so when he did that, I knew there was a serious problem in Montana."

Only trip he's taken as Senator is to USSR in 1975.

Coming out of Hobbs "That was as much fun as any of them." Why? A kind of family, informal questioning, more foreign policy.

The story of his break with oil people earlier is nice because it shows him interested in being a player in D.C. first. "I've worked awfully hard to build that support back up again. But he's on board now - in spades." re Yates.

Having drinks in Hobbs after the party, he went through the story of how his friends told him to run or shut up, then heard he would and they got larger group to tell him not to and he said he was going to. He began by saying "It was a gamble" and ended by saying "I was an accident." And I said, hadn't you ever thought of it before.

And he said, "I'll tell you this because you understand human nature. There was something there inside of me. In every organization I belonged to, I was elected President. I was class president in high school. When we split high schools, I was president of one and some new fella was president of the other. From the third grade on up--always president. So there was something here. But I tell you that for 7 years while I was practicing law I didn't join a single organization. I just worked 15 hours a day. And I had six kids. I didn't give a thought to politics."

*What he sees from perspective of home.*  
"My personal staff is poorer in talent right now than it was the second year I was in the Senate. I have just let it go. And it bothers me. I have to build it up--not too much, but enough so that I can work in some of my other committees. It's my fault. I get all my fulfillment as the Budget Committee.

"We should have pushed through a revision and benefits of 3% below the CPI right at the beginning. I'll bet you the seniors would be with us 70-30 now. And all the controversy would be over.

He told long funny thing about "Robbie" the ex-garbage director who became city manager. How Robbie took him to see Clinton Anderson, who wrote LBJ personal letter and got urban renewal grant. How Robbie couldn't read. PD had to write his letter; taught him one big word in every meeting; now he was "a sham" but everybody loved him. Now he was boss of a "bag man" for someone or other--got fired and defeated guy who fired him, etc.

Today a man came up to me who is on a military pension. He said, if you want to cut 10% out of my pension to keep the Reagan program going, do it. You can't get much more public minded than that. I think there's a lot more of that sentiment. The saving grace in this job is that you can get out of Washington and come home. That's not a facade. That's real. In Washington the competition between the NYT, and WP create their own stories and everyone has to read them. Everybody reads Evans and Novak and the problem is everybody believes it. You readily believe it yourself. It all speeds up the Washington reaction and it's not real. Back home it takes people longer to react. It doesn't take them forever, but it gives you more time. You have to come back here to remind yourself of that."

In his talk he said "I have found on my trip that there is a very different sentiment here than there is in Washington. To read the Washington papers you would think that the government is in a shambles, and the President's program has been tried and has failed. It's nice to come home and find that you don't feel that way and that you are willing to take a longer, more optimistic view. It's nice to know that you still support the president. That's just what I read."

His early experience on the city commission was a lot like his early experience. "The people in power get lax and we come in as a new set of reformers. We appointed a city manager who was a story in himself-- the director of the garbage department, poor local boy makes good. The paper wrote a huge story about his life and how his appointment showed we were in touch with the people. We came in on a wave of good will. For a year and a half we could do no wrong. In that time we did more for the city than had ever been done before. When we came in, everything was stagnating. We floated bonds for a county stadium, let contracts and in

14 months we had a stadium built and a major league game in it. No one could get a convention center built, before that. But we got the financing and started construction on the center. We got a 37,000,000 urban renewal grant, and we got it in a shorter period of time--5 months--than all but one urban renewal grant in the nation." He then went on to talk about defusing a threatened police strike (they did it by negotiation. "We called them in, told them how much money we had, showed them our books, that we had allocated most of the money to them and we gave them 2 options. We asked them to choose between the options, but that there honestly was nothing else we could do. Two days later they came back, said their membership had voted for option two and we signed a contract. We had no public confirmation and the papers never knew that anything had happened.") The point I want to make is that he moved quickly and successfully--striking while the iron was hot--on the city commission and that was exactly the strategy he followed in budget committee. (Also the police negotiations show a propensity to act out of the limelight.)

One of the changes I've noticed is a greater self confidence. Pete Davis and Bob Fulton find that he worries a lot and seems very downbeat in Washington. Davis says he won't confront people head on, but internalizes it. Even when they are sitting around after a big victory, he is worried about the next step. Of course he smokes a lot (Davis - "If he'd stop smoking, he could be President.") What I see is his worrying about whether he can do the job and a growing sense that he can.

At the Hobbs lounge he talked in that vein. What am I doing this for? In most parts of the state people don't think I'm worth 3000 more. Over here they don't think I'm worth four cents more--I know now that I could run any business. I'd have to learn their specialty, but I could make 200,000 easily in business I didn't used to think I could. Now I know I could... One of

the great things about this system is that people like me can get elected and go to Washington and do what I've been able to do. Me--a man from little New Mexico can take charge of the federal budget. Most people down there want to do what's right. I wouldn't be in it if I didn't think I had a chance to do some good for the country. I work as hard as I can. I couldn't work any bit harder than I do. I give the government 90% of my time with maybe 10% left over. The system makes you give everything you've got. It makes you do your best." Pete Davis said that "There are a lot of guys like Armstrong, stabbing you in the back, who are not like that." But Pete Domenici did not bite.

Later, at the diner in Hobbs, Pete Davis said that "He doesn't believe he's as good as he is. Steve Bell has to keep pumping him up. He has to have people tell him that he's really good. He'll get depressed and Bell will drive him home at night to pump him up for the next day. They are a team--the most complete team I've ever seen. Bell would be nothing without Domenici--he'd be ridden out of town in a minute. But Domenici could not do what he does with out Bell."

PD described Bell as "crazy but talented, tremendously talented". He described Fulton as "a wonderful man with a very broad view of the world." He's found of them both and, as Pete Davis keeps saying, he really uses staff.

Pete Domenici made point at Hobbs: "Here's another observation for you. One beneficial result of the conservative movement is that you don't have the same degree of staff influence you had under the liberals. When the liberals controlled Congress, they piled program upon program. Those programs were the product of bright young staffers, each one of whom was trying to find some new idea to make his Senator look good. The Senators encouraged it.

But conservative senators don't use staff that way. We are trying to reduce federal spending, and we aren't asking our staffs to dream up programs. In fact we aren't even asking our staffs to dream up amendments. We put in one amendment to the tax bill. But I guarantee you that if we were in the minority I'd be asking my staff to give me 5 or 6 amendments for the tax bill." I asked him if it wasn't more a matter of majority-minority than conservative liberal; and he didn't reply that I can recall. It seemed to me then--and does now--that he was confusing the two."

Another thing he talked about at the Hobbes lounge, as Gretchen and Poe got up to dance. "I can't get up and dance. If I did, the word would spread that I was seen with another woman and people would begin to say my marriage was falling apart. I'm just starting to take a drink in public now. I did that a couple of times and people would say they saw me drinking after meetings. The first thing I knew the word was around that "Pete's an 'alky'." He shook his head. But the fact that he's doing it again shows a gain in self-confidence.

He talked about himself in a self confident way. But he conveys the notion--as he does so--that he doesn't know quite why? So he talks about himself, almost as if by talking he'll find out why. At the same time, he builds up his self-confidence--which is clearly growing.

If the theme of my last trip was the gap between what he was doing and what papers portrayed him as--between reality and perception; the theme of this trip seem to me to be one of increased self confidence and growth.

- 1) He's got definite ideas on policy.
- 2) He knows he can lead--he's proven it. TJTC to sell.
- 3) He's less concerned about what people back home think re his job and personal life.

- 4) He enjoys his job more - especially the contact with President, Baker, etc.
- 5) More comfortable with Schmitt. (more about that later)
- 6) Twice in doing ratings he used yearn - Re Del Norte "I had been yearning to get some of those things off my chest, about congressional salaries." On budget thing "I have always yearned to be courageous." He is fulfilling these "yearnings" now, and that betrays self-confidence."
- 7) Comment by Gov. candidate "He's gotten much better" and Martha "His speaking is so much better. When he ran for governor, he was awful. Now he really projects."

Couple of caveats.

(1) He talked only to the well to do. People with tax problems; not people with subsistence or job problems. He had no question from the disadvantaged nor from the protectors of the disadvantaged. The question is whether they have given up on him or what. Which ties into (2) This was not a political trip in any overt sense. One news person asked him if he was going to run again. Other than that, not a political question was asked. So its purpose was not to "campaign" in any direct sense. Republicans sponsored his nightly events but none of his talk was political--except "support the President. Point is--if he had "really" been campaigning he might have touched less well to do groups.

The attitude toward Schmitt seemed to have mellowed some. On the plane, Pete said, "We were worried about Jack Schmitt, because we were hearing so much criticism. It turned out that it was just a few disgruntled people who were unhappy for personal reasons and were spreading the bad news. We kept saying to each other 'Javitz in real trouble,' till we found out the real story. Then the first good poll came out and we found he was running very strong." He seemed pretty sincere in his statements that he was worried Pete Davis saw no rivalry between them and said that JS helped on appropriations with the TJTC amendment funding. Also, the stuff I

picked up in the news clips on my last trip are gone from the clips this trip. (That may be best evidence.)

A lady in Hobbs told me she saw PD as less conservative and, therefore, with a broader base than JS. She saw Schmitt as very smart but too conservative (though she shared his views. Would have a tough race, she thought.

The same phenomenon of magnified criticism was discussed by Poe and Gretchen when we had a drink before the reception. "We started hearing talk that Pete was getting too big for his britches. But when we tracked it down, it turned out to be that a few people were disgruntled because they weren't getting the attention they were used to. What happened was that Helen used to call them up frequently and stroke them. But when she left the office, no one called them. (She even took her list of names with her.) A few people who weren't getting massaged were creating a lot of trouble. We've got someone new in the office to take care of them now. Otherwise we haven't heard that he's lost touch with New Mexico. And we don't think he has." Gretchen will copy off all the names--1000--on Fran's personal name file. She-Gretchen--is supposed to plug the holes.

Poe Corn said that his workload has gone up 10 times since Pete became Chairman. "My workload has increased ten times since he became Chairman. I'm invited to come and consult more than I ever was. The University at Portales wants to <sup>invest</sup> expend some of their facilities. Ordinarily they would put in for the grant and go ahead themselves. This year they asked me to come and look over their plans and walk around with them. They want to be sure the Senator knows everything they are doing, so if they need him for help he'll be informed. I get asked to visit many more places like that. Everyone wants us to see what they are doing--the same with the water problems in Timcupuri, Rubirosa and \_\_\_\_\_ I have to go over and look--



on behalf of the Senator. They know that now, more than before, he may be able to help. Or they think he can. Actually, a lot of people have very unrealistic expectations. We had meeting of all the field staff with Lou to talk about this. We were told not to involve the Senator, wherever possible and to advise people to go elsewhere with their problems whenever we can. We can help them to find help somewhere else. The District Attorney in \_\_\_\_\_ is trying to get us involved in a problem right now, but we can't. That's an example, right there, of unrealistic expectations. No matter, the work has grown tremendously since he became a national figure."

Pete Davis says "D's great strength as a legislator is working people on the floor--going up to them and persuading them.

On the 2nd B Res. Bell sent Fulton out to NM to convince PD not to "get out front" on the Res. Their fear is that nobody wants to follow and he'll get cut down. PD's instinct is to charge ahead ("my staff is telling me to go slow") on a now or never basis. Fulton wasn't supposed to come. Bell "ordered" him to come, says Davis, to work on Pete to go slow and maybe delay markup. Pete Davis says the worry is not '82, but '83 & '84 there's no use trying '82. (He told Hobbs party that chances of getting the 80 billion in cuts for '82-'84 were "no better than 50-50")

Perhaps what I see with PD over time is "growth". And perhaps that's a longitudinal view I can develop. The Senate is a place to grow--PT put it best. He and PD and Glenn all talk about that growth. Rich Galen talks about it with Quayle. Andrews does not (of MA, Davis says "there's a beaut for you" and "he's too ideological. On REA, he won't budge. We've got the dregs "of the Senate").

In his Hobbs talk, Pete said object of economic program was to "make room for more people in 'successville'". kinda nice I thought

Re. Second budget resolution

It may not be what you want because we may not have a 2nd resolution. That might even be better for your purposes, because it might mean the end of the budget process. What I'm afraid of is that the opponents of the budget process will kill it by attrition. In a head-on fight, we can call people in like Muskie and we would win. But the opponents won't do that. Right now the leadership wants us to go ahead with a resolution, select the committees we want to instruct. Dole wants to go ahead and have his committee some tax increases to set some parameters. They are asking me when I can get started and I'm saying within 8 or 9 days after we return. But I'm telling you that I'm going to renege on that. I'm not going ahead and then let the House torpedo everything we've done. My strategy is to seek an accommodation with Jines. I want to see what the House will do, and then just be a recap. We'll pass whatever puny resolution the House passes. But they may just waive the budgeting process, just wave it. If they do that we may lose the process altogether.

"There isn't too much bitching over the CETA program. The only real problem in the whole picture is social security. If we don't have that fixed and settled by 1984, those groups will organize and that will be trouble. The federal retirees are mad right now. They are mad at me because they think I took away their COLA. But they are more conservative here than those in Washington. Their leaders estimated they voted 4-1 for Reagan. In 1984 they will be three years older and they will have forgotten. They are transitory bitches. And if the thing doesn't work, then it won't matter. Stockman and I were talking the other day for about an hour and about the way we saw things and groping for words to put it in. He's in a hell of a fix because he can't get the House to do anything: We concluded

that, in budget language, we have a macro political problem. If everyone gets caught up in the success of the program and in 1984 everything is humming along , we'll have pulled it off. If not, we'll lose the Senate and the Presidency and nothing will matter."

I said Baker called it "riverboat gamble". "He got that from my talks with him." Bakder didn't understand that optimistic performance numbers were already built into 1983 & 1984. "I hit him and hit him till he finally said, "you mean..." And I said 'Yes I mean..' and that's when he came up with 'riverboat gamble.'"

Tanoan Country Club talk

Introduction: PD - "Not a politician." - "politician looks at next day; statesman looks to the future."

Disheartening - travel 6 times, 10 times worse and part is I think I know people in Hobbs better than I know you more conf. in Carlsbad in Als. - DK people like I knew when I was on city census - strong feeling - 10 + 5000 you feel you know everybody - Ab so big you don't know where to go to find friends it for state candidates.

- 1st running - 8 children giving a talk - Nella - full of vinegar - boy gets up - family met - all for you to get elected and did dumb thing - Why - All hopes Nella gets out of town - we did that - Nancy went to DC.

Could pay 55,000 for house - punch out houses--frugal wife keeps books, pays income taxes - knew what should buy - bought house owned by Jewish Embassy 65,000 - couldn't now 265,000.

Exciting life - difficult part is to do job and do job with sad heavy singing - seen very little of my children - they like to sing and dance and play instruments - don't see many of them. Claire got 9 letters 4 spots - all of that time I saw her perform 6-8 times - that's not so good.

On other hand, oppo

Reality of being a Senator - Pres. quoted me.

Crazy bill - if things go bad you'll reduce it because he's a journalist, a poet and borrowed 3000 to get to Washington and that qualifies him to head budget.

Baker - we couldn't be where I've nicknamed him Buhudda  
45 votes in favor of our program - we everyone - he sat at table with  
arms crossed with little yellow pad - issue and how to vote - they all said  
if you are with Senator Domenici vote is he sat there rocking  
back and forth.

I became convinced that we needed shortcut - business for program  
deficits would be 60 and 80 in 1983 and 1984. Those who went and voted no  
more act of courage--Reagan to convince Baker of cuts--harrassed him  
for a week. No more budget unless go to office and write it in own  
words - called Bell.

Baker go to White House and you tell him what you told me and we'll be  
headed for second round. I saw person write down and assume it was Joe

. Speech into calls and asks to verify. Bell we're in big trouble  
- half report quotes from famous boxer "I want you to know I had help -  
so when they go wrong you'll know they came from my staff."

One of most significant things has happened - Catholic, grew up  
Catholic, given up a Xion - Senate powerful interest in terms of demands it  
makes, if you aren't careful don't find time for Lord - it sucks you up  
and makes you institutional brat. Se prayer breakfasts article - most signifi-  
cant of hour of week for 20 Senators - share experiences relate to beliefs  
and comment ffrom it relationship 5 of us meet every  
week we share - 3 & 2 - knows have great feeling for each other - would be  
good if we could do it normally, but if you don't do that way won't do it.

What was most important thing re life, living, government - that event  
occurred in Soviet Union - went there 1975 - 19 Senators first exchange -  
on the way to give you vodka - you drink whole thing at breakfast - stand

behind you - breakfast. Makes comments - Nancy says talk about God and Lord - sure enough - couple frowned - Didn't think we could get them these things without hearing about Lord -.

Group meeting Baptists in Am.

He tells K to B he wants to meet priest - great feast at friends and he finds a Russian Orthodox priest - we moved over to a wall - 2000 people, center of at 2 people gathered around. Told me how though things were - opened shirt - took out - gathered round he blessed us in that room - no one, no , no that kind of sp out tears flowed (applause).

2 things I can try to promote - this country has provided us with most exciting experiment in human history - especially in freedom. It's difficult for government to exist for long and give people freedom for long. We can't escape a super burden - people can't keep it to ourselves no chance that our burden will be to keep it because no chance we want to have to defend it. No chance not spend huge resources and take enormous risks to have freedom exist in world. If you don't like President who takes risks in Middle East and Europe - you don't understand what you get and enormous respect for human kind.

2nd thing - father - super pay when he bought new truck - but didn't understand ex. system in providing maternal goods for coherence. But there's never been an ec system that has provided so much maternal gain - never been a civilization where ec. system coupled with people So much. Easy format makes commitment to defeat free enterprise system (Churchville). We almost denied free enterprise system its vitality. That's what you do when you take people incentive to grow, etc., etc.

Last November - if we don't change our way, there is no future and we will not agree that we have not future."

If you believe it is a long time you've got to stand behind this President for a time. We won't do it in government. We may be standing well when comes up for real... We need your help, staying power, patience, understanding. I think we're on right track. No absolute certainty it will work. If it , what will, we here for next two leaders... I think we'll have what we had before and pendulum will swing back whole way...

Question: That was beautiful speech, very inspiring--what about defense expenditures and inflation.

Answer: That's \$64 question. He explains how their 83.84 figures already optimistic figures plugged in.

60B deficit in any given year can be sustained by 3 trillion . Trouble is we've had 4 of 60 and I've described 4 more People who thought many have been burned. They won't lend for for more than 6 months. Am. can't make it that way. Pres. program is squeezing it.

Huge downpayment on better management of budget.

Question: Impact of Volaker and this administration.

What are chances of getting package through before Xmas is pretty slim. House isn't interested at all. In Senate, makeup of Pres. package won't go. Having trouble getting groups together to see if we can produce an alternative. Can central effort by 4 com. chmn to come up with 3 or 4 more packages, yet Rep Sens. together and let them choose and go to Pres. for his support.

How about energy independence in face of possible oil cutoff."

produce oil

deregulate natural gas

push nuclear

roll petroleum reserve

Coming out of country club - meeting. PD "Fran, I don't want another schedule like this for another seven, eight, or nine months. Fran: We've got to give you some Sunday's off. PD: "I tell you that, but then you get me out to this thing." Fran: "I thought we had to get you out here with these people." PD: "Actually, I'm glad we did it. We've got to spend more time with these people out here. Bill Seago tells me that there are more registered Republicans in this one ward than in any of the Northern counties."



Tax forum - Question: Will admin. continue to use tax system for all kinds of policy goals.

"There is no process in Com to take place of committees and the floor and no way to stop amendments at these places."

Senate put in indexation. "I don't think the Senate had any idea it would appear in Conable II and be passed by House."

"Staunchest opponent of indexation is R. Long. And there's a real relationship between his opposition and the fact that he's the most ingenious user of the tax bill to put in I think he saw indexation as shutting off role of tax writing committees as "playground."

Bob Dole will try to get through some package to deal with revenue enforcement area. Admin has a vacuum here because Pres. Reagan is committed not to raise income taxes. But there will be some substituting of a broad area of excise taxes."

After the tax information meeting, I talked to Franklin Jones, a lawyer in Alb. who worked for the Budget committee for a while. I asked him about my idea of growth. He said yes, he thought that was correct--but he put it differently. "Pete does not make a good member. He never was a member of anything. He was always the leader. When he got to the Senate he had a terrible time learning how to be a member of the Senate. He learned. But now he's a chairman, and that's where he does best. He has a better grasp of a here and now problem than anybody I've ever known. He'll look at a huge pile of papers and say 'that's a cadillac.' And he'll be right. He will be a great chairman.

I asked Bob Fulton if he understood Pete's Washington behavior any better after having been in NM. "He has more freedom than I thought he would have. I thought he would be under a lot of pressure from back home, but I was pleased to find out that he was not. His stand on social security, which is pretty

tough, went down without a challenge--at least in any of the meetings I saw. And the veterans didn't take him on, even after he had put a hold on that bill last week. Nobody laid a glove on him. What's more, nobody even tried. That's probably a tribute to him. I now believe he's pretty much his own man. And that makes me a lot more comfortable in advising him to take tough positions."

In bar after the state legislator's meeting and in the airport he said "It was a good trip." In bar he said "Last night's meeting was a good one and the Hobbs reception was a good one. I wish we had had more people in Roswell but I don't know how you can get people out on Saturday." In the airport he said "I think I know what gets people out to these meetings. Channel 7, ABC, the biggest station in the state, announced the meeting as a public service. They told people to go and ask questions. And it was by far the largest meeting we had." (Of Channel 13 - CBS - he noted, "Nobody watches" "It's 12 points behind Channel 7 in the ratings."

Lou and I sat in the coffee shop Monday morning. Started talking re. getting Pete home - talked about his meeting with lawyers to set up fund so PD can "pay back his supporters, not just take from them" via dinners. Lou gave his impressions of "reality" in NM, then to problem of city regeneration in midst of "car culture" "car is incubator" they just ride around" etc.

I reminded Lou Gallegos of his talk about getting Pete to see "the little people in out of the way places. "We have been unsuccessful. I should say we have been dramatically unsuccessful. Because of his work in Washington he doesn't come home as often--less than half as often as last year. And the work is so pressing that we can't get him here for any length of time. So both the frequency and duration of his visits have been reduced. Besides which, there are logistical problems. We have to work extra hard to get him to drive to Soccora or Bolen or Raton. It isn't just the time--it's only an

*my buddy  
for his boy*

hour's ride to a lot of these. It's that you have to create a reason for him to go and create an event that will allow a large number of the people to see him. In the big towns you don't need to create events. In the little towns, nothing happens unless you make it happen. But he has to do more than mine the mother <sup>ode</sup>."

"Also we have to position him so he doesn't always have to fly out of Albuquerque." In this as in other aspects of his thinking, Lou puts great emphasis on being "creative."

As Pete says about Lou he's got "plenty of smarts." Pete talked about how he found Lou - who worked up from GS3-14 very quickly - managed food stamp program for government in Dallas. A congressional fellow told Pete about Lou (the Fellow came from Agriculture Department) and when Pete heard Lou had quit his job in disgust with the bureaucracy, he called him up and hired him. He said Lou was a funny looking person and the he knew it and made jokes about himself. I said he had a kind face and PD agreed. He went on to talk about how kind he is--that he spends too much time talking to people, too much time helping the staff people do their job. He said that particularly with respect to CMS--that letters averaged 300 a week in 1980 and 3500 a week in 1981 and that they hadn't got hold of that yet. "I tell Lou he's got to be hard on those people if they can't do the job, because if they fail it's his hide. But he's in there at 7 in the morning and 7 at night trying to show them how to take care of the mail, step by step." He is amazed at Lou's knowledge and savvy.

Another theme of my talk with Lou: "We've got to do more than have the preacher preach to the <sup>g</sup>chair and the <sup>g</sup>chair sing to the preacher. We've got to get him out to places where people don't love him and praise him. I've watched Senator Schmitt's pattern. He's been going right into the lions den-- at UNM for example. The students may not have agreed with him, but they will credit him for coming to talk with them. Right now, our toughest critics

are the federal retirees. They blame Pete for taking away their Cola and they are laying it on us. If you talk with them, I think you can cut your losses. So far, we have avoided them. But you can't avoid first one group, then another group and another. With the federal retirees, you have a chance to turn them around. All their letters start by saying "I worked hard for the government all my life..." They feel like they have a stake in the system. They don't want it to collapse. The problem is to be creative about harnessing their energies and talents to help with today's problems--to think of them as a positive source of help not just as a negative group.

Pete doesn't rush to confrontation. That's not his style. It's a style without "magic" as one of its ingredients.

Pete talked about target jobs tax credit. "The administration didn't like that idea at all. I had to hit them over the head till they finally agreed. They called it Heinz-Domenici; but Heinz wouldn't have gotten 35 votes for it if it hadn't been for me."

He talked about how good his staff was, to Fran on way to Tanonan, esp. complimentary about Pete Davis.

"I got a call from the Bell man. He read me the front page of the Washington Post and the New York Times, spouting them off as fast as you could take it in." He went on to mention OMB article on Reagan deferrals that appeared in Sunday Post. He thought it was not great idea but was the only one available to Reagan. It would put monkey on House's back as little since deferrals can be derailed by one house veto.

One thing that needs to be said, again, is that PD uses staff. Bob Fulton said to him at one point that if you think of debt as % of GNP, you have a measure of declining size of government. And Pete used that in next speech. Pete Davis talked to him about difficulty measuring money supply in parking lot after Powell luncheon. He used it the next night in Albuquerque. In Las Cruces,

reporter asked him if budget cuts weren't going to affect quality of life. He used that question in nearly all later speeches to help hammer home his point that a sound economic system was the key to quality of life. So he picks up on things as he goes along. It's important, because it shows an active mind. And, an active mind is one of his characteristics.

I should mention what Lou did during his visit. "Albuquerque is the city that swings the state. So I came back to see reality--to see if things had changed in the last three months, six months, a year. I went to a fiesta in a little town nearby--the kind of Hispanic town where, if the priest says there will be a fiesta, there is one and if he doesn't, there isn't. I just stood in the square with my hands in my pockets waiting for people to come up and talk. And they did. They don't talk about how bad things are, because they have always been bad. They have no expectations. But underneath, they are almost optimistic. Their attitude is that they will just have to get by somehow... The other morning I walked through downtown at 7:00 AM and there I saw the shredding of the retail area. More stores have closed in the last three months. And those that are still open have all put bars on the windows. I walked in a couple of stores and looked at their shelves. The products had dust on them. The prices had been changed several times. Their inventory was not moving. Yet new office buildings were going up all around. How are we going to bring back an infrastructure? I went around late to visit my friend the car dealer. Cars are selling fine--used cars particularly. This town has a car culture. The first thing people buy is a car. In the evening the big thing is to ride around." If we are going to regenerate downtown, maybe we'll have to set aside an area and tell the car repair and car service businesses that they have to locate in that area... In the evening I asked my friend to drive me around the NE Heights area. For two

hours we drove through that part of the city, house after expensive house well kept, well manicured lawns. There is a lot of money there. Someone is making a lot of money. The problem is how we can tap that resource. We've never been able to do it." A good picture of what a shrewd person gets by going out on the ground. And I've only captured a small part of it. Pete says Lou needs to get to know southern part of state and they need to get to know him.

From talk on the plane:

"This Senator, at this stage in his career, wants people to know what he's doing. They do a lot back home, but sometimes it's to make people think you are doing something in Washington when you aren't. Like the Roswell packing plant I supposedly get (see ADJ editorial 10/31). Or you make people think your nothing amendment is a great addition to national policy." I laughed and reminded him of the fru frus he used to talk about. This was one of his responses to the home-Washington relationship--that if you aren't doing anything in Washington you give up a lot of smoke screen activity back home--trying, really, to shield the truth from home folks. He is at point where he wants to let people know how he's doing. That theme was one he struck before.

Now, people know what he's doing. "People know what I'm doing. By the grace of AP, UPI, CBS, NBC, ABC, The New York Times and the Washington Post, they know that I'm in the middle of things...But in all my travels I get no sense that anybody knows anything about what the Senate is."

He gave the state media no great credit for telling people what he was up to. But, like a President going over heads of the local body (Congress) to the people out there, so Senators go over heads of local media to national media. And it is via the national media that the local media gets the message.

"I have always felt the pull to take more of a leadership role than the citizens will support. I yearn to be courageous. But I tend to think of my support in pieces and I'm always worried about losing it piece by piece. Each vote may lose you another piece of support. Reagan's economic program has made leadership easier. The issue is framed as a package and not as pieces. So it's made easier to be courageous. Maybe that's not the way it should be. But it's the reality, I think." When I asked him about the 2 parts of the job.

"It's very difficult to stay in touch with your state. That's especially true with your friends. It's a cardinal rule of politics that you never forget your supporters. If you have been elected, that means you have a set of friends. You've got to keep them. You don't go looking for new friends or new alliances--not unless you change direction. It isn't a problem with ten best friends. You call them up. But the others. They know what you are doing in Washington, but they will still say 'he's forgotten us.' You need a vehicle to keep in contact. At election time, you have a vehicle. You call them up and ask them to help. But what do you do in between? This problem has been made worse for us by some staff changes. We didn't have a great written list of supporters. Most of it was in people's heads. We'll have to build list that up."

You thought about becoming minority leader on committee--how did that change when you became chairman? "I never fed into my calculations the fact that we would have a President so committed to fiscal restraint. I had planned to work with Hollings to protect the budget process. I wanted to push harder than Bellman had, for fiscal restraint; but I wanted to keep the process alive. All that has turned around now."

"We'll have to get a second budget resolution through. I don't want to pass one that will end up getting waived at the end of the year. That could be the end of the budget process. If I thought the President had any chance of getting another Grama-Latta through the House, it would be worth the effort. But I don't think they can. So I'm taking the position that we will do anything we can to help; after someone else sets some parameters--Dole on the revenue side, for example. We are not going to get out front, carrying the whole burden and then watch the process get killed. I want to protect the process until such time as we can amend it. It needs it, badly. But we certainly can't do that now." I said that his goal now, and and if he had been ranking minority was to protect the budget process, and he said "yes."

I listed twelve events and asked him to rank them for me in terms of "important," and "enjoyable." I sat beside him on the plane while he did that.

The first thing he did was look at the importance side and ask "Can I include press coverage in here?" I said, of course.

Then he turned to the "enjoyable" side. He ranked the first four: 1. NMSU Forum-Las Cruces. 2. Tanoan Country Club. 3. Tax and Budget PM session. 4. Del Norte H.S. Then he said "The first four are easy. The rest are all about twelve." I said that if that was the case, so be it. But he started in, did a little juggling and arrived at a ranking.

1. Las Cruces forum - "There was a good representation of people there. The vibes were good. I could be funny; and it's hard for me to be funny. Things just popped out right. It was the first time I had told the Howard Baker story in public. A lot of people came a long way--~~go~~ to 100 miles. They came to bitch. But they thought it was important enough to come all that way to talk with me. That made me feel good.



2. Tanoan Country Club. "That was a chance for me to be with a group I don't have enough contact with--the Republican activists. They are organized, but they do not normally work closely with their candidates. And I've been better about checking with my friends than with the troop. For me, there has been a vacuum there. I got good vies and felt comfortable talking to them about personal things. I felt I was able to bridge the chasm that has existed between us. I'm determined to see more of them."

3. Tax and Budget PM Session with state legislators. "Those are my peers. Not many of the opposition party came. J.T. Rutherford came, the minority leader of the legislature. I was pleased that they couldn't stump me on any of their questions. The refederalization package was not thought through. The various block grants were put together in bits and pieces, without any philosophy. No one at the meeting made that point, or saw things that way. I was able to defend the program before some people that count in New Mexico."

4. Del Norte. "It was a good turnout. A lot of my friends came. I've been yearning to get some of those things off my chest--about congressional salaries. Even though there was some <sup>confusion</sup> (cohesion), I felt we had a good dialogue."

5. Tax and Budget AM. "This was a good group of professional people--lawyers, accountants. They learned that I knew something besides politics, and that's important. They got a picture of me as a knowledgeable person. That made me feel good."

6. Hobbs reception. "Maybe I have done this one an injustice. Maybe it should be 5--or 4. There was a lot of enthusiasm among both the Democrats and the Republican who were there. We are all egotists in this business. We are all a little manic-depressive. So we need to have our morale lifted occasionally and made to feel like we're appreciated. A group like that lifts your spirits."

Then he went to number 12 and worked backwards.

12. Albuquerque NAB breakfast. "That was a letdown. The part of the business community that should have been there was not. I know most of them, but they were not the people I had hoped would come." After the breakfast, in Las Cruces, he said "The NAB is not very dynamic. They don't get out into the community. We made a mistake. We should have asked the Chamber to organize that breakfast."

Then he went quickly to 11, 10, 9. and didn't see much difference.

11. Tax Forum Hobbs - "It was a very small turnout. We had a good dialogue. The Sadat question was good. But all the people there were Republicans. And that wasn't the idea of the tax forums."

10. Roswell Luncheon for Oil and Gas - "It was a disappointment. The movers and shakers who should have been there didn't come."

11. Toswell Tax forum - Same as Hobbs. "It was a good dialogue, but the turnout was very small. That affects the way you feel."

8. Las Cruces Fund Raiser - no comment.

7. Las Cruces NAB luncheon - no comment.

An observation I might make about use of "enjoyable" instead of "comfortable." With PD, anyway, enjoyable picks up situations in which he did not enjoy them so much going into the event, but found them enjoyable in retrospect because he accomplished something that made him feel good while he was doing it. This reaction shows a tendency to like it when he accomplishes something. And if you use "comfortable" you may not capture the dynamic of the event--just how he felt going in. So enjoyable and comfortable may have quite different connotations.

When he turned to the importance side of the ratings, he went back to press angle. "In terms of the coverage we get, one thing that could have happened but didn't is for the trip to have had a statewide impact. It didn't. We didn't plan it to have one--as we did for my patron speech. But it could have.

Something I said about the philosophy of the new program might have emerged

as a theme that might have been picked up by AP or UPI or the statewide press. That didn't happen. So all the events have to be seen as little pieces. As to just how much press we did get for each of the pieces, I'll just have to use my gut."

1. Del Norte - "My gut tells me that we got the best coverage from the meetings."

2. Tax and Budget PM - "This meeting may set the tone and the theme for the next session of the state legislature. The leading gubernatorial candidate got some ideas. It will have a long term effect."

3. Las Cruces Forum - "We got good coverage in the southern part of the state. It had to be good."

4-5. NAB Breakfast and Las Cruces NAB luncheon. "They will have a long term effect. We have started working with them on targeted jobs, and we'll stay with it for a few years."

6. Tanoan Republican dinner - "This may have set a pattern and given me an idea of how we can get the Republican activists together. We may put several words together and have dinner with them. I don't want the activists to know me just through the Journal. I want them to see me and meet me personally. We may have an idea for the future."

7. Tax and Budget AM - "It was a good turnout of important people; and they will talk to other people."

8. Hobbs reception - "It reinforced my feeling that the movers and shakers of the area are on board. I took it to be representative of my support in 5 or six counties in that part of the state."

9-12. No difference, he said among the Republican Fund Raiser in Las Cruces (9), Oil and Gas Luncheon in Roswell (10), Hobbs Tax Forum (11) and Roswell Tax Forum (12).

At end he said "The one thing we didn't have--which we did when Dewar came--was an Hispanic event. I'm always very apprehensive when we don't.

We try to do that--to go into the valley. The people who come are mostly Democrats, but they are my friends."

In the plane going to Las Cruces, Pete talked about several things. I'm not going to go through them - but a couple of comments relating to his ethnic-religious orientation did come up.

On Chuck Grassley. Someone said he wasn't very smart. "Bob Dole works with him on Finance, and he says he's smart. He just doesn't look smart. He's one of the WASPs that when you pinch them they don't even say ouch."

He talked about the horrendous state of the prisons in NM and said that Chuck Colson and his group had done a great job with prisoners.

He stopped and gave a speech in Tulsa. He rode out on a plane in which you couldn't smoke and which was stocked only with soft drinks. Lots of kidding. And he talked some about how he doesn't like those moralists who wear their religion on their sleeve." Said he had seen a TV ad in Tulsa advertising cheap divorces. "I couldn't help thinking the business was owned by some member of the moral majority. I hope that wasn't so."

He talked about reconciliation and said "We dreamed it up."

Re Jim Jones comment that Dems on House Budget are smarter than Repubs. "He's probably right."

He talked about his farmer support when he was in Las Cruces --where they grow lots of cotton and vegetables. "Our support among the farmers and the home builders is very fragile. If interest rates don't come down, we'll lose it."

When we left in the airport, I told him how much I had enjoyed it. He said "You did have a chance to meet my mother didn't you. She was an awful lot of what I'm about. She was the generous one. She gave away everything. My father had to stop her so we wouldn't go broke."

In the afternoon Tax Forum he made a couple of points that I didn't get on tape:

1) fact that all programs are not "blocked" (block grants) is testimony to power of authorizing committees.

2) N.M. will make transition to greater responsibility easier than lot of states, because it has budget surplus. N.M. can be a model for other state and be innovative.

3) attacking eastern states on severance taxes is big threat - eastern states will try to put a cap on it, will accuse west of stealing industries. "A cap on severance taxes will not pass the Senate. In the House, they would pass on cap easily. One thing about the Senate is the right to free debate--or a filibuster if you think of it as a bad tool. It depends what you are filibustering about. The severance states, the oil states, the coal states, the royalty states will use the filibuster for benevolent purposes like this one." A difference between House and Senate.

Re the Baker-Domenici sit-in, PD said House clerks got Baker's autograph and he thought they even smuggled some beer in.