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Friday, December 10th. Shultz raised the problem today of the Defense budget. He's concerned that Kissinger hasn't closed the deal with Laird on the budget as it's supposed to be. And Laird is pushing for an \$82 billion budget, and he, Shultz is convinced that Defense can't spend over \$74 billion, no matter what they do. In any event, he feels he's being pretty much dealt out of the action on this and is unable to get to Henry, who is supposed to be handling it. So he's concerned about how it goes.

Finch came in with his latest flap on California. He's now learned there's a big meeting on Tuesday and that Nofziger is going to be running the California campaign and Reagan is going to be the Chairman, etcetera. So and he couldn't get to Mitchell to get any answer on that. I got to Mitchell later in the day, and he said Luce is going to run the campaign. Reagan's going to be Honorary Chairman, but Reagan does insist on Nofziger out there. The alternative to that would have been Walker, which would have been even worse, so Mitchell has agreed to try and work this out with Bob. Bob also comes up with the discovery that there may, or probably will be, five Congressional seats at large in California because of the failure of the legislature to handle the redistricting problem. For that reason Bob's seriously thinking of going out and running for one of the at large seats—which would be an ideal solution to the whole thing.

We had a big flap today on the plan for Julie's Christmas television special. She decided not to do it apparently, because Connie Stuart went over it with Pat Nixon, and Pat told Julie it wasn't a good thing to do. We rattled through it on and off during the day as the President felt strongly Julie should do it, especially since we've gotten into the flap with CBS yesterday on the blackmail question of whether they would even do the Julie show unless the President agreed to do the one-on-one. We then agreed to do the one-on-one, and now Julie's talking about cutting out of her show. I finally got to Julie at the end of the day, when she got back from North Carolina, and told her what the situation was. She agreed to take one more stab at it with her



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mother, and Rose called a little later in the evening to say that Julie had done a superb job, had Pat sold on it, and they were going ahead with it.

Kissinger was in with the President this morning on the Pakistan question.

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Duration: 26 seconds

He thinks that we're now in good shape in that East Pakistan has made a request for a cease-fire and Kissinger says we should now go to the Soviets and that we can get the thing worked out just the way we wanted it. The President said we should still move the carrier into position, push the Chinese to put out a threat that, to invade India, and follow up with all those things.

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Kissinger says Pakistan will be all over by Sunday and that the President turned it around yesterday afternoon in his hard line with the WSAG group. The President pushed Henry hard on following up more on the question, for instance, of protesting the Indian strafing of our planes and of Indian bombing of the orphanage, and all that sort of thing. He thinks our PR apparatus on foreign policy is lousy and that we're not getting the kind of mileage out of these various incidents that we should and would, if someone were riding herd on them and following up. Late in the afternoon the President got to me again...



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...and said he wanted to have Shultz and Weinberger find a way to get less foreign aid to India in the next budget. He doesn't want to approve the next budget now with the same level of aid to India. He wants to hit them hard.

The Tax Bill signing became a big issue today, as we went round and round on the signing statement, and the President did end up signing it, feeling that we'd get some substantial mileage out of it.

We had Packard's resignation in today, and the President wanted to be sure we did an especially warm letter to him as a follow-up.

He talked to Otto Passman, who jumped on him on the problem of a letter on foreign aid, when what he had wanted was not the letter but authorization from the White House to cut \$10 million from the Peace Corps. The President was very upset, because he got the impression from Passman that the White House indicated opposition to the Peace Corps cut, and wanted me to look into it. I talked to Timmons, and it turns out Passman was basically playing games with the President. But the bill is now defunct anyway, so we're going to push for some Peace Corps cuts in other ways.



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The President was supposed to have a half-hour interview with Jerry Schecter of *Time* this afternoon, regarding the Man of the Year cover, and he extended it to an hour and ended up saying he'd take him up to Camp David tomorrow to look things over up there, if he'd like to do it.

At 8:00, he called me at home to say he was going to drive up to Camp David at 8:30, and he seemed to be very pleased with the whole day and the way everything had gone.

End of December 10th.