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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name CHEW, DAVID L.: FILES

Withdrawer

SER 4/22/2010

File Folder WHITE HOUSE CORRESPONDENCE [1987-1988] (1)

FOIA

Box Number 15803

S10-0341/01

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5

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	MEMO	OLIVIA KORNEGAY TO DAVID CHEW RE: HOTEL BILL	1	5/14/1987	B6

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

5.12.87

FRED RYAN

Attached is the
Library letter we discussed.

David Chew

THE
RONALD REAGAN
PRESIDENTIAL FOUNDATION

JAMES STEWART

David L. Chew
Who Ground Floor-Ww
Executive Office Of Pre
Washington, D. C. 20501

Dear Friend,

I believe President Reagan, you and I have been in a special partnership over the past several years, a partnership dedicated to rebuilding our nation and rekindling the American dream.

Because of your support of the President, I cannot imagine embarking on the project I am about to describe without your active participation.

I have been a close friend of Ronald Reagan since our days together in Hollywood. I know this project is of unique personal importance to him. It is the construction of two facilities: the Reagan Presidential Library and Center for Public Affairs.

Today, on behalf of the Trustees and Governors of our Foundation, which has been established for the sole purpose of building both the Library and the Center, I want to extend a very special invitation to you to join us as a Sustaining Sponsor.

If you accept my invitation, I hope you will help the Foundation build the Library and the Center by making a tax-deductible contribution of at least \$25. Your name will then be enrolled in the official Sustaining Sponsors' Register, to be unveiled by the President during the Library's opening day ceremonies and maintained there on permanent display.

I don't believe there is a better way to symbolize your partnership with our President than by having your name, as a Sustaining Sponsor, on display for visitors to see when they tour the Reagan Library for decades to come.

The Reagan Library will be a place where the key documents of the Reagan Administration are forever available to the men and women who will write the history of the Reagan era.

The Library will be built on the campus of Stanford University, current home of documents from Ronald Reagan's years as Governor of California and as Presidential candidate.

1025 THOMAS JEFFERSON STREET, N.W. • WASHINGTON, D.C. 20007

The Center for Public Affairs, which will be located in the San Francisco Bay area, has a different purpose. For the Reagan dream to continue, it must remain energetic and robust, fed by new ideas and inspired by new ways to translate ideas into action. That will be its special role.

These buildings will be entirely paid for by private contributions. No taxpayer funds will be spent on their construction. Although the Library will eventually be maintained by the Federal Government, as other Presidential libraries are, the Center will always be supported solely with private funds.

The first step on the road to making this project a reality is raising our \$70 million Building Fund. Our deadline for breaking ground at the Library is late in 1987. We must have at least 40% of the Building Fund on hand by then.

That is why I am so hopeful you will make your Sustaining Sponsorship contribution today. Your participation is critical.

Please use the enclosed acceptance form and reply envelope to let me know within the next two weeks if you accept our invitation to help build the Reagan Library and Center.

Because the President and Mrs. Reagan consider this project to be so important, we have prepared a special Sustaining Sponsors' certificate for you as a token of our appreciation.

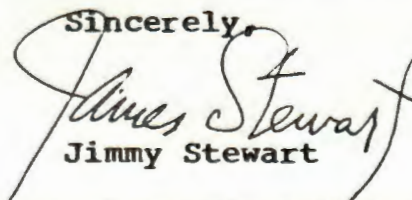
I hope you will display this certificate as a symbol of your partnership with President Reagan and your continuing commitment to the goals he has worked so hard to advance.

When Ronald Reagan concludes his term as one of our most successful Presidents in history, he will not want a cold stone "memorial" erected in his honor. I have known him well for many, many years and he is not that kind of man.

But I know he very much wants the Library and Center to become homes to the ideas that nurtured him in his public life. The work undertaken there can help preserve for future generations the vision for our Nation that Ronald Reagan has so eloquently and tirelessly worked to secure.

I can think of no better way to ensure a living legacy of the Reagan Presidency than to build and endow the Reagan Library and Center for Public Affairs. I hope you will help us.

Sincerely,


Jimmy Stewart

P.S. I have enclosed a photo of the architect's model of the Library, where the Sustaining Sponsors' Register containing your name will be on display. President and Mrs. Reagan are both very pleased with the design of the Library. I hope you are, too.

THE WHITE HOUSE
WASHINGTON

5/13/87

Jean:

This is David Chew's list
with corrections for the
plastic card. Thanks.

Ann DeLuca

Name	Business No.	Home No.
Anderson, Stan	(202)483-1900	(202)332-1922
Bell, Tom	(317)545-1000	(317)845-7349
Burke, Sheila	(202)224-3135	(Pvt.)224-8246
Burke (parents)		(209)723-5202
Chapoton, Buck	(202)639-6500	(202)966-1826
Chew, Nancy	(818)584-0168	(818)793-8777
Chew, Walter	(415)969-5630	(415)854-1744
Coe, Jo-Anne	(202)224-3622	(703)845-1714
Conover, Todd	(415)397-5858	(415)284-3880
Dawson, Tom	(202)456-2412	(202)966-6707
Donohue, Tom	(202)838-1800	(301)299-9278
Dole, Bob	(202)224-3135	(202)333-6280
Duberstein, Ken <i>Duberstein, Ken</i>	(202)234-1760 <i>(202) 456-2533</i>	(703)759-0105
Hopkins, Tracy	(202)694-3635	(703)823-1999
Irving, Sue	(617)495-1360	(202)234-4131
Kashinski, Jerry		(303)220-1688
Korologos, Tom	(202)331-1760	(703)759-2516
Ladd, Katherine	(202)456-2702	(301)585-6535
Langevin, Dr.	(202)223-5564	
Maitland, Enid		(202)829-0478
McCluney, Joyce	(202)224-5474	(301)843-0968
McLaughlin, Ann		(202)387-1124
McNamar, Tim		(301)229-7907
Merrill, Jeff	(609)452-8701	(609)655-9552
Messick, Rick	(212)480-2993	(212)226-9196
Newmyer, Terry	(202)289-6300	(301)986-1818
Nugent, Jack	<i>(212) 807-3989</i> (202)296-2400	(703)734-0137
Perkins, Bob	(212) 622-7454 <i>(212) 822-2235</i>	(212) 622-2235 <i>(212) 724-5614</i>
Regan, Donald T.	(202)456-2412 <i>(703) 834-6006</i>	(703)360-5735
	(home in Florida)	(305)231-0190
Rieser, Joe	(202)457-6139	(202)234-4131
Savoy, Phyllis	(202)456-2702	(703)979-9596
Smith, Ken	(202)842-4190	(813)952-9880
Sorum, Pete	(202)789-1188	(202)333-1218
Stucky, Ed	(202)456-2800	(703)549-8220
Thomas, Dennis	<i>(202) 822-3651</i> (202)456-2106	(301)652-6434
Timmons, Bill	(202)331-1760	(301)469-6584
Venners, John	(202)466-6112	(703)442-8817
Wagner, Sharon	(202)456-2702	(301)932-0147
Wallison, Peter	(202) 955-8515 <i>(202) 955-8515</i>	(301)469-0177
Wharton School	(215)898-5887	(215)387-8000
Wiens, Tom		(203)776-5386
Wimer, Dave	(202)833-9250	(703)442-8689
Wirthlin, Dick	(703)556-0001	(703)356-5647
MCI	29057 0301	429-6700
WHCA/White House	(800)368-8688	(800)368-5939

THE WHITE HOUSE
WASHINGTON

5/22/87

Jean:

Here is corrected copy
for the back side of
the plastic card David
would like. Please do
it in that smaller size.
Thanks much.

Ann DeLuca

Attachment

*Received & by
approved DLC
6.2.87*

Donahoe, Frank	7020	
Duberstein, Ken	2533	
Fickhoff, Kathryn	5873	
Fitzwater, Marlin	2100	332
Fuller, Craig	6606	
Gibson, Tom	6597	
Gilder, Josh	7805	
Griscom, Tom <i>Greenleaf Charles</i>	2174	6614
Henkel, Bill	2861	335
Higgins, Anne	7610	
Hobbs, Charles	6630	
Hooley, Jim	7565	322

Name	Ext.	Drop
Howard, Dan	2947	
Judge, Clark	2960	
Khedouri, Fred	6614	
King, Gwen	2577	
Kranowitz, Alan	6620	
Kuhn, Jim	2858	325
MacDonald, Ian	6554	
Maseng, Mari	2270	
McAllister, Gene	6406	
Miller, James	4840	
Miller, Johnathan	7052	
Muris, Tim	3200	
Osborne, Kathleen	2776	326
Pearson, Bob	2224	
Powell, Colin	2257	
Riley, Rick	2150	
Robinson, Peter	2896	
Rodman, Peter	3110	
Rohrabacher, Dana	7951	
Ryan, Fred	2976	
Sprinkel, Beryl	5042	
Steelman, Deborah	4852	
Stephens, Jay	6525	6611
Tuck, John	2230	6594
Turner, Pam	7054	
Tuttle, Bob	7060	
Weinberg, Mark	2100	333
Wright, Joe	4742	

Name	Ext.	Drop
Carpet		217
Comm. Center		242
Military Office		388
NSC Office		286

Name	Ext.	Drop	Name	Ext.	Drop
Arsht, Leslie	2100		Howard, Dan	2947	
Baker, Howard	6797	"0"	Judge, Clark	2960	
Ball, Will <i>Batjer, maybe</i>	2230		Khedouri, Fred	6614	
Bauer, Gary	6515	LS 36	King, Gwen	2577	
Bledsoe, Ralph	6640		Kranowitz, Alan	6620	
Brashear, Rusty	2100	331	Kuhn, Jim	2858	325
Carley, Jack	5044		MacDonald, Ian	6554	
Carlucci, Frank	2255	316	Maseng, Mari	2270	
Chew, David	2425		McAllister, Gene	6406	
Collamore, Tom	7045		Miller, James	4840	
Courtemanche, Jack	2957		Miller, Johnathan	7052	
Crawford, Carol	3120		Muris, Tim	3200	
Cribb, Ken	2421		Osborne, Kathleen	2776	326
Culvahouse, A. B.	2632		Pearson, Bob	2224	
Danzansky, Steve	3622		Powell, Colin	2257	
Dawson, Rhett	2702		Riley, Rick	2150	
Dolan, Tony	6266		Robinson, Peter	2896	
Donatelli, Frank	7620		Rodman, Peter	3110	
Duberstein, Ken	2533		Rohrabacher, Dana	7951	
Fickhoff, Kathryn	5873		Ryan, Fred	2976	
Fitzwater, Marlin	2100	332	Sprinkel, Beryl	5042	
Fuller, Craig	6606		Steelman, Deborah	4852	
Gibson, Tom	6597		Stephens, Jay	6525	Cell 1
Gilder, Josh <i>Greenleaf</i>	7805		Tuck, John	2230	6594
Griscom, Tom <i>Charles</i>	2174	6614	Turner, Pam	7054	
Henkel, Bill	2861	335	Tuttle, Bob	7060	
Higgins, Anne	7610		Weinberg, Mark	2100	333
Hobbs, Charles	6630		Wright, Joe	4742	
Hooley, Jim	7565	322			

Name	Ext.	Drop
Carpet		217
Comm. Center		242
Military Office		388
NSC Office		286
Signal Board	(202)395-2000	240
Signal (Tollfree)	(800)368-8688	240
Situation Room	(202)456-2585	
Staff Advance		220
White House	(202)456-1414	
White House (Priority)	(202)456-2692	
White House (Tollfree)	(800)368-5939	

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DOC Document Type

No of Doc Date Restric-
pages tions

NO Document Description

1 MEMO

1 5/14/1987 B6

OLIVIA KORNEGAY TO DAVID CHEW RE: HOTEL
BILL

Freedom of Information Act - [5 U.S.C. 552(b)]

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Banking Gamble

Citicorp Sharply Lifts Loss Reserves, Putting Its Rivals on the Spot

The Move Gives It Leverage In Third World but May Hurt Banks' United Front

Quarter's Loss: \$2.5 Billion

A WALL STREET JOURNAL News Roundup

NEW YORK—Citicorp Chairman John S. Reed threw down the gauntlet yesterday to major bank competitors and big debtor countries alike by adding \$3 billion to the bank's foreign and domestic loan-loss reserves.

It is a move laden with irony. Mr. Reed is leading Citicorp to accept the unpleasant reality of the huge, now-doubtful loans extended under his predecessor, Walter Wriston. It was Mr. Wriston who was widely quoted as espousing the view that "countries don't go bankrupt," thus helping persuade smaller banks to get into the foreign-lending game.

Now, after taking over from Mr. Wriston in the fall of 1985, Mr. Reed is leading the way in acknowledging that loans to foreign countries can go very sour indeed.



John S. Reed

Citicorp's latest move also is a huge gamble, laden with risk for many people. It forces banks with lesser resources to decide whether they should, once again, follow the lead of the nation's largest banking company. It may roll the financial markets for some time, as they weigh the uncertainty over whether other banks will take similar steps. It creates huge risks for Citicorp itself. It could disrupt the attempts by several governments, and especially the U.S. government, to defuse the Third World debt time bomb. And it complicates attempts to get banks all around the world to cooperate in meeting that and other international monetary problems.

But in Mr. Reed's view, the risks are worth taking. "We think it significantly strengthens the institution," he said. By sharply increasing the bank's reserves against future loan losses to \$5 billion, or 39% of the \$12.8 billion in loans to its six biggest Third World borrowers, the action roughly puts the bank in the same position as that achieved in recent years by many major lenders in Europe and Japan, which have already increased their reserves. The bigger its reserves, the less vulnerable a bank presumably is to threats by borrowers to default on their loans. Thus, such a bank can be more aggressive in negotiating repayment schedules with them.

Indeed, some U.S. officials privately endorsed that argument, letting it be known that Citicorp informed the Treasury of its intentions two days earlier. But they made it clear that the initiative was Citicorp's alone.

"No one asked us to do it," Mr. Reed said. In addition to regulators, he said he informed his major competitors shortly before the announcement. "They understood our decision," Mr. Reed added. The move was taken after the Citicorp board yesterday reviewed the global economic situation and particularly the international debt problem. The bank didn't break down how much of the reserve would be allocated to foreign loans.

The sudden move, announced late yesterday, was presaged by a day of rumor in the New York markets. It means that Citicorp

Biggest Bank Losses

Largest quarterly losses by commercial banks

	LOSS (In millions)	QUARTER
Citicorp*	\$2,500	2nd 1987
Continental Illinois	1,160	2nd 1984
BankAmerica	640	2nd 1986
BankAmerica	338	2nd 1985
InterFirst (Dallas)	281	2nd 1986
InterFirst (Dallas)	249	2nd 1983
First City (Houston)	232	1st 1986

*Estimate

corp will report a loss of \$2.5 billion for the second quarter and an estimated loss of \$1 billion for the year after allowing for \$300 million to \$500 million in asset sales and other unusual gains. Last year, Citicorp earned \$1.05 billion, or \$7.13 a share. Total capital at year-end was \$21.53 billion.

The addition to reserves roughly equals the reduction that Citicorp will eventually have to take in its troubled foreign debt, some experts think. "That is close to what one has considered to be the market value for these kinds of credits," says Donald Crowley, a bank analyst at Keefe, Bruyette & Woods Inc., a New York bank-securities firm.

The Citicorp decision particularly increases the pressure on less well-capitalized U.S. banks with large loans to developing countries—such as Manufacturers Hanover Corp. and BankAmerica Corp., which are expected to be hard-pressed to come close to matching such a move. A spokesman for Manufacturers Hanover declined comment late yesterday.

Mr. Reed, who has established himself as something of a maverick leader, said

Citicorp wasn't trying to set a standard for other banks. But that flies in the face of the past, when the big U.S. banks sought to act in unison on the foreign-debt crisis. After such a huge, unilateral move as Citicorp's yesterday, cooperation between the big U.S. banks will probably be much more difficult.

"We don't believe everyone in the industry should do this," Mr. Reed said. He added that Citicorp's move won't alter its policy on dividends, which has been to increase them 8% to 10% annually.

By far the most vulnerable of the other major American banks is BankAmerica, which has been battered by huge loan losses since 1984 and has the lowest amount of equity capital among the top 25 banking companies. As of March 31, it reported \$1.98 billion of sovereign loans outstanding to Brazil alone, and \$1.39 billion to Mexico. If it were to establish reserves for the market value of Brazilian debt alone, it would report a loss of roughly \$750 million, or 18% of its total shareholders' equity of \$4.01 billion.

BankAmerica's very weakness may motivate regulators to adopt a lenient stance, allowing each bank to evaluate the same credits differently. But the markets will make their own determination, which will be reflected in the value of BankAmerica's stock and other securities. The ripple effects could include the sale of BankAmerica's big SeaFirst bank in Seattle, or renewed attempts to acquire the stricken giant.

But BankAmerica immediately signaled its determination to avoid further increasing reserves, at least for the time being. In a prepared statement, the company said its reserves "are appropriate for the asset mix in its overall portfolio. We are aware of no developments which would produce a need for adjustments to this reserve."

Citicorp's move could pose problems for the Reagan administration if it undermines confidence in banks exposed to Third World debt or in the administration's debt strategy, which encourages banks to lend to developing countries in exchange for economic reforms—the so-called Baker plan named after Treasury Secretary James Baker.

Official Position

But government officials were quick to interpret the move as a sign of strength, not weakness, on both fronts. They portrayed the Citicorp decision as an isolated one that was the bank's own idea, one that other banks need not follow, and one that will strengthen both Citibank's balance sheet and its ability to continue lending to the Third World.

Federal Deposit Insurance Corp. Chairman William Seidman said Citicorp's decision was "the appropriate thing for them to do under their particular circumstances. . . . Other banks have been and will be looking at their circumstances and reserving against it to the point they believe is appropriate."

Federal Reserve Board spokesman Joseph Coyne said yesterday's action was done "entirely at Citicorp's initiative." Although Fed officials were advised of the bank's plans, "it was their own judgment of what kind of reserve positions they should make," Mr. Coyne said. "We don't consider this a precedent for other banks."

A key to the response of the other major American lenders will be today's reaction by the financial markets to Citicorp's move. If the markets react favorably, on the ground that uncertainty has been reduced, other banks will be encouraged to establish higher reserves. The stock market has already been assessing Citicorp and the other big LDC lenders for unrecognized losses on troubled foreign loans.

"This will be the acid test," says Mr. Crowley of Keefe Bruyette. "It could be positive."

But first returns were negative. With rumors swirling before the announcement, Citicorp stock dropped \$1.625 to close at \$50.625 in late trading on the New York Stock Exchange yesterday. After the Big Board closed, the stock slipped further to \$48 bid in off-board trading, according to Jefferies & Co., a Los Angeles firm that makes a market in issues listed on the Big Board.

However, both major credit rating agencies endorsed the Citicorp move and said the big bank holding company's debt ratings wouldn't be changed.

Standard & Poor's Corp. called the decision "a positive response to a deteriorating situation," adding that Citicorp "is well positioned to restore earnings momentum and rebuild equity capital." And, it said, the move brings Citicorp's reserve protection "more in line with international peers, restoring confidence in the integrity of its balance sheet." S&P noted, however, that the move will reduce Citicorp's equity capitalization by nearly 25% and "create near-term funding uncertainties."

Moody's Investors Service said the move "merely adjusts the financial statements to more accurately reflect economic reality." It added that Citicorp's debtholder protection and "true economic capital remain consistent" with the current debt rating.

Because federal bank regulators count reserves for loan losses as part of an institution's capital, Citicorp's maneuver actually could improve its position. By establishing a huge loan-loss reserve, Citicorp doesn't lose any regulatory capital and, if the reserve is sufficient, the banking company probably won't have to write off against its income any future losses on Third World loans. Its action is similar to a manufacturer writing off an old plant of little value as a loss so that it won't have to deduct allowances for its depreciation in the future.

"It's a beautiful maneuver on their part," one observer says. "It should improve their income very markedly."

Short-Term Hazard

A top Treasury official, speaking on condition that he not be identified, conceded that "you may have a short-term problem." If the press, other banks and the markets interpret the Citicorp action as a blow to the Baker debt strategy or to bank soundness in general, But he insisted that "this sort of trend actually strengthens the banking system and strengthens its ability to participate in creative ways in new

good summary paragraph

5-20-87

Mr. Reed acknowledged that his bank's action "could be misconstrued as a bargaining tactic, as a willingness to take a hit," but he added, "It isn't. We aren't changing our [country-debt] negotiating policy, and we continue to support the Baker Initiative."

Other officials said that Citicorp, by adding to its loan reserves, was merely catching up with European banks with similar debtor-country exposures and thus removing worries that it might be too exposed to conduct major new lending.

The top Treasury official said Citicorp had assured the government that "they will continue to be international lenders, that they are in the international side for the long haul." He noted to the bank's public assurance of continued support for the Baker debt strategy and said "the added reserves will allow them to do more lending to countries that are performing" on their obligations.

The Treasury official said Citicorp's increase in loan reserves would provide a "sobering reality" for those developing countries "that felt they had the banks on the hook." He predicted that Citicorp will become "a tougher negotiator" and that the move "make it harder to muscle Citicorp." But he said that would be a problem only for debtor nations that aren't performing on promises tied to their loans.

Another Treasury official argued that by increasing its loan reserves, Citicorp—and any bank that follows suit—is putting itself in a stronger position to demand reforms in countries to which it lends—a key feature of the Baker plan. "It may make them a lot more selective about whom they put money up for. And in a sense, I guess, we consider that good for the Baker plan. This increases the ability of banks to ask for conditionality. They can say, 'We're not afraid of you putting off paying interest for a while. And for those of you [debtor countries] who are willing to go down a certain path [to economic reform], we stand ready to lend you more money.'

"So on a selective basis, it increases the attractiveness of providing additional funds, by giving them a better negotiating stance. And I suppose that will also put additional pressure on countries to conform to it [the Baker plan]."

The way banks have handled foreign debt is controversial. Citicorp's decision crimps what the chairman of one major West Coast bank has termed "the world's largest Ponzi scheme"—with banks lending new money to enable borrowers to service old debt.

The major American banks, led by Citicorp, argued throughout the 1980s that their troubled foreign creditors could restructure their economies and repay huge amounts of bank debt, if given additional loans and sufficient time. But since Brazil declared a moratorium on interest on its bank debt last February, a growing number of banks, regulators and analysts—and the stock market—have concluded that billions of dollars of losses are inescapable and will be realized over time.

The Citicorp decision raises the stakes in the banks' war of nerves with Brazil, the developing world's biggest debtor. Brazil recently suggested that it may extend its suspension of interest payments to cover all its debts to foreign governments, as well as its foreign-bank debt. Brazil and its creditor banks probably will begin debt talks later this summer, and Citicorp's move shows Brazil that, if necessary, the bank could afford to write down its Brazilian loans.

A small but expanding market in troubled LDC debt has steadily indicated that loans to troubled countries, particularly in Latin America, were worth at least one-third less than the value carried on the major banks' books. The stock market, in assigning big American banks extraordinarily low price-to-earnings multiples, has already assumed that there are billions of dollars of unrealized losses on their books. Many regional banks and large European lenders have reserved for most of their losses on such loans, but regulators until now have allowed the major American lenders to ignore their actions.

Citicorp fired a salvo on Third World

this newspaper in February. Mr. Reed put the world on notice that he wouldn't continue with his predecessor's softer approach to the debt crisis.

"It's a crummy world out there," Mr. Reed said. On March 13, Citicorp said it might put its medium- and long-term loans to Brazil on a so-called cash basis, because of doubts about their collectability. Under this procedure, interest payments accrue to earnings only when actually received.

Several major banks got the message, and put certain Latin loans—mostly Brazilian—on nonaccrual status. And in April, Citicorp put \$3.8 billion of its Brazilian loans on nonaccrual, slashing first-quarter earnings by \$53 million.

Asked at a news conference yesterday how Citicorp's board arrived at the \$3 billion figure, Mr. Reed said: "Obviously, it's a judgment call; any number with nine zeros can only be approximate. We're clearly costing stockholders a year's earnings."

Although huge, the sum is a fraction of Citicorp's developing-country loans. In Brazil, it is the largest lender, with about \$4.6 billion in loans. It has lent \$2.8 billion to Mexico, \$1.8 billion to the Philippines and \$1.4 billion to Argentina.

In reply to a question at the news conference about how much of the reserve will

A Look at Citicorp's Loan Portfolio

(In billions of dollars, as of Dec. 31, 1986)

DEBTOR NATIONS	TOTAL FOREIGN DEBT	ESTIMATED BANK DEBT	MONEY OWED CITICORP ¹	LOANS AS A PERCENT OF CITICORP'S PRIMARY CAPITAL ¹
Brazil	\$108.0	\$77.3	\$4.6	34.1%
Mexico	100.3	76.7	2.8	20.7
Argentina	49.8	34.5	1.4	10.4
Venezuela	35.3	30.0	1.1	8.2
Philippines	26.7	15.0	1.7	12.6
Chile	21.4	14.8	.6	4.4

¹Citicorp is the biggest bank lender to Brazil and Mexico, although some other U.S. banks have lent sums to these countries equivalent to a higher percentage of their primary capital. Manufacturers Hanover Corp. has lent more than Citicorp to Argentina and Chile, and BankAmerica Corp. and Chase Manhattan Bank have lent more than Citicorp to Venezuela.

²Primary capital is defined as total equity, plus loan loss reserves plus notes and debentures subordinated to deposits.

Source: Morgan Guaranty Trust Co., Citicorp quarterly reports, Keefe Bruyette & Woods Inc.

probably be used to cover loan losses, Mr. Reed said, "That's very flaky, very judgmental. Over three years we might use as much as a billion dollars."

Why did the 48-year-old Mr. Reed take this step now?

"The marketplace has been marking down these bank stocks to extremely low levels," speculates Mr. Crowley, the Keefe Bruyette analyst. "It doesn't believe the

banks' earnings and balance sheets. What Reed is doing is facing up to that. Clearly, Reed, contrary to Wriston before him, has really looked upon the foreign exposure as a problem that needs to be faced straight on rather than finessed."

Mr. Crowley adds, "Obviously, Reed is very young. He has another 20 years to serve at Citi. He can take the long view."

THE WHITE HOUSE

WASHINGTON

May 20, 1987

MEMORANDUM FOR KEN DUBERSTEIN

From: David L. Chew *DL*

At a recent 8 a.m. staff meeting, there was comment on the large number of hortatory resolutions passed by the Congress. These resolutions require the President's signature and that he issue a proclamation honoring this or that day, this or that week or month, this or that group or issue.

These resolutions are treated like enrolled bills, requiring the executive clerk's office and OMB to do a substantial amount of work.

In response to the request for additional information on this topic, Ron Geisler prepared the attached memorandum outlining how these resolutions have increased over time. Ron also included in his memo cost figures, but his numbers only cover the actual printing costs. Not covered are the manpower and related costs that in all likelihood represent the most significant cost to the government.

While this is not a pressing issue, it does deserve consideration. Perhaps, at an appropriate point, Will could raise this issue with the Congressional leadership to elicit their support in holding down the number of hortatory resolutions. Obviously, it will be most difficult to roll back those annual proclamations for the groups who are now accustomed to receiving them, but we should make a good-faith effort to keep this number from growing too rapidly in the future.

Attachment

cc: Rhett Dawson
Tom Griscom

THE WHITE HOUSE
WASHINGTON

DC
weren't you looking
into this?

3 points

1. largest growth (on a curve)
is during years of President
Reagan

2. did anyone here complain?
D. Oglesby apparently would not
take issue on

3. Task Ball to make quiet
private noise on Hill - most
effective preliminary effort.

THE WHITE HOUSE

WASHINGTON

May 7, 1987

MEMORANDUM FOR:

RHETT DAWSON .

FROM:

Ron Geisler
RONALD GEISLER
Executive Clerk

SUBJECT:

Proliferation of Congressionally Requested
Hortatory Proclamations

The following table shows the number of congressional joint resolutions passed since the 94th Congress (1975) that requested presidential issuance of hortatory proclamations and shows the accelerating rate of increase of such requests. Note that the number of requests doubled in each succeeding Congress through the 98th and continued to increase thereafter.

<u>Congress</u>	<u>Number of Joint Resolutions Requesting Proclamations</u>	<u>Percentage of Increase Over Previous Congress</u>
94th (1975-1976)	10	-
95th (1977-1978)	20	100%
96th (1979-1980)	39	95%
97th (1981-1982)	78	100%
98th (1983-1984)	155	99%
99th (1985-1986)	222	43%
100th (thru May 6, 1987)	20	

In addition to the one-time proclamations issued as a result of the above requests, the President, by long-standing tradition or long-standing law, issues annually a number of other proclamations (e.g., Thanksgiving Day since President Washington and National Day of Prayer since law of 1952, respectively). Also, the President occasionally, but rarely, will issue a proclamation on his own initiative. On average, there are approximately 50 proclamations issued annually from these three categories.

The table below shows the total number of hortatory proclamations issued by year, the approximate number of Federal Register pages of print, and their approximate printing costs since the beginning of this Administration, which were paid from White House appropriations.

<u>Year</u>	<u>Total Number of Hortatory Procs. Issued</u>	<u>Approximate Total Register Pages of Print</u>	<u>Approximate Total Register Printing Costs*</u>
From 1/20/81	64	78	\$31,824
1982	108	140	57,120
1983	123	171	69,768
1984	146	197	79,170
1985	122	185	72,150
1986	160	223	85,725
thru 5/6/87	<u>50</u>	<u>75</u>	<u>28,125</u>
	773	1,069	\$423,882

It must be noted that the above figures reflect only the final Federal Register printing costs. This is not a cost study of staff time required by the Congress and its committees, the OMB, the proclamation-drafting department or agency, the White House staff, the Office of the Federal Register, the Government Printing Office, and the National Archives.

* Printing rates subject to fluctuation from fiscal year to fiscal year

THE WHITE HOUSE
WASHINGTON

May 26, 1987

DC
Therker
Platt

Rhett

Per your instructions, I have talked with Frank Lavin and he is incorporating these points. Please note, however, many of my comments apply to direct-mail fundraising letters, not the endorsement letters, which is the subject of this understanding. Perhaps there should be a similar effort for all political fundraising letters, though Lavin was not receptive to this.

I have asked to look at the draft understanding before it comes back to you for final approval.

David

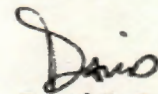
David L. Chew

THE WHITE HOUSE
WASHINGTON

May 26, 1987

Frank Lavin

Per our phone conversation,
attached are my notes on the
endorsement letter guidelines.
Hope they are helpful. I'd be glad
to look at the next draft before it
does to Rhett.



David L. Chew

Attachment

THE WHITE HOUSE
WASHINGTON

DO
Sgt. Could you
please see that
you cannot see
deported? If
this might be a prob.
we can discuss further.
TX
Mutt 5/21

THE WHITE HOUSE

WASHINGTON

May 21, 1987

MEMORANDUM FOR RHETT DAWSON

FROM:

FRANK LAVIN *Flk L. L.*

SUBJECT:

Guidelines for Endorsement Letters

Based on our meeting last month, OPA has drawn up the attached guidelines for Presidential endorsement letters after consultation with IGA and Counsel's office.

I think you will agree that this will put a procedure in place for dealing with endorsement letters that will safeguard the President's signature as well as allow us to assist Republican candidates to the extent possible. I think we have incorporated all points of concern into the guidelines. Of course, we stand ready to modify these guidelines as desired.

Incidentally, we will soon be submitting our first request for a letter under the new guidelines: for our candidate in the Jacksonville (FL) mayor's race.

5/22/87
Rhett - p/s see my comments.
This is ok as far as it goes, but the real
problem areas are not addressed here.
D.C.
Commit?
David

Guidelines for Endorsement Letters

1. Any White House Office or outside individual or group may initiate the endorsement request by referring it to OPA. The appropriate OPA regional officer will review the request against the following criteria:
 - A. Is the candidate a Republican in good standing? Is he supportive of the Administration? OPA will also vet the proposal with RNC/state party to ensure local sensitivities are taken into account.
 - B. Importance of the race:
 - We will try to provide an endorsement letter for selected House, Senate and Gubernatorial candidates who request them.
 - We will not provide letters of endorsement to any candidates pre-primary.
 - *Although it is not the R's purview to be involved in state & local races,* We will consider letters, based on the RNC's recommendations, in targeted state legislative and local races, where the control of a chamber is at stake or there are other reapportionment/local considerations. The White House will have final approval of every letter to ensure proper use of the President's signature.
 - We will examine the competitiveness of the race. Does the Republican have a chance? Is it close enough that a letter from Ronald Reagan would make a difference?
 - Saturation. For what other races in the same or overlapping jurisdiction will there be a letter?
 - Candidate's special relationship with the President: Did he serve in the Administration or in the Presidential campaign?
 - In order to minimize the burden on White House staff, we will be more strict with this criteria in the fall of 1988 than in off-year and special elections.

2. OPA will draft a text for endorsement letters.
3. OPA will refer letter to Staff Secretariat. Staff Secretariat will clear letter through Counsel's office and through WHLA (Federal races) or IGA (state & local races).
4. OPA staff will meet with appropriate Public Liaison and Legislative Affairs staff to ensure a standard White House procedure on all letters.

. Endorsement letters will not ask for contributions

. RR will never ask for \$- never, as a general rule, cite a specific dollar figure as possible donation. Never imply knowledge of past specific ~~giving~~ contribution history.

. RNC, RSCC, NRCC all get 1 major letter in ~~off~~ year - 2 in major year.

. No return envelope to WH, no pledge/donation card directed to RR → "Mr P - I am pleased to contribute (then check a box)

. WH demands total, absolute and complete control of the text. The text of the letter shall be Presidential at all times. ~~to~~

. The entire mailing package, including return envelopes ~~and~~ and all items in the mailing must be submitted in draft for WH approval. Blue line must be submitted for all items in the mailing. Blue line must be letter perfect. Any change ~~and~~ ^{at} blue line stage will require an entire, new

Blue line to be submitted.

- OPA should allow at least 72-96 hours for staffing of initial approval
- OPA will not ~~approve~~ ^{give the} campaign any approval to print or run except by written approval from Asst. to IP for Operations



D.C.
← Commit?



to DC
05/21-
saw

Guidelines for Endorsement Letters

1. Any White House Office or outside individual or group may initiate the endorsement request by referring it to OPA. The appropriate OPA regional officer will review the request against the following criteria:
 - A. Is the candidate a Republican in good standing? Is he supportive of the Administration? OPA will also vet the proposal with RNC/state party to ensure local sensitivities are taken into account.
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THE WHITE HOUSE
WASHINGTON

May 27, 1987

MEMORANDUM FOR KEN DUBERSTEIN
RHETT DAWSON

FROM: DAVID L. CHEW 

You had asked for a memorandum to the President, following up on his request, on the large increase in the number of Congressional Hortatory Joint Resolutions.

Given the President's workload, I don't think it makes sense to give him a memorandum on this issue before the Summit. Ron Geisler is getting the needed information, and the memorandum for the President should be ready for Rhett's review when he returns from the Summit.

THE WHITE HOUSE

WASHINGTON

May 28, 1987

MEMORANDUM FOR RHETT DAWSON

FROM: DAVID L. CHENEY *pal*

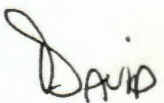
The Summit briefing books don't cover the legislative status and outlook on trade or budget. To get the President up to speed on these topics for the Summit, you may wish to devote a good portion of the next Issues Lunch to a discussion of their legislative status and next Congressional steps (and time frames). (Trade is supposed to be up in the Senate just as the President gets back from Europe.) This would insure the President has the latest timing details as he discusses these subjects with ~~with~~ the other heads of State. An alternative would be to have Will Ball prepare a one pager on each issue and provide the President the information that way.

THE WHITE HOUSE
WASHINGTON

June 1, 1987

Rhett

The anniversary of D-Day occurs while the President is in Europe. I bet the NSC will propose a written Presidential statement for that day. You may want to check, see what their intentions are, then get it pre-cleared (if there is one) so you won't have to fool with it on the road.


David L. Chew

- * What is the one thought or message you would hope that the American people remember about the President's trip to Europe?

- What should the European audiences remember?

- * The Economic Summit usually has an economic and a political component to it. What is the one point the U.S. most wants to achieve?

- in the economic arena?

- in the political arena?

- * In both the economic and in the political areas, what is the one point the U.S. most hopes to avoid?

- * The U.S. would consider the Economic Summit a "success" if

- * The U.S. would consider the Economic Summit a "failure" if

- * Forty years ago the U.S. proposed the Marshall Plan. The President plans to commemorate that anniversary during his European trip. Why is the Marshall Plan, a 40-year-old idea, important today?

- * What is the one proposal that the Soviets could announce, following the June 4th FRG announcement but before the Summit, that would cause the U.S. difficulty? (Does the Cessna incident make that more or less likely?)

- * Economic Summit -- was it a success/failure
 - Terrorism cooperation
 - Persian Gulf/re flagging/allied cooperation
 - Agriculture
 - Macro economic cooperation
 - Sullivan principles/disinvestment/Summit South Africa statement
 - Semiconductor announcement
 - AIDS
- * European Trip success/failure
 - Meeting with the Pope
 - Berlin initiative
- * German's June 4th announcement
- * British Election results
 - What if Mrs. Thatcher loses?
- * Budget agreement?

THE WHITE HOUSE

WASHINGTON

June 15, 1987

MEMORANDUM FOR KEN DUBERSTEIN
RHETT DAWSON

FROM: DAVE CHEW *Spino*

SUBJECT: Vacation

So that you might know my vacation plans, I plan to be gone as follows:

Leave	July 2, Thursday (leave late in the day)
Return	July 7, Tuesday (be in the office)

Leave	Aug 16, Sunday
Return	Aug 25, Tuesday (be in the office)

If there is a problem with any of these dates, please let me know.

June 17, 1987

Original sent to Higgins Office

Hay
Management
Consultants

The Honorable David Cnew
Staff Secretary and Deputy Assistant
to the President
The White House
Washington, D.C. 20500

Dear David:

Sorry to ask for a favor -- but would it be possible to get a picture of the President autographed -- "with best wishes" -- for my sister and her husband? Just one of the "usual" will be great if it's possible. They continue to be big fans of his, and, of course, are life long Republicans.

The address:

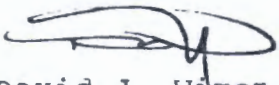
Mr. and Mrs. Dean Barclay
1510 S.W. Park Terrace
Albany, Oregon 97321

If it could be prepared . . .

To Nancy and Dean Barclay
with my best wishes

Many thanks.

Warmest personal regards,



David J. Wilmer
Executive Vice President

THE WHITE HOUSE
WASHINGTON

7/8/87

For routine handling from
David Chew.

Summary of Heritage Report

The plan calls for the President to go on the offensive in two broad areas: economic growth and quality of life (traditional values). These two broad areas quickly translate into eight specific issues. These issues are summarized as follows:

I. Economic Growth Issues

Budget Reform

- o Commit to GRH Target Renewal
- o Submit a Budget Reform & Accountability Act (just what you think it would be)
- o Announce a Presidential No-Tax-Increase pledge and a commitment to concurrently talk about a further lowering of taxes

Privatization

- o Launch a major Administration commitment to privatization
- o Use the privatization of public housing as leading example (would require legislation)
- o Explore privatization of Amtrack and Postal Service
- o Appoint new OMB Privatization Associate Director
- o Creation of a Privatization Office in each Department
- o Appoint a Presidential Privatization Commission chaired by VP (Commission to hold nationwide hearings)
- o Conduct a WH Conference on Privatization (ala Drug Conference)

Competitiveness -- Emphasize "Productivity & New Consumerism"

- o Vigorously encourage further deregulation
- o Repeat no tax increase pledge in competitiveness context
- o Oppose legislative proposals to increase labor costs (ala minimum wage; mandated benefits, etc.)
- o Go after consumer advocates like Nader on failure to speak out about protectionism
- o Issue consumer impact statements on pending legislation
- o Appoint an Advisory Business Council on Competitiveness
- o Adopt a President's Competitiveness Award that highlights outstanding businesses (lawyers will object to this)

II. Traditional Values/Quality of Life

Welfare Reform

- o Commit to the principle of State/Community flexibility
- o Hold 10/15 Town Welfare Meetings, President to attend some
- o Have Presidential TV "fireside" chat on Welfare Reform
- o Support tough child support enforcement

Drug Free America

- o Utilize WH Drug Conference effectively
- o Commit to legislation that says fund only those anti-drug programs that actually work
- o Mandatory drug testing for sensitive jobs, other testing as social/economic costs warrant
- o Administration should jawbone for drug tests to be a condition of employment in the private sector
- o Main emphasis should be on reducing demand for drugs
- o Show linkage between drugs and crime
- o Show drug use as unfashionable (as First Lady has done)

Pro-Life Legislation

- o Active, direct, Presidential support for the Administration's bill
- o President to reference abortion in upcoming speeches
- o Presidential Address to Concerned Women for America on abortion
- o Veto Grove City bill if necessary

Excellence in Education

- o Call for higher teacher standards and student performance
- o Have Bennett set up Advisory Business Council for Education (to identify shortcomings in the educational system)
- o Develop a new strategy for voucher legislation emphasizing importance to low income minorities
- o Have Oval Office meetings with inner city school principals to promote the voucher plan

AIDS

- o Demonstrate Administration is taking control of the crisis by thematically:
 - getting the facts out, Federal government to act as clearinghouse
 - showing compassion to those with the disease
 - recognizing public health concerns must take precedence over privacy issues
- o Coordinate with Presidential Commission on AIDS
- o Find ways of dealing with the financial burden of those who have the disease
- o Mandatory testing for certain occupations and localities with high incidence of the disease
- o Urge local officials to crack down on prostitutes, bathhouses, certain bars, and heroin use

The proposal presents these offensive issues from the perspective of a ten year political agenda, one that will put RR on the offensive, shows he intends to influence the agenda after he leaves office and will keep his critics on the defensive.

The proposal calls for the adoption of a political strategy rather than a legislative strategy. The proposal indicates that these issues should be enjoined knowing that some may go down to legislative defeat. But because the political battle requires a longer time frame to build grassroots support, there is an important value in having the President speak out on and be visible on these issues, even though he may lose legislatively.

In addition to these offensive issues, the proposal recognizes that some defensive actions will be needed to keep gains from being eroded. Those items where defensive action is needed are summarized as follows:

No New Taxes

- o Announce a veto strategy that says:
 - President will veto any appropriations bill significantly over his Budget request
 - President commits to not signing any omnibus CR
- o Veto any bill with a tax increase, with strong veto message language that condemns wasteful spending and naming congressmen who voted for it
- o Better utilize the Grace Task Force
- o Renew efforts to get each Congressman to take the "No Tax Increase Pledge"
- o Better utilize anti-tax groups with regular strategy sessions at the WH
- o Call for further tax reduction and point out "tax gap" costs for industry between Japan and U.S. tax systems

Medicare & Catastrophic Illness

- o Designate OMB as lead agency, not HHS
- o Recognize that some bill will pass, so Conservatives should not oppose the issue outright
- o Mobilize now to fight the inevitable national health insurance battle
- o Support tax law changes for medical IRA's
- o Work with Governors to develop state risk pools for the uninsurable
- o Seriously consider requiring individuals to have as a pre-condition for an employer to hire that person catastrophic health insurance

Energy Security

- o Action is necessary to avoid pressure for oil import fee
- o Announce an Energy Security Strategy to unshackle the domestic oil industry. Repeal Windfall Profits and Fuel Use Acts, ease access to federal lands, decontrol natural gas, repeal transfer rule and permit G&G expensing. Submit legislation to provide graduated drilling tax credit; deferral of payment on Federal leases and reduced royalties on stripper wells
- o Put Saudis on notice not to manipulate oil price and threaten embargo if they do
- o Publicize the Congressional and Saudi impediments to U.S. Energy Security

Deregulation

- o President should speak to the importance of further deregulation
- o Reappoint Deregulatory Commissioners at Agencies
- o Require Job Impact & Consumer Impact Statements on pending legislation
- o Make new deregulatory proposals
 - Privatize the airport traffic control systems
 - Additional trucking de-regulation
 - Antitrust reforms
 - Eliminate restraints on Baby Bells
 - Consider anti-takeover measures

Homelessness

- o A Presidential counter attack is needed
- o Challenge Mayors and local others to show their compassion on this issue

The Family

- o Must keep the family as our issue
- o Strongly oppose mandated benefits legislative proposals
- o Utilize business groups to do so
- o Introduce "Guilt" and business profitability concerns to oppose these proposals
- o Raise these issues at NFIB speech

Campaign Finance Reform

- o Oppose taxpayer financing of elections
- o Oppose new PAC limits
- o Require full disclosure of all political activities

Labor Union Activities

- o Overturn Justice Department amicus brief supporting compulsory union dues
- o Publicize drawbacks of compulsory union dues
- o The Hobbs Act makes it a crime to obstruct interstate commerce through robbery or extortion. Press for an amendment that says union actions must be considered (overturns a 1973 Supreme Court decision).
- o Oppose NEA by supporting education reforms they don't and ask FTC to explore antitrust aspect of teacher certification

In addition to these offensive and defensive issues, the proposal highlights a number of targets of opportunity that should be pursued. In summary they are:

- o Good appointments to the Supreme Court and other Federal bench openings
- o Submit anti-pornography legislation now sitting on Meese's desk
- o Quid pro-quo that the state gets the Superconducting supercollider must also take the nuclear waste disposal site
- o Seek Federal designation of existing 100-state designated enterprise zones. If legislation for Federal designation fails, do so by executive order. Have RR give a speech on this issue.
- o Commit to program of Human Exploration of Mars by 21st century

The proposal also calls for the President to take the initiative through a number of administrative actions. These actions are:

- o Issue Executive Orders to:
 - Prohibit sale of pornographic publications at Federal installations
 - Require job impact statements on all proposed economic legislation
 - Prohibit import of products made by Soviet slave labor
- o Be sure the remaining personnel selections are committed to the Reagan agenda
- o To motivate key personnel pass out W.H. event invites, AFL rides, Kennedy Center box invites, and other W.H. perks to PAS and SES appointees.

To implement these offensive and defensive issues, the targets of opportunity and administrative actions, the proposal has several specific recommendations about implementation:

- o Active Presidential involvement in these activities is essential
- o Improved W.H. staff coordination is critical. W.H. Project Coordinators should be assigned to each initiative, time frames for action should be set and followed up
- o Cribb recommendations on Improved Executive Branch Coordination should be adopted.
- o Attention must be paid to OMB priorities for FY'89 Budget.
- o A Domestic Policy Decision Directive System like the NSC's NSDD system should be implemented
- o Improved agency coordination and discipline is necessary
- o Early participation and consultation with key Hill members and interest groups is essential

In addition, the proposal contains specific, action steps, time frames and staff responsibilities for each issue that is recommended for action.

THE WHITE HOUSE

WASHINGTON

June 19, 1987

JIM HOOLEY

The person in Melbourne, FL who would like to be able to see the President as we discussed is Charlie Cullen at 305/259-0982. Whatever is appropriate, within reason, would be appreciated. No need to actually meet the President.

David Chew