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Last Updated: 11/05/2024

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ID # 287702

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- ☐ X-MEDIA
☐ H-INTERNAL

Name of Document: BRIEFING PAPERS
FOR PRESIDENT'S
SCHEDULED
APPOINTMENTS FOR

FEB 02 84

Subject Codes:

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- 1) Subject: Schedule for the National Prayer Breakfast at the Washington Hilton Hotel.
- 2) Meeting with Richard Schifter, U.S. Representative to the United Nations Human Rights Commission
- 3) Lunch with Republican Members of the House and Senate in the Senate Caucus Room of the Russell Building on Capitol Hill.
- 4) Interview with ~~the~~ Wall Street Journal editors and reporters of the
- 5) Ceremony to present a \$9 million grant to Tuskegee Institute for construction of the General Daniel "Chappie" James Center for Aerospace Science and Health Education.

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

Referral Note:

Page 2 of 3

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6) Subject: Ceremony honoring Black History Month.

7) Presentation by the Boy Scouts of America of the Report to the Nation.

8) Meeting with Secretary of the Navy, John Lehman, to receive a model of the battleship USS New Jersey as a birthday gift.

9) Meeting with the ~~USA~~ members of the Export Import Bank of the United States to commemorate its Fiftieth Anniversary.

10) Meeting with Ambassador-designate to the Holy See (the Vatican), William A. Wilson.

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

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Page 3 of 3

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1) Subject: Meeting with Congressman
Edwin Bethune to discuss the
senatorial race in Arkansas

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

Referral Note:

THE SCHEDULE OF PRESIDENT RONALD REAGAN



Thursday, February 2, 1984

7:20 am	<u>The President and Mrs. Reagan Depart for the National Prayer Breakfast at the Washington Hilton (Henkel)</u>	South Grounds
	(TAB A)	
9:25 am	<u>Arrive Back at White House</u>	South Grounds
9:30 am (30 min)	<u>Staff Time</u> (Baker/Meese/Deaver)	Oval Office
10:00 am (15 min)	<u>National Security Briefing</u> (McFarlane)	Oval Office
	(TAB B)	
10:15 am (15 min)	<u>Meeting with William Casey</u> (McFarlane)	Oval Office (available later)
10:30 am (60 min)	<u>Personal Staff Time</u>	Oval Office
11:25 am	<u>Depart for Lunch with House and Senate GOP (Henkel/Tutwiler)</u>	The Capitol
	(TAB C)	
1:40 pm	<u>Arrive back at White House</u>	South Grounds
1:45 pm (30 min)	<u>Briefing for Interview</u> (Speakes)	Oval Office
	(TAB D)	
2:15 pm (30 min)	<u>Interview with Wall Street Journal</u> (Speakes)	Oval Office
2:50 pm (10 min)	<u>Presentation of Grant to Tuskegee Institute (Fuller)</u>	Oval Office
	(TAB E)	
3:00 pm (10 min)	<u>Ceremony Honoring Black History Month (Fuller/Whittlesey)</u>	East Room
	(TAB F)	
3:10 pm (50 min)	<u>Personal Staff Time</u>	Oval Office
4:10 pm (30 min)	<u>Personnel Time</u> (Herrington)	Oval Office
4:30 pm (30 min)	<u>Administrative Time</u>	Oval Office
	1. Boy Scouts National Report (Whittlesey) 2. Presentation of Model of U.S.S. New Jersey (Hickey) 3. Directors of Export-Import Bank (Fuller) 4. Photo with William Wilson (McFarlane) (available later)	(TAB G)
5:00 pm (30 min)	<u>Haircut</u>	W. Basement

Received S S

1984 FEB -1 PM 4: 25

7:20 am

(TAB A)

9:25 am

South Grounds

9:30 am
(30 min)

Oval Office

10:00 am
(15 min)

(TAB B)

Oval Office

10:15 am
(15 min)

Oval Office
(available later)

10:30 am
(60 min)

Oval Office

11:25 am

(TAB C)

The Capitol

1:40 pm
1:30

South Grounds

~~1:45~~ pm
(30 min)

(TAB D)

Oval Office

2:15 pm
(30 min)

Oval Office

2:50 pm
(10 min)

(TAB E)

Oval Office

3:00 pm
(10 min)

(TAB F)

East Room

3:10 pm
(50 min)

Oval Office

4:00 pm
(30 min)

Oval Office

4:30 pm
(30 min)

Oval Office

1. Boy Scouts National Report (Whittlesey)
2. Presentation of Model of U.S.S. New Jersey (Hickey)
3. Directors of Export-Import Bank (Fuller)
4. Photo with William Wilson (McFarlane) (available later)

(TAB G)

5:00 pm
(30 min)

Haircut

W. Basement

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

DCF



Thursday, February 2, 1984

7:20 am	The President and Mrs. Reagan Depart for the National Prayer Breakfast at the Washington Hilton (Henkel)	South Grounds
9:25 am	Arrive Back at White House <i>9:40-</i>	South Grounds
9:30 am (30 min)	Staff Time <i>9:40-</i> (Baker/Meese/Deaver) <i>9:55 BUSH-</i>	Oval Office
10:00 am (15 min)	National Security Briefing <i>10:04-</i> (McFarlane), EM, JB, SCHIRAC & ADES	Oval Office
10:15 am (15 min)	Meeting with William Casey <i>10:18 - 10:40</i> (McFarlane)	Oval Office (available later)
10:30 am (60 min)	Personal Staff Time	Oval Office
11:25 am	Depart for Lunch with House and Senate GOP (Henkel/Tutwiler)	The Capitol
1:40 pm	Arrive back at White House <i>1:28</i>	South Grounds
1:30 pm (30 min)	Briefing for Interview <i>1:32-</i> (Speakes), DON REGAN, STOCKMAN, JR, <i>BUSH</i> <i>PELOUSEY, DARRMAN, FULLER, FITZWATER, McFarlane, Roussel</i>	Oval Office
2:15 pm (30 min)	Interview with Wall Street Journal <i>2:22-</i> (Speakes), JB, SPEAKES	Oval Office
2:50 pm (10 min)	Presentation of Grant to <i>3:00-3:06</i> Tuskegee Institute (Fuller)	Oval Office
3:00 pm (10 min)	Ceremony Honoring Black History Month (Fuller/Whittlesey)	East Room
3:10 pm (50 min)	Personal Staff Time <i>3:30 -</i>	Oval Office
4:00 pm (30 min)	Personnel Time <i>4:19 -</i> (Herrington), BECKY DUNLOP	Oval Office
4:30 pm (30 min)	Administrative Time <i>4:31-5:00</i> 1. Boy Scouts National Report (Whittlesey) 2. Presentation of Model of U.S.S. New Jersey (Hickey), 3. Directors of Export-Import Bank (Fuller) 4. Photo with William Wilson (McFarlane) (available later) 5. CONGRESSMAN ED BETHUNE (RICK), JB, TUTWILER	Oval Office (TAB G)
5:00 pm (30 min)	Haircut <i>5:00 -</i>	W. Basement

*Task
New*

5:42 - RESIDENCE

THE WHITE HOUSE

WASHINGTON

February 2, 1984

MEMORANDUM FOR DAVE FISCHER

FROM: DENNIS THOMAS 

The following Member of Congress was in attendance in the Oval Office today, February 2, when the President made a Grant Presentation to the Tuskegee Institute:

Congressman Bill Nichols (D-Alabama)

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

THURSDAY, FEBRUARY 2, 1984

EVENT: National Prayer Breakfast
DRESS: Men's Business Suit, Ladies Afternoon Dress
WEATHER: Partly Cloudy, Low 30's

7:15 a.m. Accompanied by Mrs. Reagan, proceed to motorcade for boarding.

7:20 a.m. Accompanied by Mrs. Reagan, depart The White House en route Washington Hilton Hotel. Drive Time: 10 mins. In Limo: J. Baker

7:30 a.m. Accompanied by Mrs. Reagan, arrive Washington Hilton Hotel and proceed inside.

Accompanied by Mrs. Reagan, proceed to Ante Room, meet with International Guests and be led in prayer.

7:40 a.m. Accompanied by Mrs. Reagan and escorted by the host party, proceed to Cabinet Room to greet head table guests and be led in prayer.

7:55 a.m. Accompanied by Mrs. Reagan, proceed to holding room.

NOTE: The head table guests will be escorted to International ballroom.

7:58 a.m. Accompanied by Mrs. Reagan, proceed to International Ballroom off-stage announcement area.

Announcement (off-stage)

Accompanied by Mrs. Reagan, proceed to head table and remain standing.

8:00 a.m. Opening song.

Breakfast is served.

8:05 a.m. Introductory remarks.

8:07 a.m. Opening Prayer given by The Vice
 President.

 Breakfast continues.

8:20 a.m. Welcoming remarks by Sen. Mark Hatfield.

8:24 a.m. Message from the U.S. House Prayer
 Breakfast Group.

8:27 a.m. Old Testament Reading

8:32 a.m. Solo

8:36 a.m. Statement of Purpose from U.S. Senate

8:39 a.m. New Testament Reading

8:44 a.m. Prayer for National Leaders

9:02 a.m. Senator Mark Hatfield makes introduction

9:03 a.m. Proceed to podium for remarks.

 Closing Prayer and Song.

9:10 a.m. Accompanied by Mrs. Reagan, proceed to motorcade for
 boarding.

9:15 a.m. Accompanied by Mrs. Reagan, depart en route The White
 House. Drive Time: 10 mins. In Limo: J. Baker

9:25 a.m. Accompanied by Mrs. Reagan, arrive The White House.

B

THE WHITE HOUSE

WASHINGTON

February 1, 1984

MEETING WITH RICHARD SCHIFTER
US Rep to UN Human Rights Commission
 DATE: February 2, 1984
 LOCATION: Oval Office
 TIME: 09:30-09:35 a.m.

FROM: ROBERT C. MCFARLANE


I. PURPOSE

To receive quick rundown of key issues facing new session of UN Human Rights Commission (UNHRC) and assure Schifter of your continuing support. Meeting will highlight your strong commitment to human rights and provide an excellent followup to your very successful Human Rights Day ceremony in December.

II. BACKGROUND

Fortieth session of UNHRC begins February 6 in Geneva. Schifter, who lost both parents in the Holocaust, has been US Representative since 1983. You have agreed to accord him personal rank of Ambassador, which will mark the first time our delegation head has had this rank. (His credentials will not be ready in time for this meeting.)

III. PARTICIPANTS

The President
 The Vice President
 Robert C. McFarlane
 Elliott Abrams, Assistant Secretary of State for
 Humanitarian Affairs
 Richard Schifter, US Representative to UNHRC
 Steven E. Steiner, NSC Staff

IV. PRESS PLAN

No press coverage. Photo by White House photographer. Presidential Statement to be released following meeting.

cc: Vice President
 Edwin Meese
 James Baker
 Mike Deaver

February 2, 1984

PRESIDENTIAL STATEMENT: MEETING WITH RICHARD SCHIFTER,
U. S. REPRESENTATIVE TO UN HUMAN RIGHTS COMMISSION

On February 6 in Geneva, the United Nations Human Rights Commission will open its 40th Session. This important world forum, which authored the Universal Declaration of Human Rights in 1948, will meet once again to focus on allegations of human rights violations around the world. It will address a number of important human rights concerns, including the situations in Central America, Afghanistan and Poland, as well as Soviet abuse of psychiatry. Those deprived of their human rights must have the support of all of us who cherish freedom.

We Americans are bound together not by common ancestry, but by our common blessing of freedom. But too often we forget the price that was paid to win that freedom. Sometimes only a person who has experienced tyranny can fully appreciate freedom's blessings. Such a person is the U.S. Representative to the Human Rights Commission, Richard Schifter, who briefed me today on the Commission's work.

Dick Schifter came to this country as a very young man fleeing Nazi tyranny. Many members of his family, including his father and mother, perished in the Holocaust. From bitter personal experience, Dick understands the meaning of human rights. He knows that the difference between a free and an unfree society can be the difference between life and death. And he also knows that the struggle for human rights is a solemn responsibility and a moral duty of all who love freedom.

As our Representative to the Commission, Dick Schifter has spoken with eloquence and pride of America's commitment to liberty, democracy and human rights. And he has always insisted on standards of fairness and balance in the UN treatment of human rights.

The great struggle in the world today is not over oil or grain or territory -- but over freedom. We believe every man, woman and child on this earth is born with God-given rights that are theirs by virtue of their humanity.

That is the American dream, and in articulating it so forcefully and effectively Dick Schifter has become a spokesman for a more civilized world. As he prepares once again to head our delegation to the UN Human Rights Commission in Geneva, I wish him God speed and all success.

C

THE WHITE HOUSE

WASHINGTON

February 1, 1984

LUNCH WITH REPUBLICAN MEMBERS OF THE HOUSE AND SENATE

DATE: February 2, 1984
LOCATION: The Capitol - Senate Caucus Room
TIME: 11:45 am

FROM: Margaret Tutwiler

I. PURPOSE

To address Republican members of the House and Senate and emphasize the importance of party unity in the coming months.

II. BACKGROUND

Following upon the President's announcement of his intention to seek re-election, this meeting with Republican members of the House and Senate is designed to reinforce the "team concept" for this election year.

The luncheon will provide the President with an informal setting in which to review past accomplishments and emphasize once more that there is still much to do -- and to do it, Republicans must work together.

III. PARTICIPANTS

Approximately 200 Republican members of the House and Senate.

The following individuals will be seated at the head table:

President Reagan	Congressman Robert Michel
Vice President Bush	Congressman Guy Vander Jagt
Senator Paul Laxalt	Edward Rollins
Senator Howard Baker	Margaret Hance
Senator Richard Lugar	Frank Fahrenkopf

IV. PRESS PLAN

White House Press Pool for the President's remarks only.

V. SEQUENCE OF EVENTS

As outlined by the White House Advance Office schedule.

VI. TALKING POINTS

Remarks have been prepared by White House speechwriters.

(Robinson/BE)
February 1, 1984
2:30 p.m.

PRESIDENTIAL REMARKS: LUNCH WITH REPUBLICAN HOUSE AND
SENATE MEMBERS
THURSDAY, FEBRUARY 2, 1984

Thank you, Howard, for that kind introduction. I'm delighted we were all able to be here today. In our jobs we work together day-in and day-out, but it's too seldom that we get a chance to relax for a moment together.

Permit me to begin by giving every man and woman in this room my heartfelt thanks. For 3 years now, so many of you have been giving me just what I needed -- advice at critical moments, support during the tough times, balanced judgment all along. Howard [Baker], Dick [Lugar], and Ted [Stevens], your help in the Senate has been invaluable. Bob [Michel] and Guy [Vander Jagt], you and Trent Lott are among the most skilled legislators I've ever known. And George, I firmly believe you're the best Vice President in our history.

I don't have time to go on naming names, but each of you has labored long and hard in the cause that unites us, and all of you have my gratitude.

Just 3 years ago, the critics said it couldn't be done. They claimed the Presidency had been permanently damaged, that Members of Congress would never again work together to produce a program that would benefit not special interests, but the American people. Some were even writing that we needed a new form of Government. And we all remember the mess the country was in -- soaring inflation, high interest rates, weakened defenses, and loss of respect for our Nation abroad.

Just after the Inauguration, I came across a quotation that summed it all up. "When we got into office," President Kennedy once said, "the thing that surprised me most was to find that things were just as bad as we'd been saying they were."

But in 3 short years we've begun turning America around. The economy is strong and growing stronger. Our defenses are being rebuilt. And in foreign affairs the world once again knows that America means business, and that America's business is freedom.

But, yes, we still have our work cut out for us. We must use our restored strength to put world peace on a more secure footing. Tomorrow I'll forward a plan based on the recommendations of the National Bi-Partisan Commission on Central America -- just one example of how we can promote democracy in troubled regions. Here at home, we must attack the deficits, simplify the tax code, and make institutional changes like the line-item veto and the balanced budget amendment. These are the Republican goals for 1984 and beyond.

Now, let's take a moment to consider the Democrats. Tip always complains about the way we cut taxes. But if the Democrats had been in charge, there wouldn't have been any tax cut -- none. They opposed the very idea of a tax cut again and again throughout the 1980 campaign.

No, if the Democrats had been running the show, American families would still be suffering from sky-high inflation and interest rates. The stock market wouldn't have set new records, real GNP wouldn't have started growing again, and the American worker's real wages wouldn't have started climbing.

With Walter, Teddy, and Tip in control, our defenses would still be growing weaker, while the Soviets grew bolder. Troops would have landed on Grenada, all right. But they wouldn't have been American, and the Grenadian people wouldn't have cheered.

Let's approach this election year with the high spirits and sense of challenge that's such an important part of American politics. We can tell the people that, yes, America is back. But we're not satisfied with that, we're not resting on our laurels. Our challenge is to take freedom's next step and this Nation's future is at stake.

If we keep the Senate and the White House, and remain strong in or even win the House, then America will go on to a new birth of freedom and prosperity, and all the world will benefit. But if we lose, then all that we've worked so hard to accomplish will be undone.

We all know the elections will be hard-fought and close. Since a campaign flounders without ideas or intensity, let's make certain we take the offensive. We must challenge the Democrats on the line-item veto, push them on the balanced budget amendment, and challenge them on tax simplification. We must force them to stop gathering special interest endorsements and go to the American people. And we must make it clear they don't want to cut spending, but raise taxes.

I promise to do all I can to see to it that we keep the Senate and gain strength in the House. And for the sake of our cause, let's all pledge to work together in a spirit of firm unity.

For the good of the country, we must win. I'm convinced that working together, we will.

Thank you, and God bless you. And now, let's have lunch.

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

THURSDAY, FEBRUARY 2, 1984

EVENT: Lunch with GOP House and Senate Members
DRESS: Men's Business Suit
WEATHER: Partly Cloudy, Low 30's

11:25 a.m. Proceed to motorcade for boarding.

11:30 a.m. Depart The White House en route The Russell Building.
Drive Time: 10 mins. In Limo: J. Baker

11:40 a.m. Arrives the Russell Building and proceed, via elevator,
to Senator Laxalt's Reception Room, SR 323-A.

11:45 a.m. Arrive Senator Laxalt's reception room for photo
opportunity with Senator Laxalt's staff. OFFICIAL
PHOTOGRAPHER

11:47 a.m. Proceed to Senator Laxalt's office, SR-323.
OFFICIAL PHOTOGRAPHER

Met by head table guests:

Vice President George Bush
Senator Paul Laxalt (R-NV)
Senator Howard Baker (R-TN)
Congressman Bob Michel (R-IL)
Congressman Guy Vander Jagt (R-MI)
Senator Dick Lugar (R-IN)
The Hon. Margaret Hance,
Co-Chairman, Reagan-Bush '84
Mr. Ed Rollins, Campaign Director,
Reagan-Bush 84'
Mr. Frank Fahrenkopf, Chairman, Republican
National Committee

11:50 a.m. Accompanied by Vice President Bush, proceed to Senate
Caucus Room, announcement area.

NOTE: Head table guests proceed to seats.

Announcement (off-stage)

Accompanied by Vice President Bush, proceed to head table and be seated. PRESS POOL COVERAGE

- 11:55 a.m. Sen. Laxalt makes opening remarks and introduces Cong. Michel.
- 12:00 p.m. Cong. Michel gives invocation and leads singing of "God Bless America".
- 12:05 p.m. Sen. Baker makes brief remarks and introduction.
- 12:10 p.m. Proceed to podium and make brief remarks. PRESS POOL COVERAGE
- 12:20 p.m. Lunch begins. OFFICIAL PHOTOGRAPHER ONLY
- 12:50 p.m. Sen. Laxalt introduces The Vice President.
- 12:55 p.m. Vice President Bush makes brief remarks.
- 1:00 p.m. Return to the podium for Question and Answer Session. OFFICIAL PHOTOGRAPHER ONLY
- NOTE: Sen. Laxalt and Cong. Michel will monitor Question and Answer Session.
- 1:15 p.m. Conclude Question and Answer Session and return to seat.
- Sen. Laxalt makes closing remarks.
- "Happy Birthday" is sung.
- Cake is brought in.
- 1:25 p.m. Depart Senate Caucus Room en route motorcade for boarding.
- 1:30 p.m. Depart the Russell Building en route The White House. Drive Time: 10 mins. In Limo: J. Baker
- 1:40 p.m. Arrive The White House and proceed inside.

D

THE WHITE HOUSE

WASHINGTON

INTERVIEW WITH THE WALL STREET JOURNAL

DATE: February 2, 1984
TIME: 2:15 p.m.
LOCATION: Oval Office

FROM: Larry Speakes

I. PURPOSE

Interview with six editors and reporters of The Wall Street Journal.

II. BACKGROUND

The Journal has had a standing request for this interview for several months. Generally, the management and editors of the Journal have been supportive of your programs and policies. Robert Bartley has been a leading force in support of our economic program. The correspondents in the group will be more critical, focusing on deficits and the Budget. Attached are questions on issues expected to arise during this interview.

III. PARTICIPANTS

The President
Warren Phillips, Chairman of the Board
Peter Kann, Associate Publisher
Robert Bartley, Editor
Norman Pearlstine, Managing Editor
Albert Hunt, Washington Bureau Chief
Rich Jaroslovsky, White House Correspondent
Larry Speakes

IV. PRESS PLAN

White House Photographer

V. SEQUENCE OF EVENTS

After introductions, the 30-minute interview will begin.

Attachment: Questions and Talking Points

FY 85 Defense Budget

- Budget authority -- \$305B
- After adjustments for anticipated inflation, budget authority would increase by 13% over FY 84.
- This budget supports and continues the improvement of the last three years in readiness, in sustainability, and in modernization.
- It also recovers some, but not all, of the ground lost due to Congressional action last year. (The FY 85 (\$305B request is a 10-11% increase over FY 84 request.)
- Failure to sustain the defense revitalization program would:
 - o Dilute gains made during the past three years.
 - o Delay the time (now scheduled for FY 87) when defense increases can begin to slow dramatically.
 - o Raise the cost of restoring America's strength by causing delays, stretchouts, and contract termination costs.

CENTRAL AMERICA

-- Meeting tomorrow (Friday) with Members of Congress to outline the Henry Jackson Plan.

-- Through legislation and executive actions the President will seek to implement all the recommendations of the National Bipartisan Commission on Central America.

-- The Commissioners -- Democrats, Independents and Republicans -- concluded that "Central America is both vital and vulnerable, and that whatever other crisis may arise to claim the Nation's attention the United States cannot afford to turn away from that region."

-- Need bipartisan support for increased economic, political, diplomatic and security activities, and need increased commitment of resources to be provided predictably beginning immediately and extending over the next five years.

Economic

-- Commission recommended \$400 million in supplementary economic assistance in FY 84. Our request is for \$416.

-- Commission recommended \$8 B economic aid for next five years. Our plan calls for \$6 B in appropriated funds and \$2 B in insurance and guarantees, beginning with \$1,720 M in FY 85.

-- El Salvador (\$346 M), Costa Rica (\$237 M), Honduras (\$154 M), and Guatemala (\$122 M) will be major economic beneficiaries.

Security

-- The Commission recommended significantly increased levels of military aid to El Salvador and warns against providing "too little to wage the war successfully".

-- Proposed military assistance for El Salvador will be \$178.7 M in FY 84 supplementary and \$133.5 M in FY 85. Added to the \$64.8 M in the FY 84 Continuing Resolution, the total 84-85 program is \$377 M.

-- For the rest of Central America, we will propose \$80 M in FY 84 supplementary military assistance and \$123.4 M in FY 85.

Conditionality

-- Commission recommends that military aid to El Salvador be made "contingent" through legislation requiring periodic reports upon demonstrated progress in reaching objectives such as free elections and reduction of death squad activities.

-- The proposed legislation requires semi-annual reports to Congress which assess the policies the Government of El Salvador adopts for achieving political and economic development, and conditions of security including an assessment of how the policies are meeting the objectives we support.

-- The legislation calls on the President to ensure that military assistance fosters progress toward our overall objectives, including human rights, and directs him to impose conditions on military assistance in every appropriate instance.

-- We want to work closely with Congress to ensure human rights progress while preserving the President's ability to pursue an effective foreign policy.

CADO

-- In line with the Commission's recommendation, the legislation provides guidance and funds for the President to work with Central American countries and other donors in establishing a Central American Development Organization (CADO).

-- The legislation requires the President to take CADO's recommendations into account in determining economic assistance levels, but CADO would not have control over specific funds.

Lebanon

Democrats "playing politics"?

- Have made it clear that bipartisan policy and U.S. steadfastness is critical to the peace and stability of the entire Middle East.
- Stability in Lebanon is key to avoiding war between Israel and Syria.
- Withdrawal under pressure would lead others in the Middle East and in the world to question U.S. leadership.
- Stability is threatened by the specter of Syrian intervention and the menace of state-sponsored terrorism.
- Congress has an obligation to debate issues, but reopening debate on the MNF issue now -- after having agreed in a Bipartisan Resolution last year -- encourages those who would disrupt the peace process.
- Our experience in Lebanon shows that the Syrians cooperate when they perceive U.S. resolve and consensus, but harden their opposition to reconciliation and the peace process when they believe there is lack of consensus in the U.S.
- Politics should stop at the water's edge when vital U.S. national interests are at stake.

February 1, 1983

NOTES FOR WALL STREET JOURNAL INTERVIEW

General Points

- o Program working: 1983 first year since 1972 with:
 - consistent growth (up over 6%);
 - low inflation (2nd straight year under 4%);
 - falling unemployment (down 2.5 points).
- o Economic outlook: can have prolonged expansion, not just cyclical recovery, if Congress cooperates.
- o Fairness charges:
 - Democrats' double-digit inflation most unfair to poor. Stole more than \$1000 from family on \$5000 fixed income in 1979-80.
 - Unfair to whom? Not to taxpayers with lower rates, or to workers with higher real wages, or to fixed income poor and elderly with lower inflation.
- o Jobs: no clearer contrast with Dems than here. They proposed one "jobs" bill they claimed would create 500,000 public works jobs. Would have spent \$3.5 billion. But without that costly pork-barrel, a growing economy put more than 300,000 a month to work in 1983.

Politics

- o Expect hard fought campaign but that's good -- people deserve full airing of issues.
- o Democrat contenders: Lots of talk about new ideas coming from them, but they aren't offering any.
- o Why the focus on Mondale already?
 - RR not singling him out. Just seems that whenever RR mentions overpromising to special interests, people seem to think of him first.
 - To RR, all eight sound pretty much the same now.
 - Happy to leave the choice to Democrats.
 - Whichever of the eight is nominated, the voters' in 1984 have same basic choice as in 1980: Go forward to era of opportunity or back to era of limits.

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Q & A

1. If deficit reduction panel (on downpayment) fails, how long do you think it will take before the deficits start crowding out private borrowing and hurting the recovery?
 - o Too soon to talk about failure. Budget just went to Hill Wednesday.
 - o Effort shouldn't fail. Democrats (and Republicans) both called for similar bipartisan talks.
 - o Even before SOTU, majority leader Wright, Gillis Long, many other Hill Democrats, asked for such talks. So shouldn't write off the effort before it's really even gotten started.
 - o So the question's hypothetical -- but can say this:
 - Recovery still looks solid. Good news of the past week shows that's true:
 - o New home sales at 5 year high;
 - o Productivity up 3.1% in 1983, most since '76;
 - o Leading indicators up almost 16% in a year;
 - The pace has slowed somewhat from last summer, but that's not bad. We don't want a boom that will lead to a bust -- we want sustainable growth with low inflation.
 - We have that now, and we can keep it for the future if Congress will work with us to maintain restraint and bring the deficit down.
 - If we can't get solid bipartisan cooperation on spending, there's always the veto.
 - But, to go back to the point your question raises, RR's hopeful we can get some agreement, even in an election year -- and make the deficit an object of cooperation with Congress, not confrontation.

2. Is Reaganomics responsible for the recovery?

- o In a word -- yes.
- o There was nothing automatic about this recovery or the progress against inflation that contributed so much to it. Our policy changes made the big difference.
- o Monetary policy also played a large role, as we said it would -- but it also helped that we tried to work with the Fed and not against it. (Fed policy was stymied by Carter Administration on-and-off policies -- like the ill-fated try at credit controls.)
- o Let me put it this way. Do you think recovery could have happened if:
 - inflation were still in double-digits?
 - tax rates had not been cut?
 - federal spending was still rising 17% a year?
 - regulatory burdens were still growing like they were? (VP's task force cut regulation costs to business, consumers by \$150 billion in next 10 years -- frees that money for investment.)
- o If we hadn't brought interest rates down, would new home sales be at five-year peak?
- o We've tried to be consistent -- we set our economic policy and economic goals right at the start and stuck to them. That consistency -- in contrast to stop and start policies that preceded us -- was a major factor in turning the economy around.
- o Key Point: Growth was the major objective. It had basically come to a halt at the start of 1979 and (with some ups and downs) stayed that way for four years. RR rejected "era of limits" talk and, by the start of 1983, the economy began growing. There's enough momentum for it to continue through the '80s if we can keep Congress from stunting its growth.
- o Said it couldn't be done: Three years ago, almost no one thought we'd come this far this fast.
 - Inflation was expected to stay high for years.
 - Energy shortages, rising costs, were said to be permanent.
 - Growth was said to be a thing of the past.

3. If the money supply is too tight and leads to an economic downturn in mid-year, are there steps you could take to maintain the recovery?

- o No reason to expect down-turn -- recovery's going well.
- o Fed generally within its targets for growth in money supply and we expect they will try to stay there.
- o Have learned one lesson well from last 10-20 years of experience: Can't fine tune the economy with any precision. Important to maintain steady course over the longer term.
- o Can't expect every economic sign to be up every month -- and must not panic or change course if some are not.
- o Example: Leading indicators index went down in November. But, that didn't change long-term outlook. Back up in December, the index has risen 15 out of last 16 months. Overall, the index' performance strongly suggests continued growth in future.

4. What are prospects for the line-item veto and would you accept the one-year experiment being suggested by Congressional Democrats?

- o Prospects for passage have improved.
- o Last year in the Senate, the Armstrong-Long amendment to give the President "enhanced rescission authority" (not a line-item veto but similar in concept) was tabled by a very close vote of 49-46.
- o Can't predict Congress will pass, but the odds may be better now than ever in the 100+ year history of the idea. RR intends to push for it.
- o As for the one-year experiment -- we'd welcome it.
- o Can't say just how it might be used this year. (Frankly an election year may not be best time to give it a fair trial -- but RR willing to give it a try if Congress acts).
- o Of course, would prefer permanent structural change that only a Constitutional amendment can give -- rather than statutory authority that Congress can give one year and take away the next.
- o But if RR had the authority last year, might have used it, for example, against provision of Energy Department money bill that requires DoE to have certain number of employees to run programs -- whether they're all needed or not.

5. Can you continue to resist protectionist pressures, especially in steel and other heavy metal industries?

- o RR firmly committed to free trade principles.
- o Must try to avoid temptation to raise more barriers to trade -- and keep focus on trying to bring them down.
- o Consumers and exporters would be first to suffer from protectionism.
- o American industry being hurt by unfair foreign competition can expect we will take appropriate actions to offset subsidization or other unfair trade practices by other countries. We will enforce the law.

6. What will be the major areas of concern at the economic summit in June?

- o Our British hosts are working with the Allies to establish the agenda for the London summit.
- o Would be premature to talk now as if the agenda were set in concrete. It's not.
- o Obviously, will want to build on the many positive points of agreement struck at Williamsburg and at previous summits.
- o Expect we will also seek to expand cooperation on economic policy consultation.

7. Will RR have to raise taxes in a second Administration?

- o Will have to raise revenues but believe we can do that without raising tax rates. Combination of broader tax base (by getting at underground economy, for example), tax simplification, and continued growth would be a better way.
- o RR hopes that Treasury review announced in SOTU will let us bring rates down, not raise them.
- o RR's losing patience with those who still criticize the tax cuts, in light of the economic progress we've seen since they took effect -- and the obligation in fairness we had to American taxpayers to lighten the rising tax burden.
- o It's clear tax policy is a major point of difference in this campaign year. Contenders for the Democratic nomination say they'll raise taxes, one way or the other. (Some of them talk about spending cuts, too, but you can sense their hearts aren't in it.)
- o Key point: As RR said in SOTU, real question is how to get the deficit down. Simply must not be done the wrong way -- by wiping out incentive tax cuts we worked so hard for.

VICE PRESIDENT BUSH

NOTE: The Wall Street Journal has suggested in a few recent reports that Vice President Bush has not been active or influential in the Administration.

The record rebuts that:

Domestic

- o Regulation: VP chaired Regulatory Relief Task Force:
 - reduced and revised regs so that \$150 billion will be saved in next 10 years by business, consumers.
 - set up review process that's cut number of new rules by 25%.
- o Banking Regulation: Just this week, VP successfully hammered out agreement on modernization, simplification of banking regulations. Got unanimous agreement from all agencies for first major changes in 50 years.
- o War on Drugs: Led Administration-wide effort to stem flow of drugs into U.S. The war's not over yet, but lots of battles have been won. Since February of 1982, impressive quantities have been seized:
 - 29,000 pounds of cocaine;
 - 5.4 million pounds of marijuana.

Foreign Policy

- o Chairs "crisis management group."
- o Trip to Europe at start of 1983 greatly improved European attitudes towards U.S. arms control policy and the NATO INF deployment.
- o VP has lead on follow-up to RR's Japan trip; is coordinating U.S. agencies and looks for progress on serious trade issues.
- o Has also travelled for President on substantive trips to:
 - Africa, regarding U.S. policy toward South Africa and Namibia (November 1982);
 - East Asia and China, to pave way for improvement in Sino-American relations and improve understanding of Taiwan Arms sale issue (April 1982);
 - El Salvador, to convey vital message from U.S. on human rights (death squads) -- see progress as result of trip.

White House News Summary

Wednesday, February 1, 1984

WALL STREET JOURNAL EDITORIALS

Ronald Reagan's Veto

When Ronald Reagan's State of the Union address carried the news that he would seek a constitutional amendment giving the president line-item veto power over congressional appropriations, squeaks of alarm were heard from gopher holes all over the capital prairie. These squeaks deserve an answer.

The most oft-heard squeak is that the line-item veto shouldn't be passed because it doesn't go far enough. A group as diverse as the New Republic, George Will and Rep. Jim Jones's budget committee has been running a competition to come up with figures showing that it would apply only to a tiny percentage of the budget. The various calculations uniformly start by excluding entitlement spending, Congress having arranged things to spend without appropriations that could be vetoed. This much is at least factually accurate.

Then, however, the calculations exclude the entire defense budget, on the ground that the current president favors higher defense spending and despite the fact that Pentagons and presidents from time immemorial have recommended base-closings precluded by congressional logrolling. From there on the calculations get truly ingenious, and everything in the budget becomes "uncontrollable." Rep. Jones's budget committee wins the prize with the contention that the veto would apply to only 1.5%, not of the budget, but of the projected deficit.

The "current law" that makes spending "nondiscretionary" or "uncontrollable" was, of course, not a law handed down on Mount Sinai. Congress passed these laws, and the Constitution says Congress can change them. It is both repulsive and immoral for the legislators of this or any government to say that programs they enacted into law *must* spend hundreds of billions of the public's money every year because programs are "uncontrollable." This is the public morality of Marie Antoinette.

If the critics who believe the line-item veto doesn't go far enough are halfway serious, they ought to be proposing something more sweeping. They have a point that entitlements go uncontrolled, but Congress can change this by passing just one law. That law will say that *all* annual federal disbursements must appear in a new appropriation bill, which would be subject to a line-item veto.

Now, in fact, even without such a sweeping provision, the item veto would limit spending in several important ways. First of all, it would apply to much of the budget. In particular, the item veto would allow the chief executive to create what Alan

Greenspan calls a "reverse wedge" against open-ended spending programs: By vetoing small amounts in one year, the president could stop programs from mushrooming and at the same time expanding their constituencies. For one example of a program that does require appropriations, take Section 8 housing, a rent-subsidy program. It began 1976 with an initial outlay of \$42 million; by 1981 that program had grown to \$3 billion.

Even more important, the item veto would have wide-ranging political effects, changing the balance of power between economizers and spenders in Washington. From all available evidence it is perfectly true that the budget is uncontrollable *within the current institutional arrangements in Washington*. The item veto would be a giant first step toward changing those institutional arrangements, as it has been in nearly all our state legislatures. Last October, Congress passed a single, \$91 billion appropriation bill for several departments, which the president was supposed to sign or veto in toto. That's a nonsensical situation.

An item veto would allow the president to focus both his budget priorities and the public debate about those priorities. Not so incidentally, the public then could hold the *president* responsible for the budget outcome. Administrations, which currently see little sense in proposing budget cuts they know will be defeated, will be much bolder in proposing economies they can enforce. No president is going to flat-out kill the food-stamp program with an item veto, but he could use or threaten to use it to force Congress to fix the open spigot. And who knows, a congressman who got his dam or farm subsidy vetoed might even be more willing to apply some fiscal discipline when it came time to vote on entitlements.

The whole purpose of the item veto is to entirely rewrite the rules of the spending game. In fact, the reason its critics strain so to find arguments against it is that it would start to change the entire culture of Washington. There is an atmosphere of defeatism in the current attitude toward the budget. The administration's own Hamlet, David Stockman, tells *Fortune*: "I can't foresee that anytime in this decade we will have the kind of people in Congress who will abolish those things." If the line-item veto is so arithmetically harmless, there is no conceivable reason in the world not to try it. And if, like the court of Louis XIV, the Washington establishment is thoroughly enervated, there is very little ground for it to object to the proposals of people who still have energy and will.

Trade Is Aid

Alarm bells are being rung furiously by Washington's mercantilists in response to that record \$69 billion U.S. trade deficit reported last Friday. Before U.S. policy makers do something foolish, like launching a new protectionist drive or inflating the dollar supply, some perspective is needed.

There's no denying that the deficit reflects some lack of competitiveness among U.S. farms and factories, perhaps aggravated in some cases—but not every case—by the strength of the U.S. dollar relative to some other currencies. But it is a long leap from there to assertions that the deficit "cost" the U.S. 1.5 million jobs or inflicted other forms of macro-economic damage.

While the U.S. was racking up that big trade deficit, unemployment was dropping 2.5 percentage points, the sharpest one-year decline in 30 years. Civilian employment was climbing to a record 102 million. The sharp U.S. economic recovery was not only drawing in goods from abroad, thereby stimulating recovery among trading partners, but also was generating jobs at home. U.S. exports always suffer when producers are straining to keep up with domestic demand.

But won't the U.S. run out of foreign exchange, the mercantilists ask. The U.S. dollar is foreign exchange. For all practical purposes, the world economy is on a dollar standard, which means that in purely monetary terms, a U.S. trade deficit has little more significance than the deficit of some U.S. state or city vis-a-vis the rest of the country. The U.S. gold hoard was hardly touched last year, and the \$3 billion drop in foreign-currency reserves—which are tiny compared with the total U.S. payments balance—was mainly attributable to the redemption of U.S. bonds

sold for foreign currencies during the Carter era.

Japan's MITI has noted that U.S. foreign-exchange holdings actually rose \$2.3 billion in 1982 at a time when the combined deficit in the U.S. trade and capital accounts was reported at \$39.1 billion. MITI slyly observed that the only way of explaining that was to attribute \$41.4 billion to "errors and omissions." It also can be noted that you don't need foreign currency when you are doing business in dollars. Either way, it counsels skepticism about the economic significance of trade-balance numbers.

Capital flows should not be ignored. U.S. banks, traditionally net lenders to the world, last year became net borrowers, according to the Bank for International Settlements. This suggests a strong movement toward dollar investments that is easily explainable given the dollar's strength and improvements in U.S. national security. Those foreign investments create jobs in the U.S. and contribute to U.S. economic efficiency by helping to build new industries and modernize old ones.

The surest way to reverse the U.S. recovery would be through protectionism and inflation. Protectionism would reduce the flow of dollars abroad that could come back in the form of purchases or investments. Inflation would trigger a flight from dollars, damaging dollar investors at home and abroad. Both would cost U.S. consumers dearly. As long as the Fed remains aware that it is supplying the monetary base for a global economy and U.S. politicians are aware that their global responsibilities are consistent with their responsibilities at home, those alarm bells can be safely ignored.

The Fed on the Spot

At one end of Pennsylvania Avenue the administration is printing up its new budget, and at the other Congress is huffing about the deficit. Off on quiet Constitution, meanwhile, the most important economic decisions of the year will probably be made today and tomorrow, at the January meeting of the Federal Reserve's Open Market Committee.

This particular FOMC meeting takes place at a puzzling and possibly decisive economic crossroad. Under Chairman Paul Volcker, the Fed has been spectacularly successful in containing the inflation that only four years ago threatened the very fabric of the American economy. In the last year, the combination of deft monetary policy and the belated arrival of actual tax-rate reductions produced a most gratifying economic recovery. Most economists would have thought it impossible to control such rapid inflation so well and so quickly, and few of them thought it possible to produce a recovery in 1983.

Now, however, the first clouds have appeared to worry the recovery. The pace of growth, if the usual numbers are accurate, slipped quite noticeably in the closing quarter of 1983. But auto sales recovered smartly in the first January reports, and inventories remain lean. Some of the leading indicators are flashing warning signs, but not all of them. Interest rates remain high considering the slow pace of inflation, of course, and the dollar remains exceptionally strong on the foreign exchange markets. As our Alfred L. Malabre Jr. reported last week, a minority of economists are talking of a 1984 recession.

In the next two days, the Open Market Committee has the unenviable task of deciding whether the early warnings portend another swiftly arriving recession like 1981-1982, or whether they are merely the usual and perhaps healthy nervousness as the economy settles toward a more sustainable growth path. For if a recession does develop before year-end, it will almost certainly be attributable to monetary policy.

A lot of economists are telling us that the danger to the recovery is the deficit, of course, but none of these economists is predicting a peak this year. That prediction comes most prominently from those consummate Fed-watchers, the monetarists. They are concerned with the sharp second-half slowdown in M1, though they seem to be simultaneously predicting inflation because of too rapid growth in the first half. While we have come to doubt whether these numbers mean anything, it must be said that the monetarists, like supply-siders and unlike conventional forecasters, saw 1983 correctly.

In this concern for 1984, the monetarists are joined by some of the supply-siders, those who are worried that the price of gold has plunged through the \$400 level to \$365. The non-monetarist supply-siders judge the ease or tightness of monetary policy not by monetary aggregates on the supply of money, but by markets where the supply and demand for money is bal-

anced. They look to the price of commodities or, for convenience, the price of gold.

The problem, though, is that they split on what the appropriate price should be. Arthur Laffer is unconcerned about the recent decline; on the basis of movements of price indexes since gold was set at \$35 in the 1930s, he believes an appropriate price would be around \$250. Others favor a price of \$400 in the current environment, though perhaps lower if the dollar were actually fixed to gold. Robert Mundell notes that the historical comparisons are distorted because during most of the \$35 period, it was illegal for Americans to own gold.

In addition, changes in the price of gold affect the international system by changing the value of gold holdings by central banks. Mr. Mundell holds this affects the value of currencies in gold-holding countries, the liquidity policies of the central banks and the burden of international debt. Surely it is true that the nettlesome debts, international or not, were contracted in the expectation of more dollar inflation than has turned out to be the case, and that the stronger the dollar is the more difficult they are to repay.

For our own part, we expressed the position in 1983 that nothing could go terribly wrong on the monetary side if the Fed kept gold between \$400 and \$450. These numbers were arrived at through raw empiricism. Obviously things were terrible when gold toyed with \$300 in the depths of the last recession, and we called for anti-inflationary tightening when it toyed with \$500 at the beginning of 1983.

There is, of course, no magic to any particular figure in the absence of a true gold peg. A gold price below \$400 represents another turn in the anti-inflation ratchet, which is fine so long as it doesn't curb the real economy. And, as we watch gold as a handy and simple guide on monetary policy, as a handy and simple guide to the real economy, we watch stock prices. So our worries about gold going below \$400 in December were calmed by the early January spurt to near-record levels by the Dow Jones Industrials.

Now, however, the New Year's rally has not only faded but started to slide. Or perhaps more accurately, the Dow trades in the same range as it has since last April. Meanwhile, the broader market indexes peaked at midyear or earlier, and have been declining for months. Equities could perhaps be described as slightly negative for 1984; at best the market seems as confused as the rest of us.

As the FOMC convenes today, it's clear that the greatest tragedy would be to throw away the enormous gains won against inflation these last few years, and that could happen easily enough if the Fed signals an election-year money spurt. But for the first time in years, the Fed must now weigh as well the other danger, of being overly restrictive and hampering the real economy at a sensitive stage. The recession of 1981-82 can easily enough be defended as a price worth paying to get inflation under control. But with inflation down to surprisingly low levels, the same could not be said of a recession during 1984.

'America Is Back'

Watching President Reagan's State of the Union address reminded us how long it has been since an American president could stand before Congress after three years in office with his public image intact. Mr. Reagan has not only survived, but prevailed, at least to the extent that is possible in our adversarial system. If partisan politics can be laid aside for a moment, even Democrats should draw some comfort from what that says about the state of the presidency as an institution.

But, as the president and his political opponents know, there are plenty of ways Mr. Reagan still could stumble between now and November. His Middle East policies have left him, as he clearly recognizes, vulnerable to the kinds of embarrassments that the Russians, the Syrians and our old friend the Ayatollah know well how to inflict.

Then there is, of course, that big federal deficit. He is in remarkably good shape on this issue at the moment. An NBC poll finds that 55% of the respondents don't blame him for the excess, which presumably means that they blame Congress. He is going to be running just as hard against the deficit this year (we are, of course, assuming he is running) as his opponents, who have the handicap of having positioned themselves in favor of tax increases to "cure" the deficit. The president demolished their argument by asking what we have often asked here: What's the difference between taxing or borrowing to close the shortfall? Both act as a drag on the economy.

He also has the right to say that federal spending in fiscal 1983, although up 9% from a year before, fell \$10 billion short of earlier projections and that spending so far this year is running only some 3.5% ahead of a year ago. He intends to make a serious effort to translate the findings of the Grace Commission into actual budget-cutting initiatives. Further, he is asking for a line-item veto, pointing out that governors of 43 states have that right. He perceives, quite correctly, that it is a strong tool for controlling congressional logrolling, which of course is why everyone is predicting that Congress will not award him that power.

The point of vulnerability, one that has been a subject of hot debate in the White House these last few weeks, has to do with the size of the budget the president himself will propose to Congress next week. If proposed spending for fiscal 1985 comes in at \$925 billion, as leaks have hinted, it would be \$7 billion above last year's projection. The president will be subject to complaints, some of which already have been tried on for size by House Democrats, that he hardly can be fighting federal spending when he brings forth budgets like that.

The budget will, of course, talk about cutting the growth path in the "out years," that is to say, the four years beyond the one immediately at hand. But that's an old game by now. The public is always entitled to ask, "But what are you doing for us now?"

There may be nothing more sinister in this than a president acting like a politician. He is boosting the EPA budget, although not by any truly drastic amount, to appease environmentalists. He is proposing a manned space station for the '90s to keep the nation's sights aimed high and at high tech. He is buying some more park land. And he is sticking by his promise to rebuild the nation's defenses.

Presidents, of course, *should* act like politicians, since that's what they are. And Mr. Reagan's emphasis on the federal government's primary responsibility, national defense, displays a proper sense of priorities. His de-emphasis of federal involvement in education and aid to the states shows that he also is willing to run some political risks. But if he intends to run against the government this year—and it has been a marvelously successful formula—he will be reminded often that it is, in part at least, his government.

Mr. Reagan has come a long way. The noninflationary economic recovery his policies have fostered has buoyed his popularity and the spirits of the voters. It's good to hear a president launch the fourth year of his term by saying "America is back—". The stage is being set for a political struggle that will tell us, next November, how much the people agree with that assertion.

The Lebanon Debate

After having imposed conditions on the U.S. Marines in Beirut that made high casualties inevitable, the U.S. Congress stands ready to make Lebanon a big political issue. House and Senate leaders divide on party lines on pulling out American troops before the Congress-imposed deadline. There's strong bipartisan sentiment in the ranks just to cut and run. Having laid the groundwork for a major disaster, the Hill would now make sure that it happens.

Saying that doesn't absolve the Reagan administration for its many blunders, which we've criticized frequently over the past 18 months. The U.S. was on its way to its present nearly untenable position from the very beginning, when it tried to manage Lebanese events to fit its notion of the timetable for President Reagan's Arab-Israeli peace initiative. The result was an American-pressured Israeli troop pullout that was too slow to appease Arab states and too precipitous to stabilize Lebanon. But we're currently paying the price of a ghastly mistake that we bet no one in Washington talks much about, no matter how much the polls say Lebanon will be a major political issue.

This disaster was the September 1983 bipartisan, executive-legislative compromise under the War Powers Act setting the terms for the American troops in Beirut about a year after they had arrived. In its wisdom, this joint resolution tried to freeze the size and even the positions of the U.S. force. True, the president had the option to take "protective measures" for the troops, but faithful to the spirit of the compromise, he didn't use it. So a force one-tenth of the size President Eisenhower sent to Lebanon in 1958 has been pinned down fruitlessly at the Beirut Airport four times longer than it took the 1958 expedition to complete its mission successfully and leave. The terrorist truck bombing of the Marine headquarters wasn't necessarily an inevitable result, but in a very real sense those 241 casualties were victims of the War Powers Act.

Washington observers are saying that the rapid erosion of congressional support results not from the Oct. 23 truck bombing, but from the highly critical report of Adm. Robert Long's investigating commission. What the Long Commission said is that the Marines went into Beirut as peacekeepers in a friendly atmosphere and their orders failed to cope with an increasingly hostile climate. Let Congress debate why these orders didn't keep pace with reality. Maybe it will find itself facing its own War Powers compromise, which tried to mandate the status quo of the year before long after a series of ominous events, includ-

ing the truck bombing of the U.S. Embassy.

Congress might also debate why the Lebanese climate turned so hostile. It might find that the cause isn't simply Lebanese. Emboldened by incredible American naivete, outside forces have redoubled their meddling. The overwhelming majority of our casualties have died at the hands of non-Lebanese, specifically, say the best-informed guesses, at the hands of Iranian fanatics guided and supported by the intelligence services of Syria and Iran.

In its pursuit of Lebanese hegemony, Syria has done all it can to keep the Lebanese factions at each other's throats. The Lebanese Druse leader Walid Jumblatt sounds like a main obstacle, yet Lebanese officials say that he was willing to negotiate until the Syrians started pulling his string. Why does Mr. Jumblatt go with the Syrians? For one thing, according to universal belief, they assassinated his father; their troops have control of his geographic base, and he knows they can kill him too. One thing has to be done before the Lebanese can pull themselves together. And that is for some outside power to face down the Syrian interlopers.

Syria, remarkably, has been able to bluster and cajole its way out of any such confrontation. It's been superlatively skillful at manipulating the U.S. The Jesse Jackson mission was a piece of cake for President Assad, but his shadowy brother Rifaat apparently has managed to con even the wily pros in the White House, through some top-secret back channel. And with Congress sitting on the use of force, all Damascus has to do is sit tight for, at most, 18 months. "The United States is short of breath," says Syria's foreign minister. "You can always wait them out."

It would help American endurance if President Reagan kept drilling the public on our real purpose in Lebanon. We have to give one more chance to the single most pro-Western country in the Arab world. Perhaps the Lebanese can overcome the murderous bigotry of their communal warfare; perhaps not. But they deserve to have a try, without bearing the brunt of external subversion. If Lebanon falls apart from Syrian intrigues, what hope is there for American peace initiatives elsewhere in the Arab world? Remember, after all, that one of Syria's aims is to punish the Lebanese for having been the second Arab country to sign a treaty with Israel.

Congress should keep all these things in mind when it debates the Lebanon policy. But then it might not be so eager to make an issue out of the problem.

Beyond Wickgate

Newshounds pawing through Charles Wick's closet recently may be missing the real story coming from the U.S. Information Agency. A USIA advisory commission, led this year by the Heritage Foundation's Edwin Feulner, has just finished a report that could radically alter the way U.S. foreign policy is shaped. Issued last week, the Feulner report is a battle plan for the war of ideas—a war worth more-vigorous pursuit.

In essence, the report recommends that politicians give USIA more clout and less lip. That means, first, more resources. Congress last year approved tiny parts of a five-year plan to refurbish the broadcast facilities of Voice of America and Radio Free Europe, some of which date to Harry Truman. Still, the Feulner Report says, USIA's budget has declined 27% in real terms since 1967. Total payroll dropped 34% in the same span, more drastically overseas. Then, USIA employed 7,000 foreign nationals; now, 3,500.

While the report doesn't say so, USIA also needs more-serious efforts from the State Department to negotiate for new facilities overseas and to overcome jamming by the Soviets and Cubans, now said to cost \$300 million annually. Last year, U.S. diplomats reviewing human rights agreed in Madrid to omit mention of jamming as a vital denial of freedom.

The most important recommendation may be this: Use USIA for input as well as output. For example, the commission suggests that the head of USIA serve as an adviser to the National Security Council, as the heads of the CIA and Joint Chiefs do now. Congress recommended this step in

1977, but the needed executive order was never issued. The commission also would expand USIA's ability to sample foreign opinion through polls, news surveys and other means.

These steps would focus needed attention on popular forces in the world, one of the keys to a successful American foreign policy. Even enthusiasts often see public diplomacy as a useful but separate device, boxed off from the "real" foreign policy of treaties and summitry. Instead, we should be integrating the global electorate into our decisions—what Jeff Bell has described on these pages as a "populist foreign policy." Whether we are promoting economic growth models in Latin America or a consensus for action in the alliance, the success of U.S. diplomacy is likely to hinge on the support of foreign people.

When President Reagan decided to restrict U.S. participation in Europe's Soviet pipeline fiasco, for example, the notion was widely accepted that this had "angered our allies." In fact, the decision did outrage many political and business elites. But it excited many Britons to ask why Margaret Thatcher wasn't following America's lead, and led to German magazine reports on slave labor used to build the pipeline. Polish marchers shouted, "Death to Brezhnev, Long Live Ronald Reagan."

A sophisticated policy would take note of such effects before deciding that sanctions against the Soviets are "unpopular with our allies." The Feulner report shares this insight and makes some sensible suggestions for the USIA that would help broaden foreign-policy creation.

How Now on Cheating?

President Reagan Monday sent a 50-page secret document to Congress detailing what the administration called "an expanding pattern of Soviet violations or possible violations of arms control agreements." Press coverage was muted, as the administration apparently hoped it would be. The New York Times used quote marks in such a way as to imply doubts about the validity of what it called a "fact sheet" describing the report for public benefit. The principal implication the president himself had drawn was that "better treaty drafting" and more workable verification procedures would be needed in future arms negotiations.

In short, few people in or out of government are ready yet to face the true implication of Soviet cheating: It is extremely dangerous to U.S. and Free World security to negotiate and abide by arms agreements that the Soviets do not intend to keep. The message this American vacillation sends to Moscow's generals and politburo chieftains is that they can cheat at no cost. The Americans, they will believe, have been immobilized by the politics of arms control—the hope and belief that arms control treaties do in fact limit the construction and deployment of arms.

Fewer than 10 of some 41 Soviet violations listed in a recent Heritage Foundation study are mentioned in the president's report. But even the four termed as definite cheating are profound.

Most important is the construction of radar stations outside the area allowed by the Anti-Ballistic Missile treaty of 1972. In combination with other ABM violations not cited, such as radar testing and surface-to-air missile deployments nearby, the radar sites form a Soviet ABM capability that goes far beyond the treaty restrictions limiting such defenses to either a capital city or a missile field. With the Soviets building screens against our bombers and submarines, plus extensive civil defenses, the effectiveness of our deterrent force becomes increasingly suspect. To the extent that the Soviets gain an edge, their threatening propaganda messages to the West become more credible, as we learned last summer when they stimulated a significant unilateral disarmament groundswell in the U.S. and Europe.

Other Soviet violations include development of an illegal second nuclear missile, the SS-X-25 or PL-5, a drastic addition to the firepower of the old SS-13. Some 14 nuclear tests above the limits of the 1963 test-ban treaty have given the Soviets high confidence in the power of their arsenal. Finally, the report charges that the Soviets have been encrypting missile tests above allowable levels. This prevents

our fully monitoring Soviet capabilities and, of course, treaty violations.

Last week, a group led by former Carter negotiator Paul Warnke met to chastise Mr. Reagan for "insufficient" evidence of violations that lack "strategic significance" anyway. The administration shouldn't be raising questions that might prevent us from entering into further agreements, they concluded. Aside from the tortured logic of that argument, it's hard to know what you don't know; if the Soviets have been encoding their tests, who can say what they're building? Former CIA analyst David Sullivan estimates that Moscow has stockpiled more than 4,000 delivery vehicles, compared with 2,250 allowed under SALT and 1,850 in the U.S. arsenal.

Meanwhile, the U.S. is required to significantly weaken its own forces. Since Ronald Reagan took office, America has dismantled or has made plans to dismantle 26% to 33% of its existing megatonnage, mostly to conform to SALT II. As Mr. Reagan noted in a recent speech, the U.S. nuclear arsenal is at a 25-year low.

Back when these treaties were being negotiated, a phalanx of U.S. leaders—Henry Kissinger, Melvin Laird, Gerard Smith, James Schlesinger, Harold Brown, Zbigniew Brzezinski—went before Congress to promise that if a situation like today's ever developed, we would cancel out. In 1972, Mr. Kissinger and Mr. Laird told Sen. Henry Jackson that substitution of heavy missiles for the SS-11 would be considered a clear-cut violation. Yet when the Soviets deployed the SS-19, four times the throw-weight of the SS-11, no abrogation followed.

Even Jimmy Carter was clear about the consequences of cheating. He told Congress in 1979 that Soviet violation of just one key clause, the encryption provisions, would undercut the whole treaty. His defense secretary, Harold Brown, outlined a sensible U.S. policy before Congress: "The issue will not be whether we could prove a case to a jury. We do not need proof beyond a reasonable doubt, nor even evidence we can discuss in detail," he said. "If a problem were not resolved . . . I would not hesitate to recommend . . . abrogation."

No doubt some advisers have been telling the president how clever it would be to accuse the Soviets of cheating but do nothing, playing to doves and hawks alike. That strategy may be worse than ignoring violations altogether. The Kremlin now knows that even if it's caught and accused, the Westerners will issue a pardon.

By failing to take actions that follow logically from the evidence, Mr. Reagan casts doubt on the evidence itself. By his response so far to Soviet cheating, Mr. Reagan is telling the public not to take him seriously.

Decommission Congress

We were talking recently with one of our favorite Capitol Hill adversaries about bipartisan commissions in Washington. We can't really recall which commission we were talking about. Maybe it was the Scowcroft MX Commission or maybe it was the Greenspan Social Security Commission. Maybe it was the Grace Waste-in-Government Commission, the Kissinger Central America Commission, the Meese Hunger Commission or the Ronald Reagan Deficit-Reduction Commission. "What," our friend wanted to know, "do we need another bipartisan commission for? I thought we already had a bipartisan commission to solve these problems. It's called Congress."

Congress? What's that?

The U.S. Congress is an institution with an image problem. It appears to be a body of 535 men and women long on ego but short on just about everything else that makes organized human effort succeed—roughly agreed upon goals, effective leadership and administrative procedures that allow you to say that on balance, the effort is moving forward. Most of the time, Congress doesn't move. Take Social Security.

The problem was considered "untouchable" for any survival-minded congressman. The president also walked away from a chance to reorganize the system early in his term. So Social Security sat, slowly self-destructing. A small group of visiting Democratic congressmen recently explained to us the political utility of the Greenspan Commission.

The commission let Washington's timid pols do two things. First, whenever a SWAT team from the Social Security lobby rolled into his office, a congressman could say, "All this is in the hands of the Social Security Commission." Second, the backers of the report's consensus adopted the house-of-cards strategy—tinker with any part of the solution and the whole thing would collapse in ruins. Eventually, Congress served its constitutional function by voting for the commission's solution. The Scowcroft MX commission followed a similar path.

In a sense, these commissions are serving largely as effective adjuncts to the traditional political process. Americans can take some pride in a political system so pliant that it improvises problem-solving mechanisms when some part of the traditional system breaks down. Still, the question

remains: How did Congress come to suffer its current disability?

For the most part, Congress is stewing in its own juices. Its troubles are directly traceable to the Hansen-Bolling committee reforms of the early 1970s, a palace revolt that broke the power of the committee chairmen and replaced it with an administrative nightmare of overstuffed subcommittees. The committee reforms created enough random variables of power on Capitol Hill to make a good video game ("Congressional Donkey Kong") but not an effective legislature. If not good, it's certainly expensive, with a budget in the neighborhood of \$1.3 billion the last time we looked.

Privately, congressmen complain about the relentless pressure of specialized interest groups, but each of those thousands of lobbying organizations has an office in Washington only because Congress since 1965 created a flood-tide of legislation that divided and subdivided the American people into thousands of constituencies. Congress now has spent the last several legislative sessions hiding from its own special-interest monster, and the president's bipartisan commissions have proven a good hiding place for all, including the president.

There is a sense in which the present commission craze is galling to anyone who thinks the Founding Fathers designed a perfectly fine system for resolving our differences. And we're aware there is a sort of perverse, stop-me-before-I-kill-again benefit in having a Congress that has handcuffed itself. We wonder, however, whether the commissions might not be the most effective and least harmful path out of the present climate of political stalemate. There was something appealingly old-fashioned about the Greenspan Social Security Commission. It managed to do much of its arguing and work in private, just as powerful congressional committee chairmen and administration officials once brokered compromises in closed sessions or over dinner.

Congress's hapless plight won't end until it reimposes some form of discipline on itself, either by reforming the Hansen-Bolling reforms or giving the president line-item veto power over its spending compulsion. In the meantime, if the president wants to cut his deals over Medicare or the deficit with Lane Kirkland and 15 of his bipartisan friends, so be it.

Fair Trade Once More?

Resale price maintenance is the practice by which manufacturers and dealers agree that a product will not be sold below a stipulated retail price. For almost a century policy makers have swayed back and forth over whether they approve of it or not. Their wozziness reflects general confusion, changing economic structures and shifts in our ideas about morality in the marketplace. Today the ideological winds are high once more, and the antitrust thinkers are again whipping around in the breeze.

At the beginning of the century, the courts said resale maintenance was illegal under the antitrust laws. Part of the reasoning was economic: Price maintenance was a form of anticompetitive price fixing. Another part was moral: Manufacturers had no right to restrict a dealer's freedom in disposing of goods he had bought and paid for.

Later on, when state governments themselves passed fair trade laws to enforce resale price maintenance, the prevailing morals had reversed themselves. Now state legislators thought it perfectly respectable to protect retailers from the insecurities and throat-cutting of the competitive jungle.

Things move faster nowadays, and lately we have seen two more such reversals in fairly rapid succession. In 1975 Congress revived the old antitrust ethos, repealed the state fair trade laws and proclaimed aggressive price-cutting acceptable. Then not so very long afterwards the Department of Justice's Antitrust Division, expressing the latest and toughest eco-

nomie thinking, began pushing a newer line.

The division has been arguing that even when resale price maintenance restricts the freedom of individual competitors, one can imagine that it might actually increase competition in the proper economic sense by strengthening a manufacturer's position in the market. Therefore price maintenance should not be declared wholly illegal. Each case should be judged by its particular facts.

The new antitrust thinkers are certainly right in their economics, and they have done the field a big favor by exposing some of the moralism that has passed for economic analysis there. But when it comes to actual cases, like the recent *Spray-Right vs. Monsanto* in which this issue appeared, it is excruciatingly difficult to determine what the particular facts really are—who thought his interest was being served, who coerced whom. Under these circumstances, indulging some resale price maintenance may end up opening the door wider for a practice that in reality is very often anti-competitive.

The experts' economic distinctions are correct, if theoretical. In practice, it's hard to see how to make them work without a dangerous mess and, what is the same thing, a lawyers' field day. We may have to settle for a simpler policy that errs on one side or the other of the experts' lines of distinction. If we have to choose, we'll come down on the side that leaves resale price maintenance in the doghouse.

The Easy Way Out

President Reagan made a noble gesture in taking full responsibility for the loss of 240 Marines and sailors in Beirut last October. But we doubt the wisdom of overriding the findings of the Long Commission's investigation of that disaster made public yesterday.

"I do not believe . . . that the local commanders on the ground, men who have already suffered quite enough, should be punished for not fully comprehending the nature of today's terrorist threat," said the president at his pre-emptive press conference Tuesday. "If there is to be blame, it properly rests here in this office and with this president."

Of course it does, in one very important sense. As Harry Truman said, the buck always stops at the president's desk. The president's duty is clear; it is to maintain and direct an efficient military force. President Reagan is to be commended for going far toward rebuilding the morale of the armed services, depressed by years of neglect and even derision. But at the same time, you cannot build an efficient organization unless you hold subordinates accountable for their performance, as unpleasant as this task often is. Any experienced manager will understand that in accepting the blame, President Reagan is taking the easy way out.

Much to the point, the Long Commission directly contradicts what the president said, in effect quite sensibly asserting that it would be hard to absolve anyone in the military chain of command for not fully comprehending the nature of today's terrorist threats. The kind of explosive-laden vehicle that killed the Marines has been used in terrorist attacks in England, France and elsewhere for years now. It is not much to ask that our national-security experts should understand the nature of modern, undeclared terrorist warfare. Nor is it necessary to tiptoe around the hard truth that the terrorists are armed, trained and sponsored by our principal adversary, the Soviet Union. If our military leaders don't know these things and aren't training officers and troops to fight this kind of war, what exactly are we getting from a \$300 billion defense budget?

The field commanders, of course, can correctly say that part of the vulnerability of their troops derived from the way their mission was defined, as a "peacekeeping" effort. For this Mr. Reagan deserves some responsibility. But we also can trace some blame to the context in which his decisions were made, particularly the self-destructive War Powers Act passed in 1973 by a hypocritical Congress intent on proving that it was in no way responsible for the Vietnam debacle. Because of the restrictions of that act, President Reagan cut a deal with Congress limiting the number of troops he could commit to protect the Lebanese government and forcing the troops into static deployments. Those unloaded rifles of the sentries who might have stopped the onrushing explosives truck are just the sort of things that should be expected when we put an army in a combat zone trussed up with a bunch of bargains struck by Washington lawyers.

Some additional blame can be passed out to the analysts at the State Department who advised that with just enough sweetness and light, we could do business with Syria, the Soviet surrogate that has been wreaking havoc in Lebanon for 10 years. Could the people they were describing as misunderstood peace seekers actually have been capable of sponsoring a kamikaze attack on a Marine barracks? Is this kind of advice the reason the Pentagon and the White House appear to be the last to know that we are engaged in a war against Soviet-backed terrorism?

These are all good questions, but they still don't take the U.S. military off the hook. Perimeter defense is basic in warfare and it would be hard to argue that any conditions limiting the Marines' mission prevented that. Whatever mistakes the president made in sending the Marines on an equivocal mission are only compounded by failing to hold the commanders on the spot responsible for something so fundamental.

In relieving the military of even its minimum responsibilities, the president is suggesting that it has no responsibilities at all. That is anything but a recipe for avoiding new military embarrassments in the future.