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THE WHITE HOUSE

WASHINGTON

January 17, 1983

MEMORANDUM FOR ED HARPER

FROM:

CARLTON TURNER

SUBJECT:

State of the Union - 1/16/83 2:00pm Draft

I have no problems with the content of the proposed draft, given that it is the speech only. Last year the speech and the message differed in that the message was much longer allowing for inclusion of more detail. There are several items the President can claim as accomplishments in the drug area which I feel strongly should be included in the message, however it is not necessary to include them in the speech.

In the speech, I recommend the "Crime and Drugs" section (page 18) be altered. The President has stated repeatedly that all the law enforcement in the world will not stop the drug problem. By devoting an entire section to crime and drugs only serves to contradict the President's previous statements.

A sentence should be developed which states, in essence, that drug law enforcement is important but as the President has said "... as important as intercepting the drug traffic might be, it cannot possibly equal the results in turning off the customers, the users, and make them take a different course in deciding to no longer be customers." To solve the drug problem (taking the customer away) we must have a long term education and prevention effort by businesses, parents, teachers, and other concerned citizens. Drug abuse costs us dearly in terms of health care, youth development, productivity, impaired judgement, ruined lives, and military readiness.

Many of the sentences in the "Crime and Drug" section can be easily eliminated without affecting the essence of the speech. This is not a strong section of the speech and if we lose this opportunity to communicate the President's balanced approach for his drug program we will be doing a disservice to him and the overall program, including law enforcement. The public, when exposed to the basic Reagan approach, really responds.

cc: Roger Porter Bob Carleson Mike Uhlmann

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OFFICE OF POLICY DEVELOPMENT

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REMARKS:

GUNN, CARLESON, BOGGS, UHLMANN, TURNER, HOPKINS, BRADLEY May I please have any changes by 2:00 p.m. today.

Judy Johnston

STAFFING MEMORANDUM

| Document No. | 11169955 | |
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WHITE HOUSE STAFFING MEMORANDUM

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Note: This has been forwarded to the President.

Richard G. Darman Assistant to the President

(x2702)

esponse:

THE WHITE HOUSE

January 16, 1983

MEMORANDUM FOR THE PRESIDENT

FROM:

ARAM BAKSHIAN, JR.

SUBJECT:

State of the Union

I attach a very provisional draft for your State of the Union Address. What we've tried to do is strike a note that combines realism with optimism -- candor about present problems with a credible, upbeat view of the kind of American future you envision and are working for.

I have bracketed several optional passages and two entire sections (crime and health care costs) which are useful but non-essential. Ideally, we'd like to keep the final draft to a maximum of 22 pages (last year's length) and not end up with a dull laundry list that dilutes the basic theme. It will be an interesting week....

We had planned a brief section on tax system restructuring, but Treasury was unable to meet the deadline on this subject and we didn't want to keep you waiting. It will be in the next round. The same applies for a women's section.

Please accept my personal compliments on your handling of the Martin Luther King radio speech and reception. Sincerely moving, without compromising any principles.

Darman

(Bakshian) January 16, 1983 2:00 p.m.

DRAFT STATE OF THE UNION ADDRESS

Mr. Speaker, Mr. President, distinguished Members of the Congress, honored guests, and fellow citizens:

This solemn occasion marks the 193rd time that a President of the United States has reported on the State of the Union since George Washington first did so in 1790. That's a lot of reports and, as I made my way to Capitol Hill from the White House this evening, I couldn't help feeling a little envious of the Father of Our Country. George Washington was to the State of the Union what Adam was to the human race. In the words of Mark Twain, he was "the only man who, when he said a good thing, knew that nobody else had said it before him."

Come to think of it, if I'd been born only 1 year earlier, I could have heard Mark Twain say that in person.

Still, there is no shortage of new things to say about the State of the Union. Constant as our adherence to faith, freedom, dignity and opportunity is, ours has always been a land of change. The very key to our success has been our ability, foremost among nations, to preserve our lasting values by meeting the challenge of change -- by making change work for us rather than against us.

We have done this, not only by holding fast to our proud traditions, but by keeping faith with the future. And it is about that future -- the State of the Union not only today, in 1983, but in 1993 and in the century beyond -- that I would like to talk with you tonight.

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Progress at Midterm

To understand the future, however, we also need a firm understanding of our present, and the ability to learn from -- not repeat -- past mistakes. It has been 2 full years now since I took up the duties of President. Looking back to the day my term began, I'm reminded of something John Kennedy once observed about the opening days of his own Presidency. "When we got into office," said J.F.K., "the thing that surprised me most was to find that things were just as bad as we'd been saying they were." Well, in our case, we expected them to be as bad as we'd said. What did surprise us was that they were so much worse.

There would be little point tonight in reopening old wounds and dredging up past failures. I think everyone in this hall -- and everyone watching on television -- remembers all too well the state of the Union at the end of 1980: the low ebb of confidence, prestige and credibility America had sunk to in the eyes of the world.

But what was far more damaging was the deepening defeatism with which too many Americans -- and too many of our leaders -- had begun to view our own country here at home. They talked endlessly of national malaise. They said that the promise of America was over, that we must tell our children not to strive, not to hope, not to dream the dreams we once dreamed.

[Economic conditions contributed mightily to this decline in national confidence. Think back to the opening days of this Administration. Productivity had declined 2 years in a row, growth in the gross national product had declined for 3 years,

Page 3 DRAFT

and business failures and unemployment were increasing. A recession that had been building since the late seventies gained ever-greater momentum.]

We in this hall have a duty to remember the sense of desperation wage-earners and housewives felt on their trips to the supermarket when, each week, the same paycheck bought less and less for their families — the desperation felt by elderly Americans as the value of their fixed incomes, the work and savings of a lifetime, was eaten away. We must never let that happen again.

As a dangerous public psychology took hold, business and individuals routinely made decisions on the basis of inflationary expectations. While saving was discouraged, borrowing against the future became the rule. The qualities of thrift and hard work that had done so much to make America an economic giant began to fall by the wayside. In short, the United States was in danger of following the same course of uncontrollable inflation, burdensome taxation and economic stagnation that had led so many other nations in history to their downfall. And an over-spending, over-borrowing Federal Government was leading the way down the road to ruin.

The time had come to pull back from the brink -- to halt the blind march to disaster -- and we did it. It hasn't been easy. It hasn't been painless. But we have done what had to be done. Perhaps the best way to judge the results -- and the state of today's Union -- is to compare how things were then, and how they are now.

: II.

Page 4 DRAFT

Indications of Recovery

After reaching 13.3 percent in 1979, inflation still stood at 12.4 percent in 1980. By the 12-month period ending last November, it was down to 4.6 percent. We've brought inflation under control — in fact, we've cut it by almost two-thirds. Our successful war on inflation has meant \$1,100 more for a family earning \$15,000 than if it had stayed where it was. To those who say our economic policies lack compassion, I would point out that's more direct help than ever could be offered by any of the Federal aid schemes so often proposed in recent years.

By the end of 1980, the prime interest rate had soared to 21.5 percent. Credit for buying that new house, car or appliance was out of reach for most Americans. But we've changed that. In 2 years, we've reduced it by almost one-half, and we're going to keep those interest rates coming down.

In 1980, Federal spending -- a major cause of inflation and high interest rates -- was growing at an annual rate of over 17 percent. In this fiscal year, we'll have cut that rate of increase nearly two-thirds. And, I promise you, I will continue to use every resource I have -- including the veto -- to protect the American people from runaway Government spending.

And then there's taxes. Compared to 1980, a typical family of four earning about \$25,000 will save \$600 in Federal taxes this year, \$800 next year. I'm proud of that, and I pledge -- and ask you to join me in that pledge -- to protect our people's tax cut.

Page 5 DRAFT

Mortgage rates in 1980 were zooming up -- making it harder and harder for families to afford that home of their own. Today, they're falling. The monthly cost of a \$50,000 mortgage now is \$200 less than at the old peak rates. We must keep those mortgage rates heading down.

In 1980, housing starts were in a 3-year slump, down about a half million. By the end of last year, the rate was heading back up to almost one and a half million -- a half million above the 1981 level. That's a bell weather indication that the American economy is beginning to bounce back.

In the Book of Psalms, we read that "weeping may endure for a night, but joy cometh in the morning." The long night of failed policies -- of ever-bigger, more-costly Government, of over-spending, over-taxing and over-regulating -- that subjected the American people to a seemingly endless cycle of boom and bust, inflation and recession, has cast its shadow over our lives for too long.

But for a beleaguered American economy, and for a sorely-tested American people, that long night is finally ending. I know it's not easy to see for those who are still feeling the pain of recession and joblessness, but the hard-won recovery we promised is finally breaking through the clouds like the sun after a storm.

As we start this challenging but promising new year, the revival of the housing industry is only one of many unmistakable signs that the recovery we have worked so long and hard to achieve is now underway. As 1982 ended, the Index of Leading

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Economic Indicators had been heading up for 7 out of 8 months.

Housing sales as well as housing starts were up dramatically; car sales and factory orders for durable goods were also climbing and -- by mid-December -- unemployment claims had begun to drop.

We Americans have good reason to hope again.

One reason for hope is that, over the past 2 years, a

Congress and an Administration did their best to set aside

partisan differences and quick political fixes to seek together

what was right for their country. We owe it to the American

people to strengthen that bipartisan spirit in 1983.

Sustaining Recovery

For as the dawn of hope breaks, we must remember that our victory is still a fragile one. Just as the past Congress was occasionally tempted to resort to pork barrel and the quick fix, this new Congress will face its moments of dangerous temptation. Already, those who would jeopardize the chances of long-term recovery -- those who fought against tax relief for the American

Make no mistake: these are the very things that caused those killing inflation and interest rates and brought on the recession in the first place.

people, against cutting red tape, and for all the old failed

back to the bad old days of over-taxing, over-spending,

over-borrowing, and over-regulating.

policies of the past -- are mounting a campaign to drag America

This country -- and this Congress -- must not fall into that trap again.

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Together, we in Government must stick to the one, clear path to sound, lasting recovery. We must tame the budget monster. must demand of Government the same self-discipline and responsibility that every American family exercises. And that means spending no more than we can afford -- cutting out the frills and concentrating on the necessities. I know that it is hard at times to resist the temptation to spend the taxpayers' money on seemingly attractive programs that will win the applause of this or that special interest group. But beyond the fleeting political popularity that such action brings lies a grim future for all Americans -- a future of higher taxes, higher inflation, and higher interest rates; a mortgaged future that would mean less hope and fewer jobs for our children and grandchildren. We owe it to the coming generations to act responsibly now, to act not for present partisan gain, but for the future good. The Challenge of Change

Nearly half a century ago, another American President spoke in this chamber. He, too, urged America to look to the future.

Times were much harder in 1935 when Franklin Roosevelt delivered his second State of the Union Address. But the challenge of change -- and the need for leadership that looks forward, not backward -- is as great today as it was then.

"Throughout the world," President Roosevelt said, "change is the order of the day. In every nation economic problems long in the making have brought crises of many kinds for which the masters of old practice and theory were unprepared."

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Franklin Roosevelt also reminded us that, "the future lies with those wise political leaders who realize that the public is interested more in Government than in politics."

So I urge each and every Member of this Congress -- men and women of both parties and every political shade -- let us, in these next 2 years, concentrate on the long-range responsibilities of Government, not the short-term temptations of politics. Let us work together to meet the challenge of change, as we Americans always have in demanding times.

A very wise man, Bernard Baruch, once said that America has never forgotten the nobler things that brought her into being and that light her path. Let us follow that light -- the light of our ideals, our stamina, and our inventiveness -- to a great American renewal.

The immediate tasks for such a renewal are clear. Because the problems we inherited were far worse than most inside and out of Government had appreciated, the recession was deeper than most inside and out of Government had predicted. Curing those problems has taken more time, and a higher toll, than any of us wanted. Unemployment, as we are gathered here, is still far too high. Projected deficits — if Government refuses to tighten its own belt — will also be far too high and could weaken and shorten the economic recovery now underway.

So the first challenge of renewal is a renewed economy. We must take measures now that will keep the recovery going and provide not only protection for those in need or temporarily out of work, but long-term training, technology development and

economic growth so that all Americans will enter the next decade, and the next century, prepared for the future -- strong in hope and skills, and secure in opportunity.

To keep our economy on the mend, I will be sending the Congress several detailed messages, each calling for important, positive action. In addition to my annual economic report, I will transmit comprehensive plans to deal with unemployment and our competitive position in world trade, and to increase savings — the mother's milk of sound economic growth. I will also send the Congress a plan to deal with the severe, projected budget deficits that could block the path to lasting economic health.

Unemployment Problem Diagnosed

First, let's focus on unemployment. Like so many other things, unemployment is a changing problem. To cure it we must understand that we are dealing with something new -- something more than a traditional recession. In past recessions, the pattern was a familiar and almost universal one. Workers who were laid off were then hired back to the same job when the recession ended. For most of today's unemployed, this pattern will still hold true.

But not for all, because international trade, rapid technological changes, and energy conservation have had a tremendous impact on the composition and distribution of our labor force. This has led to what's called "structural unemployment." International trade has meant stiff -- and netimes unfair -- competition for major parts of our economy

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such as the steel industry and agriculture. Our loss of market share has cost us jobs and farm income. In the field of technology, to give just one example, new developments have meant that large segments of the copper market have been lost forever to glass fibre "wires" for voice communication. Or consider the impact of regulations on steel. When the Congress legislated energy conservation in cars, in effect, it legislated smaller cars, because only smaller cars could meet the fuel efficiency standards. Those smaller cars meant that less steel and other materials would be used in making the car. The result is that the average U.S. car today uses _____ fewer pounds of steel than it did just 5 years ago.

Once again, the challenge is learning to live with change —
to use our skill and vision to master a future that is coming
whether we like it or not. That means developing new
solutions — something better than a traditional make—work jobs
program until the economy picks up enough to absorb the
unemployed. The fact — and we've got to face it — is that some
of today's unemployed workers are permanently displaced, not from
all work, but from the kind of work they were originally trained
for. This means that some people may be out of work a little
longer during this recession and that more people will have to
develop new work skills. It means that some people may have to
relocate to find work and it means that we must demand a fair
shake in international trade for American agriculture and
industry.

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Work Bill

To meet these new challenges, the work bill I will send to the Congress will extend unemployment benefits, provide special incentives to employers to hire the structurally-displaced worker, fund job-training programs, and provide new flexibility for Federally-funded and State-administered unemployment insurance programs to provide workers necessary training and relocation assistance. The urban enterprise zone legislation I proposed in 1981, and will work for again this year, can also help alleviate the unemployment problem in our most hard-hit urban areas. In this vital effort, we'll also welcome the help of the private sector and organized labor. We've all got to pull together to get Americans working again on jobs with a real future.

Trade

In the field of international trade, I will propose a new strategy. In addition to assuring adequate export financing to sell American products overseas, I will ask the Congress for new negotiating authority to lower tariff and non-tariff barriers to American goods. I will also create a new bipartisan commission to recommend changes in both domestic and international law to promote the free flow of American goods and services in world markets.

Our trade position can also be improved by making our port system more efficient. Better, more active harbors translate into stable jobs in our coal fields, railroads, trucking industry Page 12 DRAFT

and ports. It's high time for the Congress to end its 2 years of elay and enact a port modernization bill funded with user fees.

Finally, I intend to open a national dialogue on how our private sector can export more goods and create more jobs through the creation of a Commission on Industrial Competitiveness.

We Americans are still the world's technological leader in most fields. We must keep that edge.

Education

But to keep it, we need to begin renewing the basics -starting with our educational system. While we grew complacent,
others have acted. Despite the fact that the Japanese population
is only half the size of ours, last year Japanese universities
produced more engineers than we did. At an even more basic

vel, if a child doesn't receive adequate math and science
teaching by the age of 16, he or she has lost the chance to be a
scientist or engineer.

All too often, failures in our education system are robbing our children of the future they deserve. We must join together to bring our school systems into line with tomorrow's workplace. In the months ahead I will be calling upon parents, teachers, grassroots groups, organized labor, and the business community to join forces in revitalizing American education -- to make it again a vital engine for meeting the challenge of change.

[Chicago offers a good example of the problems and opportunities that we face in education. Last year, I visited the Providence-St. Mel Catholic school where black and white dents from middle- and lower-income families were learning

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their ABC's and the basic values that have made our country a great and good place. Also in Chicago are inspired teachers like Marvella Collins who are proving that the so-called "disadvantaged" can learn and learn well. Finally, while the Chicago Public School System has its problems, it also has Dr. Ruth Love who has persuaded over 100 businesses to "adopt" a school and help provide all of those things, including hope for a job after school, which make the difference between a mediocre and a really good education.]

One of the things that has undermined our educational system is that parents, students and teachers have lost control to an 'education bureaucracy outside of the home and the classroom.

Parents want to have -- and should have -- control over their children's education whether they are rich or poor. That is why I proposed last year that we grant tuition tax credits to parents who wanted to send their children to private or religiously-affiliated schools. I remain committed to enactment of tuition tax credits.

This year I will also propose two new educational initiatives. First, that the Congress authorize local school districts to allow the parents of disadvantaged children to use their individual share of Title I funds in accredited schools — public or private — where they believe their child can get the best education. The disadvantaged have a right to a choice.

Second, I will propose a new tax-free Independent Education

Account -- in effect, an I.R.A. account for post-secondary

education. This would give people at middle- and lower-income

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levels a tax incentive to save for their children's college education and, at the same time, encourage a real increase in savings which are vital to economic growth.

Deficits

Some of these new programs will be expensive but these expenditures are vital investments in our future. Not only in terms of jobs in the next couple of years, but in terms of better lives for our children and grandchildren for generations to come.

Finding the funding for any new programs comes hard in the face of massive projected deficits. And if we don't bring those deficits under control, Federal borrowing will be set on a collision course with economic recovery, soaking up the credit the private sector needs to grow and create new jobs and opportunity.

Let's be clear about where this problem comes from. The deficits we face are not rooted in defense spending. As a matter of fact, as a percentage of G.N.P., our defense spending is 19 percent less than it was in 1970. And the deficit is not rooted in tax cuts, because taxes as a percentage of our gross national product are 3 percent higher than they were in 1970.

No, those deficits are rooted in domestic spending which is now 40 percent higher than it was in 1970. I don't know why it is, but some of the same people who talk so much about the \$1.6 trillion growth in defense spending conveniently ignore the almost \$2 trillion growth in necessary domestic spending that I am recommending in my budget for the next 5 years.

udg Plan

The budget I will submit to the Congress required some hard hoices -- but it's a fair, balanced plan. While I go into these hoices in greater detail in my budget message, let me outline hem for you now.

First, because we must make savings to save our economy, I m calling for a Federal freeze that cuts across the board. The reeze I propose applies to both defense and domestic pay ncreases and most programs of Government -- except where vital ational security is at stake, or where a freeze would create nfair hardship or incur unreasonable additional costs.

Second, where the basic human service entitlement programs re concerned, I am proposing no major new reductions in the ud What I do propose is a number of minor modifications to nsure that the taxpayers' hard-earned_dollars go only to the ruly needy. Our campaign against fraud, waste and abuse in the bod stamp program alone found \$_____ billion in fraud and esulted in _____ convictions since I last reported on the state f the Union. And we don't intend to let up, not only for the ake of the taxpayer, but for the sake of the truly needy, who re robbed each time a cheat or freeloader deprives them of help diverting precious Government resources.

Third, to staunch the flow of red ink, I will be proposing ome tough budget cuts. For example, while there are no really cuts left, our success against inflation has made it osettle for us to reduce the funding requested for some defense

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programs because costs are not escalating as fast as originally anticipated.

But budget measures alone cannot tame the deficits. That can only come through the kind of healthy economic growth we can expect as this recession ends and recovery takes hold. Any Government measure -- be it spending or taxing -- that slows recovery merely aggravates the deficit problem.

Let's not forget, too, that predicting deficits is even riskier than predicting the weather. Even the best forecasters often end up with egg on their face. That's why many economic observers question such projections and foresee a more rapid, vigorous recovery and lower deficits than officially predicted.

I share their confidence that, as the recovery gains momentum, the deficit problem will shrink. However, even the risk rather than certainty of unmanageable deficits requires prudent precautions. So what I am proposing is a kind of insurance policy -- a stand-by revenue measure that would only go into effect in 198_ if, despite the end of the recession, deficits still exceeded ____ percent of the gross national product, or about \$____ billion. With this kind of insurance policy, we can preserve the tax cuts and tax indexing we've already won for the American people through the coming 2 years -- and preserve them permanently if the economy responds as I believe it will. If it does not, however, we'll have a strong but necessary deficit remedy ready at hand. And we won't have to take the medicine unless it's really needed.

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Social Security

Another major part of this Administration's agenda is ending the cruel and needless uncertainty that some 36 million elderly Americans face because of the looming insolvency of the Social Security system. When I first warned of this problem, years ago, I was accused of exaggerating. It is clear now that I wasn't. The bipartisan commission which I called for, with members appointed by me, Senator Baker, and Speaker O'Neill, has confirmed that the Social Security trust funds face bankruptcy — a shortfall of \$150 to \$200 billion between now and 1990 — unless we can set partisanship aside and achieve a responsible solution.

Now that we agree about the nature of the problem, the American people have a right to expect us to lift the burden of fear from the backs of our elderly. Just last week, after long, hard negotiating, the Social Security Commission finally agreed to a program to save the system. It's a bipartisan solution and it has my support and that of Speaker O'Neill. Let's pledge together tonight that we will act together to solve this problem, and solve it within the next 30 days.

Civil Rights

[A few minutes ago I mentioned the Chicago City schools.

One other thing I am happy to report about the Chicago school system is that the Federal courts have recently ruled that mandatory busing need not be an essential part of a school desegregation plan. Black and white students and their parents in Chicago are now free to choose whether they go to the school

Page 18 DRAF!

closest to their home or another school which might offer special programs or learning opportunities. Isn't it time for Government across the country to concentrate on educating our kids instead of busing them?

As I have stated many times, opposition to busing has nothing to do with opposition to school desegregation. The elimination of officially-sanctioned segregation by race wherever it occurs remains the cornerstone of this Administration's civil rights policy.]

Last year's extension of the Voting Rights Act, which I was proud to support and sign, marked a milestone in civil rights progress. This year, another extension falls due. The United States Commission on Civil Rights continues to do important work. To be sure, decisions of this Administration have sometimes been criticized by the Commission, just as previous administrations have been subject to criticism. But we recognize the necessary and legitimate role the Commission plays and it is vital that the Congress reauthorize it.

[Crime and Drugs

Just as we must rid our society of discrimination, we must we do all we can to rid it of crime and the plague of organized drug trafficking. Crime is an epidemic that will touch one out of three American homes this year. Just during the time I am speaking to you tonight, at least 1 person will be murdered, 9 women will be raped, 6 Americans will be robbed, nearly 100 will be seriously assaulted, and nearly 400 homes will be burglarized. This carnage must stop.

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A new and sinister privileged class has emerged in America: a class of hardened repeat offenders and career criminals who are openly contemptuous of our way of justice. They don't believe they'll be caught. And, if they are caught, they're convinced that once their cases enter our legal system the charges will be dropped, postponed, plea-bargained away or lost in a maze of legal technicalities that make a mockery of our legitimate and honorable concern with civil liberties.

The safety of our streets is the primary duty of State and local government. However, last fall when I announced this Administration's new initiative against drug trafficking and organized crime, I pointed out there is a direct relationship between street crime and more sophisticated forms of crime — that the street criminal, the drug pusher, the mobster, the corrupt policeman or the public official are part of a criminal subculture, part of a climate of lawlessness in which each protects and sustains the other.

Our goal is to break the power of the mob in America. We mean to end their profits, to cripple their organization, and to imprison their members.

The major elements of our crime program are now in place.

Based on the success of our South Florida Task Force under Vice

President George Bush, we are now forming 12 regional task forces
to root out the drug cartels operating in America.

But it will take more than added agents and prosecutors to do the job. Drug pusher after drug pusher has escaped justice by taking advantage of our bail system. And too many hardened Page 20 DRAFT

criminals have cynically used technicalities of the exclusionary rule to avoid punishment. Reform of our bail system, and reform of the exclusionary rule -- along with changes in criminal forfeiture and sentencing laws that would strengthen our hand against the professional criminals -- are long overdue. In fact, these changes were passed by a vote of 95-to-1 by the Senate during the last Congress. Unfortunately, virtually none of this legislation was acted upon by the House.

This year I will send to the Congress an omnibus crime bill providing for the reforms we need to put and keep organized crime leaders in jail. And, while we await the Congress' action on a new crime bill, I will act to the full limit of my existing authority. Specifically, I am pleased to announce this evening that using discretionary Department of Justice funds, we are establishing a _____ year national investigatory commission that will hold region-by-region hearings on the nature and structure of organized crime in America. I'm especially pleased to announce that one of America's most distinguished jurists, [Justice Potter Stewart], has agreed to act as Chairman of this Commission.]

[Health Care Costs

Let me now turn to another subject of concern to all of us -- our health and the cost of recovering from an illness.

Health care costs are a subject that most of us don't think about until we must -- and then it is sometimes too late.

Earlier I discussed the success that we have had in bringing inflation under control. I wish I could say that health care

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costs were following the downward trend of inflation, but they aren't. For the past _____ years, health care costs increased more than ____ times the rate of inflation. In 1980, as a Nation, we spent \$240 billion or \$1,037 per person on health care.

These costs are becoming a major burden on our economy. Businesses spend over \$55 billion a year for employee health insurance, nearly 5 percent of payroll expenses. These expenses reduce business revenues available for growth and new jobs. They drive up prices and, in the long run, may be shifted back to employees through reduced wages. Every level of government is also experiencing fiscal problems stemming from their health care programs.

The impact on individual families can also be staggering.

Recently, a member of my staff had an emergency heart operation.

I'm glad to say he is again healthy and back at work, but his hospitalization cost was \$30,000. Fortunately, he had catastrophic illness insurance, but such catastrophic expenses would bankrupt the average family without such insurance.

And the fact is that most of our people still do not have such coverage. For example, no one relying on Medicare alone has catastrophic coverage. Since one out of fifty Americans can expect catastrophic medical expenses of more than \$5,000 within the next 3 years, the problem is a big one.

Clearly, we must do two things: first, bring escalating health care costs down to relieve the costs pressures we are under and, second, provide catastrophic insurance coverage.

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So, within the next few weeks, I will be sending to the Congress a comprehensive proposal to bring health care costs under control and to insure that virtually every American has catastrophic health insurance coverage.]

Keeping Faith with the Future

So far, I've concentrated on the problems posed by the future. But in almost every home and workplace in America, we are already witnessing reason for great hope -- the first flowering of the man-made miracles of high technology, a field pioneered and still led by our country. Yet what we see around us today -- like the crude', first steam engines and early factories of past centuries -- are only the beginning.

For all our problems, for all the uncertainties and frustrations we're living with in this period of adjustment and change, we Americans stand on the threshold of an exciting new age. If we act wisely now, it will be an age of better, more abundant life for us all — but only if we meet the challenge, only if we keep faith with the future.

Not too many years ago, the television sets that millions of Americans are watching tonight were only a distant glimmer in the mind of an inventor. Tonight, they bring together an entire Nation in a way that was never possible at any other time in human history.

To many of us now, computers, silicone chips, data processing, cybernetics and all the other innovations of the dawning high technology age are as mystifying as the workings of the early combustion engine must have been to our grandparents

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hen that first Model T Ford sputtered and rattled down the street where they lived.

But as surely as America's pioneer spirit tamed a savage wilderness in the 19th century and made it flourish, as surely as that pioneering spirit made us the industrial giant of the 20th century, the same pioneer spirit today is opening up another vast frontier of opportunity -- the frontier of high technology.

In space, in agriculture, in medicine, in industry, in the classroom and in the American home we have only scratched the surface of this wondrous new age of opportunity -- but, already we have begun to meet the challenge of the next century.

The underlying purpose of this Administration's policies is to make your Government an engine for positive change instead of a negative barrier to progress — to open the doors of opportunity to all our people through a policy of national renewal.

What will this American renewal mean?

It will mean a Government that encourages rather than hinders private sector vitality and innovation.

It will mean a more creative and responsive Government through decentralization -- a system of New Federalism that will transform our States and localities into dynamic laboratories of change in a creative democracy.

And, beyond our own borders, it will make American leadership and the American example an even more vital force for peace, opportunity and democratic values throughout the world.

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In the 40 years since the United States has emerged as the leader of the free world, we have used our power responsibly. We have neither sought nor added a square inch of territory to our possession.

American and allied strength and resolve have successfully kept the peace among the world's major powers and especially its nuclear powers. However, the use of force and violence continues in many areas of the world.

In the Middle East, bitter local animosities, crucial oil resources and proximity to the Soviet Union combine to threaten world stability and Western interests. Thanks to our strong relationships with both Israel and the Arab states, America is uniquely able to assist the search for peace in this region. In 1981, we kept the final disengagement of Israeli forces from the Sinai on track. In 1982, my special envoy Phil Habib successfully ended the fighting in Lebanon, including the withdrawal of the P.L.O. from Beirut. And last September, I announced a concept for completing the peace process between Israel and her neighbors. We remain committed to its fulfillment; our efforts will not flag in the year ahead. This also applies to our peace efforts in Southern Africa.

Another area of the world in which the United States has a special responsibility is Central America. This Administration's Central American policy is one of political and economic development, coupled with security assistance. Political development means strengthening democracy, as I stressed on my trip to the region last year. To assist economic development, we

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submitted to the last Congress the Caribbean Basin Initiative.

This proposed legislation gives tax and import duty advantages to stimulate the private investment necessary for sustained economic development in this troubled area so close to home. The Initiative only narrowly missed passage in the previous Congress, and we will pursue it as a high priority in the current session. Finally, the United States is furnishing security assistance to governments under attack in Central America. If political and economic development is to have a chance, then legitimate governments must be able to defend themselves against guerrillas and terrorists heavily supplied by the Soviet Union through Cuba.

At the heart of America's national security policy is our relationship with the Soviet Union. We all know that in the aftermath of the Vietnam War, and the political and social upheavals of the 1970's, American power and confidence deteriorated. Meanwhile, the Soviet Union engaged in the greatest military build-up in history and stepped up its work of suppression, subversion and, in the case of Afghanistan, outright invasion.

When I took office, I resolved to meet this challenge to peace by restoring our defense strength -- and by using our restored credibility to negotiate major arms reductions with the Soviets. I have done this and we now have the basis for a national security policy which will protect our people and our freedom while offering the Soviets a strong incentive to peacefully negotiate.

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We are now engaged with the Soviets in a broader range of arms control negotiations than at any time in our history -- on strategic nuclear weapons, intermediate range nuclear weapons, and conventional forces in Europe. In all these negotiations, the United States has insisted that both sides agree to substantial, verifiable reductions in forces.

The Soviet Union's initial response has been encouraging.

While their opening proposals are clearly unacceptable — they do not cut deeply enough, and, more significantly, they are designed to build in a Soviet arms monopoly — they are a beginning. We will continue to press the Soviet Union to join us in meaningful reductions.

The key to success in this search is American and Allied resolve to maintain adequate defenses with or without agreements. Once the Soviet Union understands that its strategy of a unilateral arms build-up and unequal arms agreements will not work, the chances for major arms reductions will take a giant leap forward.

A final, crucial aspect of this Administration's national security policy is our democratic initiative. That's with a small "d". In London last year, I announced that the United States was committing itself to developing the infrastructure of democracy throughout the world. Democracy is not a rigid ideology that we seek to impose; it is a basic commitment to free institutions compatible with many different cultures and political beliefs. What it means is that people have the right to choose their own leaders and to hold those leaders accountable

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for their actions. We believe that democracy is the key to both freedom and peace. And we intend to pursue this democratic initiative vigorously, in full cooperation with the Congress, other American institutions, and our friends around the world. The future belongs not to ideologies and governments which control and oppress their people, but to the forces of personal freedom and self-government our system embodies. We must keep the light of liberty burning for all the world's people to see, to strive for, and to enjoy in peace.

The Bible warns us that "where there is no vision, the people perish." America is a special place because we Americans have always been sustained, through good times and bad, by a special vision — a vision not only of what the world around us is today, but of what we, as a free people, can make it be tomorrow.

We are realists, and because we are realists, we solve our problems instead of ignoring them, no matter how daunting the task, no matter how loud the chorus of despair.

But we are also idealists, for it was an ideal that brought our ancestors to these shores from every corner of the world, and that still makes America a beacon for all humanity.

Just a few weeks ago, I read a letter that reflected this spirit of American idealism on my Christmas radio broadcast. It was written by a young sailor serving on board the Aircraft Carrier Midway in the South China Sea. In it, he described a very moving scene -- the rescue of 65 young Vietnamese refugees

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who risked their lives in a leaky boat on turbulent waters to make a voyage for liberty.

Seeing what he saw that day, Ordnance Man First Class John Mooney wrote, "reminds us all of what America has always been — a place a man or woman can come to for freedom. I know we are crowded and we have unemployment and we have a real burden with refugees. But I honestly hope and pray we can always find room. We have a unique society, made up of cast-offs of all the world's wars and oppressions and, yet, we are strong and free. We have one thing in common — no matter where our forefathers came from, we believe in that freedom. I hope we always have room for one more person — maybe an Afghan or a Pole or someone else looking for a place where he does not have to worry about his family's starving or a knock on the door at night — and where all men who truly seek freedom and honor and respect and dignity for themselves and their posterity can find a place where they can, finally, see their dreams come true . . ."

In our two centuries as a Nation, each generation of Americans has done its part to make the American dream come true -- to make our country a place unique in the long and often tragic history of mankind.

We've done it because we believed, and because we combined the strength and practical common sense of realists, with the faith, the courage, and the vision of idealists.

We've done it, and, working together, we can do it again, not just for the America of 1983 and 1993, but for the America of the 21st century and beyond -- the America that, even now, has

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cast its frontiers as wide as the universe, as deep as the deepest stirrings of the human spirit.

Thank you, and God bless you.

| Document No. | 11169955 | |
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| Manual No. | | |

WHITE HOUSE STAFFING MEMORANDUM

| | | | 3 - 2:00 p.m. dra | | |
|----------------|--------|-------------|-------------------|--------|-----|
| | ACTION | FYI | | ACTION | FYI |
| VICE PRESIDENT | • | | FULLER | | |
| MEESE | | -0 | GERGEN | | |
| BAKER | | | HARPER | 70/ | |
| DEAVER | | | JENKINS | | |
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| DUBERSTEIN | | | BRADY/SPEAKES . | | |
| FELDSTEIN | | | ROGERS | | |
| FIELDING | | | , all | | |

Note: This has been forwarded to the President.

Richard G. Darman

Assistant to the President (x2702)

esponse:

THE WHITE HOUSE

January 16, 1983

MEMORANDUM FOR THE PRESIDENT

FROM:

ARAM BAKSHIAN, JR.

SUBJECT:

State of the Union

I attach a very provisional draft for your State of the Union Address. What we've tried to do is strike a note that combines realism with optimism -- candor about present problems with a credible, upbeat view of the kind of American future you envision and are working for.

I have bracketed several optional passages and two entire sections (crime and health care costs) which are useful but non-essential. Ideally, we'd like to keep the final draft to a maximum of 22 pages (last year's length) and not end up with a dull laundry list that dilutes the basic theme. It will be an interesting week....

We had planned a brief section on tax system restructuring, but Treasury was unable to meet the deadline on this subject and we didn't want to keep you waiting. It will be in the next round. The same applies for a women's section.

Please accept my personal compliments on your handling of the Martin Luther King radio speech and reception. Sincerely moving, without compromising any principles.

THE WHITE HOUSE WASHINGTON

January 18, 1983

FOR:

WHITE HOUSE PHOTO OFFICE

FROM:

SUE DAOUL

SUBJECT: Pictures

At your convenience, please forward copies of the following:

27SE8210323-09 (qty 2)

21DE8212085-23A (qty 2)

Thanks.

THE WHITE HOUSE

WASHINGTON

January 20, 1983

MEMORANDUM FOR ROGER B. PORTER

FROM:

CARLTON E. TURNER

SUBJECT:

Drug Abuse Office Travel Budget

In order to effectively carry out the mission of my office a significant amount of travel is required. The travel generates support for the President's campaign against drug abuse, encourages new programs and corporate initiatives, and enables me to meet my program coordination responsibilities. In fact, the travel requirements exceed my fondest desires and I wish they were less, for the sake of my family. Nevertheless, travel is essential to sustain the positive progress the program is having.

As we discussed, a specific travel budget would be very useful in making the decisions I must make in guiding the events and planning the activities of the Drug Abuse Policy Office.

Therefore, I request a total of \$15,000 of the FY 83 OPD travel budget be allocated to my office and I be given authority to approve travel within this amount. The amount justified for the drug office in the Congressional budget submission was \$18,950. We will spend approximately \$2,000 for my trip to Vienna and thus far in FY 83 we have received approximately \$3,100 from private sources to cover the trips already taken.

A comparison with previous years is shown below. During Fiscal Year 1982, our travel relied heavily on funding from the Federal agencies and from private sector sources. While I will continue to use these sources when appropriate, it is sometimes hard to explain why we are withdrawing Federal funding consistent with the New Federalism effort, seeking voluntary private support of the programs and then asking that our staff travel be paid out of the voluntary contributions.

TRAVEL HISTORY

| | | | Actual | | | Budget |
|-------------|-------|---------|-----------|--------|---------|--------|
| (\$-000) | FY 78 | FY 79 | FY 80 | FY 81 | FY 82 | FY 83 |
| OPD/DPS | \$96 | \$87 | \$79 | \$63 | \$31 | \$60 |
| Drug Policy | \$51 | \$32 uı | navail ur | navail | \$11 1/ | \$19 |

1/-includes approximately \$5,000 from other sources.

Office of Policy Development

BASIS FOR TRAVEL ESTIMATE FY83/FY84

| History: | FY 79 | FY 80 | FY 81 | FY 82 | FY 83 | FY 84 |
|----------|-------|-------|-------|-------|-------|-------|
| (\$-000) | \$87 | \$79 | \$63 | \$31 | \$60 | \$60 |

Computation, FY83/83 Estimate:

4 Meetings, Economic Policy Advisory Bd @ \$1,500 ea \$6,000.

Staff Travel:

| 2 | 3 International @ \$2,000 7 Domestic, CT @ \$350 9 Domestic, Staff @ \$350 | \$6,000. \$9,450. \$3,500. | 950. |
|---|--|----------------------------------|------|
| | 3 International @ \$2,400 9 Domestic, All @ \$400 | \$7,200. \$23,600. \$30, | 800. |

Invitational- 10 @ \$425 \$4,250.

OPD Total Travel Budget, FY 83 \$60,000.

FY 84 \$60,000.

THE WHITE HOUSE

WASHINGTON

January 21, 1983

MEMORANDUM FOR ROGER PORTER

FROM:

CARLTON TURNER

SUBJECT:

Drug Abuse Fact Sheet - State of the Union

Per a brief conversation with Bill Barr (at approximately 4:45pm this afternoon) I have prepared the attached fact sheet which broadly covers the drug abuse issues. Since I was given no guidelines, I am not sure this is what is wanted.

It is my understanding that this fact sheet may be released with the State of the Union, therefore we have included all the principal areas of the President's campaign aganst drug abuse.

I believe law enforcement has reached its' peak. The time is right to focus on the upcoming education and prevention activities which the President has repeatedly stressed as the long term solution to the problems created by drug abuse.

cc: Ed Harper
Bob Carleson
Mike Uhlmann
Bill Barr

DRUG ABUSE FACT SHEET

- The success of the South Florida Task Force led to the establishment of twelve Joint Investigative Task Forces, announced on October 14, 1982, to combat organized crime and related drug trafficking. These task forces will accelerate the investigation, prosecution, and incarceration of those involved in drug trafficking and organized crime.
- The joint efforts between the Federal Bureau of Investigation and Drug Enforcement Administration have resulted in more than 1,100 new drug investigations. The current drug investigations by the Bureau of Alcohol, Tobacco and Firearms and the Internal Revenue Service are now in the hundreds.
- Internationally, we are pursuing diplomatic initiatives with the source countries to eradicate the plants which produce drugs such as marijuana, cocaine, and heroin.
- The United States Information Agency has expanded their program to communicate to foreign countries the Administration's commitment to reducing drug abuse worldwide.
- Recommendations from the President's Commission on Drunk Driving, established in March 1981, are being used by states to raise the legal drinking age and to seek community involvement in reducing alcohol consumption by young people.
- In cooperation with the Commission on Drunk Driving and Members of Congress, we have established a National Drunk and Drugged Driving Awareness Week. The purpose of the week is heighten the awareness of the inherent dangers and remove the impaired driver from the road.
- Federal agencies, state and local governments, corporations, and individuals from all segments of society are supporting the Administration's efforts to combat drug abuse.
- The professional sports organizations, in conjunction with the "Nancy Reagan Speakers Bureau" newly established by the National Federation of Parents for Drug Free Youth, will undertake a far reaching program to alert young people to the problems associated with drug and alcohol use.
- The International Association of Lions Clubs, the American Academy of Pediatrics, the Junior Leagues and other professional and service organizations are beginning national drug education and awareness programs.
- Passage of the Orphan Drug Act has created a climate whereby pharmaceutical manufacturers can accelerate the development of therapeutics for use in treatment of drug addiction.
- The positive leadership by the President and First Lady in calling for public support and individual involvement has created a positive change across the country and created a concerted grass-roots effort against drug abuse.

THE WHITE HOUSE

WASHINGTON

January 25, 1983

MEMORANDUM FOR ED HARPER

FROM:

CARLTON TURNER

SUBJECT:

Letter From the President

Attached is a draft letter to Pete Rozelle (Commissioner of the National Football League) from President Reagan.

The Commissioner and Mrs. Reagan taped a public service announcement on drug abuse education and prevention. The PSA will be aired at the Super Bowl and "Kick-off" the professional sports involvement in our overall education and prevention program.

The letter will be hand carried to Pasadena and given to Pete Rozelle at an ll:00am meeting on Friday, January 28 with representatives from the other major professional sports organizations. The meeting will be covered by approximately 500 representatives from the media. During the meeting involvement in the President's program will be discussed in more detail and various logos will be reviewed for possible selection.

I believe the President's letter will add credibility, and, in combination with Mrs. Reagan's PSA, further demonstrate the Administration's caring and total committment to solving the problems caused by drug abuse.

I appologize for the short notice, but I did not receive confirmation on the meeting until late yesterday. We need clearance by 10:00am, Thursday, January 27. If you have any questions, please let me know.

cc: Roger Porter

January 25, 1983

Dear Pete:

Nancy and I missed seeing you at the December 16th meeting with the Commissioners of the major sports organizations. Your representative Don Weiss was very suppportive. I am sure that he told you about the willingness expressed by all the groups at the meeting to get behind our efforts to prevent kids from getting involved with drugs. The support by the NFL is important to the success of this fight against drug abuse.

The NFL Charities contribution to the National Federation of Parents for Drug Free Youth has provided the Federation with the basics for developing a strong and effective speakers bureau.

The public service announcment which you and Nancy prepared, to be aired at the Super Bowl, is an outstanding way to kick-off professional sports involvement in our drug abuse education and prevention program. The PSA will carry the message that drugs are harmful to our youth, society and family structure. Nancy and I appreciate your personal support and dedication to this program.

Thanks again for the game ball from Super Bowl XVI and best wishes for a successful Super Bowl XVII.

FOR THE SIGNATURE OF RONALD REAGAN

Mr. Pete Rozelle Commissioner National Football League 400 Park Avenue New York, New York, 10022

THE WHITE HOUSE WASHINGTON

January 26, 1983

FOR:

WHITE HOUSE PHOTO OFFICE

FROM:

CARLTON TURNER

DRUG ABUSE POLICY OFFICE

SUBJECT:

Official Photograph

Please furnish, at your convenience, two (2) copies of each of the following pictures.

2DE8211501-08 2DE8211501-27 2DE8211501-03 2DE8211501-19 2DE8211499-10

Thanks.