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TR

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

☐ X - MEDIA
☐ H - INTERNAL

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

Subject Codes:

PR 007.01

1 Subject: Briefing lunch prior to News
Conference

PR 016.04

2 Meeting with Roy BREWER

PR 005.01

3 Meeting with the National Association
of Towns and Townships
regarding the federalism
initiative

LG

FG

4 Meeting with LLOYD WARING and
H. Frederick HAGEMANN to
discuss impact of government
bureaucracy on business

BE 003

5 Dinner honoring Chiefs of
Diplomatic Missions

SO 002

CO

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)

Action
CodeTracking
Date
YY/MM/DDType
of
Response

Code

Completion
Date
YY/MM/DD

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RSZ

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Referral Note:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S SCHEDULE
Thursday, February 18, 1982

9:03 OVAL

9:00 am (30 min)	<u>Staff Time</u> 9:04- (Baker and Meese)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> 9:28- (William P. Clark), Em, JB, Cam Lono (NSC), Bush	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u> Lono 9:28-9:40	Oval Office
10:00 am (2 hrs)	<u>Personal Staff Time</u>	Oval Office
11:28-11:38	JAB CF, D G	
12:00 m (2 hrs)	<u>Lunch and Pre-News Conference Briefing</u> (David Gergen/Larry Speakes) 11:55-1:20	Cabinet Room
2:00 pm (30 min)	<u>News Conference</u> 2:00-2:44 (David Gergen/Larry Speakes)	East Room
2:30 pm (60 min)	<u>Personal Staff Time</u> 2:45	Oval Office
3:30 pm (60 min)	<u>National Security Briefing</u> 3:30-4:36 (William P. Clark)	Sit. Room Oval Office
4:40 pm (5 min)	<u>Photo with Roy Brewer</u> 4:42 (David Fischer)	Oval Office
4:45 pm (20 min)	<u>Meeting with Board of Directors of National Association of Towns and Townships</u> (Richard Williamson) 4:50	Cabinet Room
5:15 pm (10 min)	<u>Brief Meeting with Lloyd Waring and H. Frederick Hagemann</u> 5:17- (Helene von Damm)	Oval Office
5:30 pm (30 min)	<u>Haircut</u> 6:16 6:17 residence	W. Basement
7:30 pm	<u>The President and Mrs. Reagan host Dinner honoring Chiefs of Diplomatic Missions</u> (James Rosebush/Muffie Brandon) BLACK TIE	East Room

THE WHITE HOUSE

WASHINGTON

February 17, 1982

BRIEFING LUNCH WITH STAFF MEMBERS

DATE: Thursday, January 18, 1982

LOCATION: Cabinet Room

TIME: 12:00 noon

FROM: Dave Gergen
Larry Speakes

I. PURPOSE

Briefing Luncheon for the President prior to the Presidential News Conference on Thursday, February 18.

II. BACKGROUND

See attached briefing materials.

III. PARTICIPANTS .

— The Vice President
— Ed Meese
— James A. Baker
— William P. Clark
— ~~Martin Anderson~~
— Craig Fuller
— David Gergen
— Larry Speakes
— Ken Duberstein

Ed Gergen
Mr. Allen
Mr. McFarlane

IV. PRESS PLAN

no press converage

no press coverage

THE WHITE HOUSE

WASHINGTON

February 17, 1982

PHOTO OPPORTUNITY WITH ROY BREWER

DATE: February 18, 1982
LOCATION: The Oval Office
TIME: 4:40 p.m. (5 min.)
FROM: Dave Fischer *DAF*

I. PURPOSE

You met with Mr. Brewer on September 23, 1981. Photographs taken were lost, resulting in this additional photo opportunity.

II. BACKGROUND

Mr. Brewer has spent 54 years in labor-related activities. He is currently employed by Local No. 695, Sound Technicians Union.

In 1953 Brewer succeeded John Wayne as president of the Motion Picture Industry Council. You served for two terms as president of this organization.

III. PARTICIPANTS

The President
Roy Brewer

JOHN VAN DE WATER

IV. PRESS PLAN

Official White House Photographer only

V. SEQUENCE OF EVENTS

Dave Fischer will escort Mr. Brewer into the Oval Office for photograph in front of the fireplace.

THE WHITE HOUSE

WASHINGTON

February 17, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: RICHARD S. WILLIAMSON

SUBJECT: MEETING WITH NATIONAL ASSOCIATION OF TOWNS
AND TOWNSHIPS BOARD OF DIRECTORS

DATE: THURSDAY, FEBRUARY 18, 1982
TIME: 4:00 - 5:15
(You will attend 4:45 - 5:00)
LOCATION: CABINET ROOM

I. PURPOSE

This is the first meeting that the Administration has had with the National Association of Towns and Townships. This will be another opportunity for the Administration to consult with towns and townships officials regarding the federalism initiative.

II. BACKGROUND

Ed Krueger, (R-Shawano, WI) is the President of the National Association of Towns and Townships (NATaT). This organization was the only public-interest group to outwardly support the Administration's Community Development Block Grant program. NATaT has been extremely supportive of the Administration and has lobbied the Congress on our behalf on both the tax cuts and the budget cuts.

III. PARTICIPANTS

The Vice President
James A. Baker III
Don Moran

20 town and township officials - List of Participants attached.

IV. PRESS PLAN

White House Photographer. A camera crew from Indiana University in Indiana, Pennsylvania will be in to film 5 minutes of the meeting after you arrive for a 4-5 part documentary of the role of local government in Pennsylvania. Regional press will be available on the White House lawn immediately following the meeting.

V. SEQUENCE OF EVENTS

- 4:00 Richard S. Williamson welcomes the group and calls on Jim Baker to give an overview of the federalism initiative.
- 4:15 Jim Baker leaves the meeting. Rich explains the federalism proposal in detail and opens meeting for general discussion. Don Moran from OMB will be on hand to assist with Q&A's.
- 4:45 You arrive. Make brief remarks and turn to Ed Krueger who is the President of the National Association of Towns and Townships to begin a general discussion.
- 5:15 Meeting adjourns.

VI: TOWNS AND TOWNSHIPS CONCERNS

- (a) NATaT will be very interested in understanding the details of the new federalism initiative. The 100% passthrough for programs that have a direct federal/local relationship should be stressed. The 15% passthrough for other federal grants to the states that would go to local governments should also be emphasized.
- (b) There maybe some concern about the 1983 budget. However, we have explained that federalism initiatives should be viewed separately from budget items. (See attached letter from OMB to NATaT).
- (c) Mary Eleanor Wall's appointment to ACIR is due to expire in the month of March. NATaT will probably ask that a representative from their organization be selected to serve on ACIR to replace this private citizen vacancy. Their feeling is that even though the individual would serve in a private citizen capacity, that individual would bring the towns and townships point of view to the organization. You do not need to make any commitments on this issue.

List of Participants

Barry Beck (Astoria, IL)
Nancy Brown (R-Stanley, KS)
Michael Cochran (R-Columbus, OH)
David Fricke (St. Michael, MN)
Leo Gray (R-Hankinson, ND)
Wallace Gustafson (R-Willmar, MN)
Galen Heckman (Mercersburg, PA)
Keith Hite (Camp Hill, PA)
Wilfred Johnson (R-Cambridge City, IN)
L. Erwood Kelly (Perry, NY)
Ed Krueger (R-Shawano, WI)
Donald Miller (Grove City, OH)
George Miller (R-Astoria, IL)
Robert Robinson (R-Lansing, MI)
David Russell (Hartford, CT)
Ervin Strandquist (D-Newfolden, MN)
Theodore Swift (Lansing, MI)
James Totten (R-Ringoes, NJ)
Donald Riley (R-Greece, NY)

Barton Russell - Executive Director, National Association of
Towns and Townships

THE WHITE HOUSE

WASHINGTON

COURTESY VISIT WITH LLOYD WARING

DATE: February 18, 1982
LOCATION: Oval Office
TIME: 5:15 pm (10 minutes)

FROM: Helene von Damm

I. PURPOSE

Basically a courtesy call in response to Lloyd Waring's request. Mr. H. Frederick Hagemann was former President of State Street Bank (third largest bank in New England) and now retired.

II. BACKGROUND

Mr. Waring had wanted for some time to bring in his friend and to discuss with you several subjects of mutual concern; foremost, the government bureaucracy which is threatening to destroy many businesses. He might also comment on the White House Conference on Aging in which he participated.

III. PARTICIPANTS

Lloyd Waring
H. Frederick Hagemann
Helene von Damm

IV. PRESS PLAN

White House Photographer Only

V. SEQUENCE OF EVENTS

--Greeting and Photo
--Brief Visit

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S SCHEDULE
Thursday, February 18, 1982

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3:30 pm (60 min)	<u>National Security Briefing</u> (William P. Clark)	Oval Office
4:40 pm (5 min)	<u>Photo with Roy Brewer</u> (David Fischer) (TAB B)	Oval Office
4:45 pm (20 min)	<u>Meeting with Board of Directors of National Association of Towns and Townships</u> (Richard Williamson) (TAB C)	Cabinet Room
5:15 pm (10 min)	<u>Brief Meeting with Lloyd Waring and H. Frederick Hagemann</u> (Helene von Damm) (TAB D)	Oval Office
5:30 pm (30 min)	<u>Haircut</u>	W. Basement
7:30 pm	<u>The President and Mrs. Reagan host Dinner honoring Chiefs of Diplomatic Missions</u> (James Rosebush/Muffie Brandon) BLACK TIE (TAB E) (draft remarks attached)	East Room

5:00 pm

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S SCHEDULE
Thursday, February 18, 1982*Call Mullins
before 11 Blair
House*

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THE WHITE HOUSE

WASHINGTON

February 17, 1982

BRIEFING LUNCH WITH STAFF MEMBERS

DATE: Thursday, January 18, 1982

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TIME: 12:00 noon

FROM: Dave Gergen
Larry Speakes

I. PURPOSE

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See attached briefing materials.

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Ed Meese
James A. Baker
William P. Clark
Martin Anderson
Craig Fuller
David Gergen
Larry Speakes
Ken Duberstein

IV. PRESS PLAN

no press converage

no press coverage

Delivered previously

THE WHITE HOUSE
WASHINGTON

February 16, 1982

MEMORANDUM FOR THE PRESIDENT

FROM:

DAVE GERGEN *DR*
LARRY SPEAKES

SUBJECT:

Press Conference Briefing Book

Here are the briefing materials for your press conference this Thursday:

Tab A

Foreign Policy Issues

Tab B

Domestic Issues

- (1) Key Questions on Domestic Policy
- (2) Key Points on the Budget
- (3) General Talking Points on the Economy
- (4) Key Points on Other Domestic Issues

The foreign policy materials were drafted by NSC/Mort Allin; the domestic materials by domestic policy staff/Mike Baroody.

There will no doubt be a few more items coming to you before this is over, but we'll try to hold them to a minimum.

FOREIGN POLICY ISSUES

MIDEAST

"Redirection" of U.S. Policy?

- Absolutely no change. U.S. commitment to security and well-being of Israel is unshakeable. Similarly, we continue efforts to develop strong ties with moderate Arab states to enable all concerned to better deal with possible external threats.

Then why sell arms to Jordan that Israel perceives as threat?

- First of all, Secretary Weinberger brought back no requests. If a request were made, would review carefully in Executive Branch, and if felt worth-while, would then consult with Congress.
- Secondly, this Administration will never allow Israel's fundamental security to be compromised. But neither can we ignore the legitimate security needs of others in the region if greater stability is to be brought to the long-troubled area.

Tensions in Lebanon/Rumored Israeli Plans to Attack PLO?

- While situation remains tense, the cessation of hostilities continues to hold.
- PM Begin has personally assured RR that Israel won't initiate a breach of the arrangement.
- Urge all to observe it and avoid any actions that threaten it.
- Consultations this week with Phil Habib, but no decisions regarding his possible return.

Autonomy Talks?

- U.S. and Camp David partners -- Israel and Egypt -- committed to progress. Issues tough, but we are hopeful answers can be found.
- Ambassador Richard Fairbanks now involved on full-time basis on the autonomy talks.

U.S. Goals in Mideast -- Is the policy "blind"? (Gelb in 2/16 NYT)

- To help advance the peace process and to help our friends in the region deal with external threats.

EL SALVADOR

Is U.S. encouraging covert operations by other Latin American countries against Cuba and Nicaragua? Have you approved \$19 million CIA action plan for the region?

- No comment on alleged U.S. intelligence operations.
- Our concern over Cuban and Nicaraguan activities shared by many Latin American nations and examining with them ways to deal with the threat.
- Year-long analysis of several policy elements related to Caribbean Basin now complete and RR to share its conclusions with the nation next Tuesday.

Secretary Haig refuses to rule out use of U.S. troops in Latin America. Doesn't that conflict with your position?

- No. We have both often said that a wide range of options -- diplomatic, economic and security -- must be considered in any situation involving our national interests. But that doesn't conflict with fact that there are no plans for sending U.S. troops into combat in Latin America or elsewhere.

How justify continued U.S. aid in wake of human rights abuses by Government forces and their lack of public support?

- We share the serious concerns expressed by many over the situation, but our careful analysis shows there has been progress.
- Remember that Government faces an externally-supported insurrection -- a very difficult situation. Alleged atrocities by Government forces get wide media coverage here, but far less attention is given to the indiscriminate attacks by the Marxist rebels. (Note lack of attention to evidence in Nicaragua of that government's apparent genocide against Miskito Indians.)
- Pleased to see progress in investigation of murder of the U.S. nuns and will continue to watch developments closely. Might note our Embassy has spent more time on this tragedy than any other issue during past year.

Why was soldier relieved for carrying M-16?

- U.S. policy allows only side arms to be worn. Nothing of deep political significance in fact that M-16s were being carried, however.

Why not negotiate?

- Negotiated power-sharing as proposed by the guerrillas would usurp the people's right to self-determination.

- Willing to assist any and all parties who wish to participate in the electoral process, a process supported by most of the Southern Hemisphere and by El Salvador's Catholic bishops.

Why is El Salvador so important?

- Can we afford to see another Cuba develop in this hemisphere? A new Soviet-Cuban supported government would be of concern anywhere in the world, but would be of even greater magnitude were it to be installed so near to the U.S. and our many friends in the region who are similarly concerned with a potential Communist advance.
- Our involvement in the region is relatively minimal -- only 50 U.S. trainers in El Salvador. Meanwhile the Soviets and Cubans have 2,000 advisers in Nicaragua where a 50,000-man army is underway -- larger than the combined armies of all the other Central American republics.

Any conclusion on the cartons of alleged MIG-23s in Cuba?

- Remains under review and not commenting at this time.

POLAND

Further sanctions?

- Under review. Clearly, a number of other steps that can be taken with respect to Soviets and Poles if situation doesn't improve.

Effectiveness of current sanctions?

- As statements of Polish leaders indicate, they have been effective and clearly demonstrated our position in a meaningful way, placing the Poles and Soviets under increasing pressure to live up to their commitments.
- Export licenses to send any high technology item with military application to Warsaw Pact countries are being turned down.

Allied unity?

- Remain hopeful that further steps will be taken by others, but on the whole pleased with clear allied position that calls for end to martial law, release of detainees, and return to discussions between party, church and Solidarity.
- Similarity of views emphasized at Madrid CSCE Meeting.

But what have allies really done?

- Made it crystal clear that Soviets are responsible; issued strong statements on what needs to be done; taken actions as group on credits and debt rescheduling; not undercut U.S.; taken individual actions, particularly Great Britain and Portugal.

What is U.S. position on the pipeline? Are we actively or passively discouraging it? What of allies selling pipeline equipment that we've sanctioned? Wouldn't they be undercutting us?

- U.S. position on the pipeline has long been a matter of record. We remain concerned over excessive Western dependence on Soviet energy supplies and the threat of political leverage.
- Studying matter particularly closely in past week and sending high-level team to discuss our judgments with key allies. No further comment until team returns.

Debt -- Why not foreclose?

- Why bail them out now? Foreclosure is an open question for the future, but right now, best policy is to press them hard for what they owe. Enables us to retain greater leverage.
- Commodity Credit Corporation has to make good on guarantees to private banks if Poland can't pay. By CCC's purchasing the credits instead, Poland now owes the money to USG rather than the banks, thereby giving us more leverage.

Food Aid?

- Humanitarian people-to-people assistance continues and we are considering further humanitarian aid.
- \$61 million of food in pipeline December 13 is now being shipped.

Status of Poland?

- Two months of martial law have not crushed the spirit of the Polish people and martial law has not solved any of Poland's economic problems.
- Situation has deteriorated.
- Thousands of political prisoners remain behind bars.
- Polish military courts are working full time sentencing to jail individuals suspected of having taken part in strikes.
- Polish universities are being circumvented to political whims of the authorities, the compulsory study of Marxism/Leninism has been reintroduced, and the secret police seem to have a free hand.

US/SOVIETS

Soviet INF Proposal?

- Per agreement at start of INF talks, U.S. refrained from public discussion of the meetings. Soviet accusations required us to announce we had tabled a draft treaty with detailed provisions of our proposal to eliminate the most threatening of long-range missile systems in Europe.
- Regret latest Soviet comments to the media on details of their proposal but will adhere to our agreement on confidentiality of the talks.

Start

- Actively preparing for talks, but don't feel current climate is conducive to setting date.
- When time is right, we'll be ready.
- Also in Geneva, along with INF, we've joined with 40 other countries to advance arms control, particularly in chemical warfare.
- In Vienna, continuing to seek progress in long-stalled MBFR talks.

Summit

- Important to continue dialogue as Secretary Haig and Gromyko did last month and as we do on regular basis in all appropriate channels.
- Remain interested in summit, but it will have to be carefully prepared and stand reasonable chance of success. No active plans now, but a possibility.

Linkage

- Soviet behavior clearly has an impact on climate of our relationship in any specific area including trade, economic relations, arms talks, and other security matters.

PENTECOSTALISTS

- Have made clear our view that they should be allowed to emigrate if they wish.
- Pleased with professional treatment given Lydia Vashchenko in Soviet hospital and her ease in returning to her home where she can apply for emigration.

PRC

Soviet overtures for talks with Peking?

- No comment. Would say that U.S. and PRC have a developing strategic relationship consistent with our mutual views of the international situation.

Negotiations with PRC on terminating arms sales to Taiwan?

- No such negotiations. Obviously, arms sales to Taiwan consistent with her security needs are one of a number of subjects discussed with Peking on an on-going basis.

LIBYA

Still concerned?

- Remain extremely concerned about Libya's continued disregard for accepted international behavior support for terrorism, and its interference in affairs of others.
- Continue to review entire scope of U.S.-Libyan relations, including oil imports and close scrutiny of all sales that might enhance Libyan military.

Are Americans leaving?

- Yes. Satisfied with smooth and expeditious departure. Concern over their safety was and remains paramount.
- No decision whether necessary or desirable for U.S. firms to terminate operations.

Hit Squad Threat

- Not commenting on security except to say protective actions taken are fully in order.

DOD BUDGET

- Essential to make up for past neglect in an area which only the Federal government can address.
- Share of budget will be only 29% in FY 83 compared to around 50% in the 1950's. Even by 1986, at 36% of the budget, it will only reach the average for the past 30 years.
- Even with accelerated defense program so essential to U.S. security, DOD spending will be only 6.4% of GNP compared to the 8-10% share during the '50s and '60s.
- Important to note half the DOD budget goes to military pay, retirement, and routine maintenance of currently deployed forces.
- In addition to program announced today (opening statement), active program under the Secretary's personal direction already underway to fight waste, fraud and abuse at DOD. Over \$7 billion identified for FY 83 alone. Also underway are important management initiatives, including multi-year procurement.

Why not drop B-1 and proceed on Stealth?

- B-1 will be effective into 21st Century.
- Not willing to rely on aging and potentially vulnerable B-52 force while awaiting unproven capabilities of "Stealth."

Why cancel silo hardening plan for M-X?

- Through extensive talks with experts and Congress, concluded not worth the cost. Existing Minuteman silos, already substantially hardened, will suit needs during interim period.
- Continuing study of long endurance aircraft, very deep underground basing, ballistic missile defense, and certain deceptive methods. Racetrack mode not considered viable.

CHEMICAL WARFARE

- U.S. firmly committed to "no first use" and a verifiable treaty ban on all use.
- Absence of verifiable ban requires us to maintain credible deterrent.
- Capacity for retaliation is most effective deterrent to use.
- Might note strong evidence linking Soviets to chemical warfare use in Asia.

QUESTIONS ON DOMESTIC ISSUES

RR's Budget for Fiscal '83

Last year's projections were wrong for almost everything but inflation. Example: deficit ballooned from \$45 to \$98.6 billion in fiscal '82. Why should people believe your projections for this year?

Last year, success depended on a bipartisan coalition in Congress. Do you really think a bipartisan coalition for cutting social programs can stick together in an election year?

Haven't heard much lately about the "safety-net." Isn't it being shredded in this budget?

Even though you've cut the White House staff, you've asked for a 17 percent increase in funds to operate the White House. Double standard?

How do you plan to overcome the growing impression that your Administration is against the poor and against blacks?

What is your legislative strategy this year? How much do you think you can win? How will you do it?

Taxes

Will you consider any changes in the tax cut passed last year?

Would you accept some reduction in the third year cut in exchange for acceleration of the second year cut?

Deficits

Last fall, your people were saying high interest rates were the big obstacle to growth. Won't back-to-back deficits in the \$100 billion range keep interest rates too high and choke off the recovery?

You project the deficit will be \$92 billion only if the Congress passes the \$56 billion in spending cuts and added revenues you've asked for. Nobody thinks you'll get all the cuts; some think you'll get very few. Isn't the real deficit closer to \$148 billion (92 plus 56)?

How large a deficit are you prepared to accept? How large a deficit can the economy afford?

Reaction on Hill

In asking for "running room", weren't Baker, Michel, Laxalt really saying they wanted to rewrite the budget altogether?

In addition to the Hollings alternative -- and Baker's flirtation with it -- at least 2 Republicans have come up with substitute plans. Boschwitz' 3 percent solution, and Durenberger's five-year, \$26 billion defense cut. Can you point to any signs of GOP support for your budget?

Defense Spending

Even the GOP leadership on the Hill is questioning an 18 percent hike in defense spending. Aren't you really just posturing on defense, claiming to hold the line for increases but expecting -- and wanting -- Congress to take the heat for making cuts in the Pentagon budget?

Economic Outlook

After the budget was released, the Dow-Jones fell to a four-month low. How can you restore business confidence?

Even your own aides say privately you've got 3 to 4 months, at best, for the economy to turn around or you lose your credibility. Can recovery come that fast?

Your answer on unemployment, now near record levels, is essentially to do nothing and wait for recovery to solve the problem. Your own forecasts show the unemployment rate still at six and a half percent in '85, still above 5 percent by '87. Are you content with that? If not, why are you on this course?

Perhaps your biggest achievement in 1981 was getting inflation down to 8.9 percent. To do it, unemployment had to hit the same 8.9 percentage rate. Don't you think it's too high a price?

Monetary Policy

In your last press conference you ducked a question on Volcker. What is your general evaluation of the Fed? Should they change policies? Do you think they should be more expansive?

Interest Rates

Republicans say this is becoming the number one issue for 1982. What's the outlook on interest rates? When can people expect to see real improvement? What do you plan to do to bring them down?

Other Domestic Issues

The New Right: They're keeping the pressure up. Current Conservative Digest claims RR won the election but lost the White House. Moderate, non-Reaganites have taken over. Have you read the article? Isn't your traditional base of support among conservatives at risk?

- what do you think of these criticisms?
- with Nofziger, Allen, Anderson gone, who's left to carry the conservative banner? Do you plan to hire more conservatives on your staff?

Elections: Republicans seem to be hedging their bets on November. Do you expect to pick up strength in the House?

- aren't you a lame duck if you don't?
- do you plan to campaign actively yourself?

Social Issues: Do you agree with your civil rights nominee Sam Hart that discrimination against homosexuals is not a civil rights issue?

- who is Sam Hart and how can you possibly explain his nomination?

Family Planning regs: Critics charge requirements that parents be notified when teenagers get free contraceptives from Federally-funded clinics would inject big government into private lives. You campaigned to get government out of people's lives. Isn't the new HHS policy inconsistent with your pledge?

Press Conferences: In light of factual errors in the one on January 19, did you prepare differently for this one?

- are you bothered by these mistakes?
- has press treated you fairly?

Watt/Contempt of Congress: He says he's prepared to go to jail. Is your claim of executive privilege in withholding information from Congress so important to you you'd let a Cabinet member go to jail for it?

New Federalism: Governors are already beginning to have second thoughts. Snelling says states can't protect poor against the budget cuts. Doesn't program ask too much from states?

- you said no winners, no losers among states but California officials say your budget cuts will cost their state as much as \$2 billion. How will new federalism make up the difference there?
- Seattle Mayor says 40 programs to be turned over will, with inflation, cost \$75 billion by '91. Trust fund gone by then and tax base only worth \$28 billion. How will states pay for programs?
- Civil rights protections and minimum welfare assistance requirements expire with programs in '91. What will protect poor, minorities, after that?

Mine Safety: 33 were killed in Appalachian mine accidents in December and January. You proposed budget cut of \$7 million for mine safety, then changed to a \$17 million increase, before the ink was dry on your budget. Isn't that an admission that budget cuts really can threaten health and safety? Might it not be true in other areas as well?

Clean Air: Inaction on the bill seems due to Administration rigidity and your insistence on amendments to weaken the act, delay compliance deadlines. Are you ready for any kind of compromise?

Black Relations: Looking back over a series of decisions -- tax exemptions, the Bell appointment, Arthur Fleming -- many people think they see a pattern of trying to roll back the clock. What has happened? Why? Do you think that your Administration has been too insensitive?

Tax Exemptions: The Supreme Court is soon planning to sit in conference on Bob Jones and Goldsboro cases. Do you plan to grant exemptions to those schools? What are prospects for your legislation? Will you accept a Congressional resolution? Any circumstances under which you would go back to the Supreme Court?

KEY POINTS AND QUESTIONS ON THE BUDGET

THE PRESIDENT'S BUDGET:

1. brings spending under control:
 - spending growth down to 4.5 percent in fiscal '83 from peacetime high of 17.4 percent in '80.
2. continues tax rate reduction
3. continues needed social services at adequate levels:
 - Entitlement spending -- direct benefits payments to individuals -- will be 43 percent of all '83 spending; will increase 30 percent over next 5 years.
4. budget is five-part plan to save \$56 billion in '83 through:
 - entitlement reform
 - discretionary cuts
 - user fees
 - tax revisions
 - management improvements

QUESTIONS ON THE BUDGET

- o Haven't heard much lately about the "safety-net." Isn't it being shredded in this budget?
 - Federal government to provide over \$16,000 for every elderly couple in America (includes Social Security, health care, other services). Total of \$210 billion is double the amount 6 years ago.
 - Federal Government to provide 95 million meals a day in '83; one out of every seven consumed.
 - Social Security up another \$19 billion in '83 alone.
 - 19 million on food stamps even after cuts for '83.
 - \$55.8 billion for income assistance to needy.

Note: Time Magazine reports this week that the Safety Net Remains: "The protests by now are loud and angry: the Reagan budget cuts are all but dismantling American social programs ... The protests are wrong."
(See attached clip from Time.)

Note: Budget figures are expressed in constant '77 dollars for comparison purposes. Not actual '83 budget figures.

The Safety Net Remains

The protests by now are loud and angry: the Reagan budget cuts are all but dismantling American social programs that have been built up over the past half-century. The protests are wrong: spending in those areas is actually increasing. In fact, even after inflation during the past few years is taken into account, the level of Government expenditures for major social programs will be higher in 1983 than it was in 1977 at the beginning of the Carter Administration. Overall, the Administration cuts will simply roll back some of the huge increases made in the past few years.

Among the largest trims are reductions in proposed outlays for federal spending on Aid to Families with Dependent Children, which sends monthly welfare checks to some 11 million individuals. The President's budget projects expenditures of \$5.5 billion in fiscal 1983, a 29% drop below current levels. This slash is deep enough to wipe out all recent AFDC increases when inflation is taken into account. Spending on the program was \$6.4 billion in 1977, and the 1983 level

would sink to \$3.2 billion after adjustment for inflation.

Food stamps, which are distributed monthly to some 20.5 million recipients, fare better under the Reagan budget. Outlays for 1983 would total \$9.6 billion, down about 15% from the current year. But in constant dollars, the expenditures would amount to \$5.6 billion, up about 4% from 1977. The number of people in the program, though, has increased from 17 million to 18.6 million, so each person will be receiving somewhat less. Says Rudolph Penner, a budget expert with the American Enterprise Institute in Washington: "Food stamps grew rather rapidly under Carter, and the Reagan cuts, in essence, just offset some of the very recent growth."

Medicaid assistance, which goes to 22 million people, would also fall in 1983 compared with 1982, but would rise slightly if measured in 1977 terms. Budgeted expenditures of \$17 billion for 1983 are down 6% from the current year. In noninflated dollars, however, the outlays would still be up 3% from the level of six years ago.

Nearly 26 million Americans are eligible for Medicare, Medicaid's larger sibling. This program would grow in size next year, although at a slower rate than previously. Outlays of \$55.4 billion would be up 11% in 1983 over 1982. That increase compares with gains of 17% in 1982 and 21% in 1981. After inflation is taken into account, Medicare expenditures in the next fiscal year would be 50% higher than in 1977.

Social Security, which provides income support for 36 million Americans, has been effectively off limits to Administration budget cutters ever since the Senate last year rejected some changes in the program by a stunning 96-to-0 vote. The 46-year-old transfer program is by far the largest social plan operated by the Government, and it will receive another whopping increase next year. Outlays are to grow to \$173.5 billion in 1983, up 12% from 1982—a year in which the level also increased by 12%. After inflation is taken into account, 1983 spending will be a stunning 21% above the 1977 level.

DO THE CUTS REALLY CUT?

in billions

	Actual 1977 spending	Proposed 1983 spending in 1977 dollars	% change
Social Security	\$83.9	\$101.7	+21
Medicare	21.5	32.4	+51
Medicaid	9.7	10.0	+3
Food stamps	5.4	5.6	+4
AFDC	6.4	3.2	-50

- o But the perception grows that your Administration is anti-poor. Why?
 - that's basically a partisan charge from people who have a vested political interest in keeping Government big -- or from those who make their living off big Government.
 - fact is -- benefit levels for the poor who can't work, the truly needy in this society, are basically untouched.
 - for those who can work, we're trying to build up incentives for them to do so. This means some reforms in eligibility for certain benefits, and those reforms mean dollar savings.
- o But you are not just reforming some of these programs, you're gutting them -- aren't you?
 - entitlement program spending has been growing 15 percent a year since '70.
 - we've cut growth rate, not actual spending, to under 6 percent.
 - some programs, like food stamps, have been cut from last year -- but still will spend almost twice what was spent in '78; 1.5 million more will get stamps than in '75.
 - other programs, like Medicare, going up about \$6 billion; will serve about 29 million elderly and disabled.

On the Deficit

- o How large a deficit can the economy afford and how large a one are you prepared to accept?
 - our '83 target is \$92 billion; obviously not eager to accept anything higher.
 - is less than 3 percent of GNP; economy can't absorb much more than that.
 - have proposed my budget to keep recovery program in place. Size of deficit now up to Congress; must show the will to enact savings I've proposed.
 - Congressmen home now, people should tell them they back continued spending restraint.

- o But won't massive deficits thwart the recovery?
 - deficits obviously worrisome, but should be manageable.
 - no, as percent of GNP, ran bigger deficit in recovery year of '76. (4.0% of GNP then, 2.7% today).
 - Don't expect crowding out because, as we predicted, private savings rate has started up; began '81 at under 5 percent, ran at about 6 percent in last quarter (when tax cuts took effect).
 - higher savings will let deficit be financed privately; also Volcker determined not to monetize the debt (print money).
- o Then deficits don't really matter?
 - not true, and this one is too big.
 - but it is different from past deficits -- others caused by too much spending growth; this one caused by too little economic growth and progress on inflation. Continued restraint on spending and taxes will change that -- only way to close deficit gap.

DEFENSE SPENDING

- o How do you justify spending \$1.6 trillion on defense in the next five years?
 - neglect of 1970's brought down U.S. defenses; In fiscal '78, as share of total Federal budget, defense was at lowest point since 1940.
 - still only increasing outlays total of \$28 billion over Carter budget from fiscal '82-'84.
 - continues to be misperception that the strategic build-up is why the budget is so large. In fiscal '83, only \$6.5 billion will actually be spent on big ticket items of strategic hardware.
- o No waste in Pentagon?
 - don't say none at all. Five year budget estimate includes \$51 billion in savings from reforms and management improvements.

- but more than half of defense spending goes to maintain and operate existing forces -- and pay pensions and salaries for retired and active-duty personnel.
- by '87, we'll still be spending under 7 percent of our GNP for defense, compared to 12-14 percent by USSR.
- In the '50s, when we had unchallenged superiority, we spent 8-10 percent of GNP on defense.

"Running Room"

- o There's little evidence of Republican support for this budget on the Hill. Are you willing to look at alternatives like the Hollings substitute? Do you concede that the Congress is going to rewrite the budget no matter what your wishes are?
- Hollings proposal not really a substitute; a few ideas from one Senator that even the Democrats disagree on. (Glad to see Fritz endorsing restraints on entitlements).
- told GOP leaders in my letter of Saturday that I'd cooperate "where further savings can be found or a better way of meeting agreed upon goals."
- but the basic goals are clear and there is no room for compromise on them:
 - o continued tax restraint -- no retreat from 1981 tax bill
 - o strengthened defense
 - o keep the reins on Federal spending
- no time for turning back; foundation for economic recovery is in place -- this budget will keep it in place.

Education

(Note: Mondale says education may be centerpiece of his 1984 campaign; various college presidents say education cuts will close them down.)

- higher education outlays total \$6.3 billion in '83; up more than 10 percent over '80.
- 56 percent of funds to higher education.
- Want to target college loans and grants to low income.
 - o low income student from a family that can show legitimate need can qualify for almost \$8400 a year in grants and guaranteed loans; plus average work-study earnings of \$600 -- close to \$9000 a year.
 - o big difference from old policy -- high income families (\$100,000) can't get money to send their kids to best schools.
- total Education budget down 32 percent in '83 but:
 - o cutting handicapped student aid only about 1/2 of one percent; will still serve more students in '83 than this year.
 - o cutting Federal spending because we're reducing Federal involvement; not trying to hide that. President promised it.
 - o transferring powers to States and localities -- and to parents -- where they belong.
 - o Department to be eliminated; replaced with Foundation to administer most remaining Federal programs.

2/16/82

Talking Points On The Economy

What happened in 1981?

- Inflation down: Inflation cut by about a third.
- Interest rates down: Short and long-term rates ended year well below their peaks.
 - prime rate was 15-3/4 percent compared to 21-1/2 percent at the beginning of 1981. (Note: Prime rate recently risen to 16 percent; Regan says this is temporary.)
 - home mortgage rates down 1/2 - 1 percentage point.
- Unemployment: The number unemployed rose by 1,437,000 from January '81 to January '82.

What's Happening Now?

- Initial signs that an upturn may soon occur.
- Leading Indicators: Index rose 0.6 percent in December after declining for 5 of the previous 6 months.
- Housing: Signs of life in past three months, sales rising to 438,000 (annual rate) in December from September low of 322,000.
 - housing starts have risen from low point last fall.
 - new home building permits up sharply.
- Durable Goods Orders: Up 3 percent to \$80 billion in December, from October low.
- Auto Sales: Still too low but up in January, to 8.2 million annual sales rate.
- Inflation: More good news as February wholesale price showed that past year the best in almost five years.

What's ahead for 1982 and after?

- Growth: Our economists say there should be visible signs of recovery in spring, strong growth in second half of year.
- Inflation: Continued drop; will average about 7 percent for the year; further progress in 1983 and beyond.
- On July 1, the economy will receive a real shot in the arm.
 - 10 percent across-the-board personal tax cut takes effect;
 - annual increase (COLA) in social security and other federal retirement benefits;
 - totals \$48 billion stimulus for the year beginning July 1.
 - Note: unemployment to remain stubbornly high.

These Deficits and Interest Rates

- Although higher than anyone would like, the deficit for this year -- now estimated at \$98.6 billion -- can be handled in a \$3 trillion dollar economy.
- Deficits decline in later years as economy recovers and private credit demands rise.
- Deficits will not be financed by printing money. Federal Reserve monetary policy, as confirmed by Chairman Volcker in his February 10 report to Congress, will not monetize the debt.
- The Treasury borrowing can be accommodated because private saving is on the rise.
- Interest rates should continue trending down, thanks to lower inflation, smaller inflation premiums in interest rates.

Final Point

- Ultimate key to lower interest rates may be convincing the public that the Congress, the Administration, and the Federal Reserve are all cooperating in bringing down inflation and restoring economic growth.

KEY POINTS AND QUESTIONS ON OTHER DOMESTIC ISSUES

Relations with Blacks

Looking back over a series of decisions -- Arthur Fleming, tax exempt schools, others -- many see a pattern of rolling back the clock. How do you respond to charges that you and your Administration are insensitive?

-- with growing impatience. We're not anti-black. I never have been.

-- one example: Voting Rights Act:

o I'm for a 10-year extension; said so last November 6.

o Not happy with everything in House bill, but favor extension.

o Attorney General testified for extension on January 27.

o One paper reported his testimony with headline:
- "Senate Panel Is Told Reagan Supports Voting Rights Act"

another paper, reporting the same Senate testimony by AG, headlined:

- "Reagan Team Declares Opposition to Rights Bill"

o I can't explain the perception I'm anti-black. Maybe you reporters can explain how the same event can be reported so differently.

Family Planning Regs: Don't you think notifying parents when their teenage children get contraceptives paid for with Federal funds will only increase the problem of teenage pregnancy and result in more abortions?

-- don't like idea of Government reporting on anyone's private behavior.

-- but we are talking about young people -- 15, 16, 17 year olds -- some younger. If Congress wants Government to give them contraceptives, then I think parents have right to know about it.

- estimated 750,000 adolescents under 18 involved; about 80 percent opt for prescription birth control drugs. Not a casual decision; parents have a right to know.

Civil Rights Nominee/Homosexual Rights: Your nominee, Sam Hart, says discrimination against homosexuals not a civil rights issue. Do you agree?

- I intend to protect the civil rights of all Americans.
- haven't seen full remarks of Hart. What I've read shows we agree on some things, maybe not on others.
- but 100 percent agreement not requirement for appointments. I'm very proud of Mary Louise Smith, my choice for Vice-Chairman of Civil Rights Commission; strong advocate of ERA -- we disagree on that -- but she's a good appointment.

o But do homosexuals have civil rights protection?

- all Americans do. The Constitution provides it and I will enforce it.
- doesn't mean special treatment.
- doesn't mean approval of homosexuality.

(Note: See attached editorial from Wall Street Journal)

Interest Group Justice

Last week the Reagan administration chose a black evangelical minister from Philadelphia by the name of B. Sam Hart to be a member of the U.S. Civil Rights Commission. By now the appointment has proved at least a temporary embarrassment because civil rights groups have raised a storm of protest about it. We do not know whether the administration should have picked Mr. Hart. But we do find some interest in the arguments his critics are using to attack him.

Rev. Hart gave an interview to reporters the other day and expressed his views on various civil rights issues. He seems to have said that he accepted a place on the Civil Rights Commission as a chance to "bring America back to a more moral position" than it has occupied in recent years. He said he is for equal rights for women, but does not favor the equal rights amendment. He said he does not like the idea of the government's forcing communities into programs like busing. Instead, he favors integrating schools by integrating housing, and in turn integrating the housing by the use of favorable interest rates and mortgage guarantees.

On one issue he was notably reticent: He would not give his opinion of tax exemptions for private schools that practice racial discrimination. He said the reason for his silence was that this particular question would not be before the Civil Rights Commission. And on one issue he was notably outspoken: He said that homosexuality was not a civil rights issue in the way that race or gender was, because homosexuals practiced their way of life by voluntary choice.

These views, his critics are now saying, make Mr. Hart self-evidently unsuitable for the Civil Rights Commission. The commission, after all, exists to remedy injustice; Rev. Hart's views show that he cares nothing about this goal.

But in fact that is not what they show. We don't buy all of Rev. Hart's policy positions; he is too sweeping, for instance, in his view of the civil rights problems involved in homosexuality. But in critics' outrage we detect a pique that the administration did not appoint a commissioner with views agreeable to the main interest groups surrounding the civil rights commission.

This country has a hoary tradition of government agencies controlled by interest groups in the private sector. The Department of Agriculture has belonged to farmers, the Labor Department to the unions. When the agencies occasionally fall into the hands of outsiders or adversaries, these interest groups scream bloody murder. They do not say they are mad that one of their own has failed to get a job. Instead they say that an outside nominee has immoral views or insufficient expertise or some character failing that should keep him from office.

But the tradition does not deserve much respect. Government agencies, it should be obvious, must not belong to narrow or self-limited interests; this maxim applies to the civil rights organizations as much as it does to truckers. Dissenting views are not the same as disqualifications. The dispute over the particular case of Rev. Hart, will be more constructive if the critics can possibly bring themselves to remember this general distinction.