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WHITE HOUSE OFFICE OF RECORDS MANAGEMENT WORKSHEET

☐ X-MEDIA
☐ H-INTERNAL

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

JAN 17 83

Subject Codes:

1) Subject: Meeting with U.S. Business, Agriculture
and Labor Representatives on Trade Matters
with Japan.

P R 0 0 7 - 0 1

C O 0 7 8 -

T A 0 0 1 -

T A 0 0 4 -

T A 0 0 3 -

2) Video taping of a message to the California
Republican Convention

P R 0 1 1 -

P L 0 0 5 - 0 4

S T 0 0 6 -

3) Filming of a message for the Los Angeles
Chamber of Commerce Inaugural Ball

M E 0 0 2 -

L G 4 0 3 - A

P L 0 0 3 -

4) Sequence of Events for reception honoring
the Senior Staff of the Senate and the
House of Representatives.

S O 0 0 4 -

F G 0 3 1 -

M E 0 0 2 - 0 7

B E 0 0 3 -

L A 0 0 3 -

- - - - -

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→ Copy of Dec 23, 83 Brock ^{decision} memo
containing Presidential notations
is attached.

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

Referral Note:

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Def



Monday, January 17, 1983

9:00 - Oval

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver) 4:29 BOB TUTTLE - 9:31	Oval Office
JP 9:30 am (15 min)	<u>National Security Briefing</u> 9:31-9:50 (Clark) ROGER ROBINSON, BUSH, JR, GM, MKO ME FARLAND	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (2 hrs)	<u>Personal Staff Time</u>	Oval Office
JP 12:00 m (60 min)	<u>Issues Briefing Lunch</u> 12:03 - 1:03 (Darman/Fuller) (distributed separately)	Cabinet Room
1:00 pm (60 min)	<u>Personal Staff Time</u> 1:03 -	Oval Office
JP 2:00 pm (45 min)	Meeting with Ambassador Brock and 2:04 - 3:08 <u>Business/Agriculture/Labor Leaders</u> (Fuller) (Tab A)	Cabinet Room
2:45 pm (1hr45min)	<u>Personal Staff Time</u> 3:08 -	Oval Office
4:00 4:30 pm (15 min)	<u>Taping Session</u> (Goode) 4:02 - 4:22 (1) L. A. Chamber of Commerce (2) California Republican Convention (Tab B) (draft remarks attach	Diplomatic Reception Room
5:30 pm (30 min)	<u>Reception for GOP House and Senate Staff</u> 5:30 - 5:46 (Duberstein)	Residence (Tab C) (draft remarks attach

LUNCH - BUSH, GM, JR, CLARK, DARMAN
DUBERSTEIN, GERMAN, FULLER, HARPER,
SPEAKERS

UNP 1/14/83
4:00 pm

PAT. B.
FRI

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

The President has seen _____



Monday, January 17, 1983

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark)	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (2 hrs)	<u>Personal Staff Time</u> <i>Phone Calls</i>	Oval Office
11:30 12:00 m (60 min)	<u>Issues Briefing Lunch</u> (Darman/Fuller)	Cabinet Room (distributed separately)
1:00 pm (60 min)	<u>Personal Staff Time</u>	Oval Office
2:00 pm (45 min)	<u>Meeting with Ambassador Brock and Business/Agriculture/Labor Leaders</u> (Fuller)	Cabinet Room (Tab A)
2:45 pm (1hr45min)	<u>Personal Staff Time</u>	Oval Office
4:00 pm (15 min)	<u>Taping Session (Goode)</u> (1) L. A. Chamber of Commerce (2) California Republican Convention	Diplomatic Reception Room (Tab B) (draft remarks attached)
5:30 pm (30 min)	<u>Reception for GOP House and Senate Staff</u> (Duberstein)	Residence (Tab C) (draft remarks attached)

UNP 1/14/83
4:00 pm

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Monday, January 17, 1983



9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark) <i>Rayen Robinson</i>	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (2 hrs)	<u>Personal Staff Time</u>	Oval Office
12:00 m (60 min)	<u>Issues Briefing Lunch</u> (Darman/Fuller)	Cabinet Room (distributed separately)
1:00 pm (60 min)	<u>Personal Staff Time</u>	Oval Office
2:00 pm (45 min)	Meeting with Ambassador Brock and <u>Business/Agriculture/Labor Leaders</u> (Fuller)	Cabinet Room (Tab A)
2:45 pm (1hr45min)	<u>Personal Staff Time</u>	Oval Office
4:00 4:30 pm (15 min)	<u>Taping Session</u> (Goode) (1) L. A. Chamber of Commerce (2) California Republican Convention	Diplomatic Reception Room (Tab B) (draft remarks attach
5:30 pm (30 min)	<u>Reception for GOP House and Senate Staff</u> (Duberstein)	Residence (Tab C) (draft remarks attach

UNP 1/14/83
4:00 pm

A

THE WHITE HOUSE

WASHINGTON

January 14, 1983

BRIEFING PAPER FOR THE PRESIDENT

MEETING WITH U.S. BUSINESS, AGRICULTURE AND
LABOR REPRESENTATIVES ON TRADE MATTERS

DATE: JANUARY 17, 1983
TIME: 2:00 P.M. (45 MINUTES)
LOCATION: CABINET ROOM

FROM: CRAIG L. FULLER

I. PURPOSE

The meeting was recommended by Bill Brock who believed it was important for you to have the views of several prominent people concerned about Japan's trade policies prior to your meeting with Prime Minister Nakasone later in the week.

II. BACKGROUND

Bill Brock sent you a memorandum outlining the trade policy concerns that are causing difficulty between our U.S. business, agriculture and labor leaders and the Japanese. His memorandum is attached as a reminder of the points raised earlier. While recent trade policy announcements are being favorably received, the outside guests at this meeting will want to brief you on remaining problems faced in their respective areas of interest.

III. PARTICIPANTS

The Vice President
Secretary George Shultz
Secretary Donald Regan
Secretary Malcolm Baldrige
Secretary John Block
Counsellor Ed Meese
Director David Stockman
James Baker
Michael Deaver
William P. Clark
Craig L. Fuller

Lee Morgan	Caterpillar Tractor Company
Philip Caldwell	Ford Motor Company
Robert Delano	American Farm Bureau Federation
Samuel Washburn	National Cattlemen's Association
Russell Hanlin	Sunkist Growers, Inc.
Edmund Pratt, Jr.	Pfizer, Inc.
J. Paul Lyet	Sperry Corporation
Robert W. Galvin	Motorola
David Roderick	United States Steel Corporation
Robert Ingersoll	Former Ambassador to Japan, former CEO of Borg-Warner
Douglas Fraser	United Automobile, Aerospace and Agricultural Implement Workers of America
George Weissman	Phillip Morris Company

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE

Greet the guests and turn to Bill Brock to open the discussion.

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

December 23, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador William E. Brock 
SUBJECT: Japanese Prime Minister Nakasone's January 17-19
Visit and the Trade Issue

Context

- o From the standpoint of international trade, no visit by a foreign head of state is likely to be as politically important for your Administration as that of the Japanese Prime Minister. Yasuhiro Nakasone is coming to the United States at a time when Japan's trade policies and practices are viewed by many Americans (correctly or not) as unfair as well as the cause of lost jobs.
- o Congress has before it the domestic content bill; other protectionist legislation seems certain to be introduced when the new Congress meets. The year 1984 now looks as though it will be a referendum on the trading system that has been built over the last 35 years.
- o In short, there is widespread and growing popular sentiment against free trade, much of which is fueled by Japan's continuing trade surplus with us, up this year to \$18 billion from \$16 billion in 1981, and expected to rise to some \$24 billion in 1983. The Japanese surplus in trade in manufactured goods is even more striking. In 1981, this surplus was \$27 billion and it is expected to grow to \$28.5 billion this year.
- o The bilateral trade imbalance per se is not the real problem, since the United States itself has a surplus with other trading partners, notably the European Community. But, while Japanese goods have come to occupy a powerful place in the U.S. marketplace, Japan continues to maintain barriers against competitive U.S. exports of such products as beef, citrus, cigarettes, and a variety of manufactured goods. This creates a strong belief among Americans that Japan's trade policies are unfair. Particularly in a time of economic difficulties, the Japanese appear to be attempting to take advantage of the system by targetting exports and restricting imports.

Although the Japanese have in some areas attempted to respond to our proposals that they dismantle their import barriers, and have made some progress, the following Japanese policies illustrate the barriers still facing U.S. exports:

-- Standards and Certification Problems

In Japan, domestic manufacturers use a simple procedure for obtaining certification that products are in conformity with specifications. Japanese manufacturers capable of demonstrating compliance with mandatory and voluntary requirements can have their factories "registered" and avoid individual inspection of products.

Under the Japanese system, foreign manufacturers cannot have their factories "registered." Instead, foreign products are routinely subjected to "lot inspection"-- the dockside inspection of samples from each lot of imported products to determine conformity with specifications. Thus, foreign producers are not assured that exported products will be approved and must tolerate burdensome, time-consuming, and expensive uncrating and testing of their products.

Examples:

1. Metal Softball Bats: For three years U.S. producers have sought to re-enter the Japanese market only to be blocked by private and government barriers that prohibit them from obtaining factory "registration" and the mandatory "S" (for safety) mark. Currently, the U.S. Government is pursuing this case under the GATT Agreement on Technical Barriers to Trade (standards code) and through extensive bilateral consultations.
2. Motor Vehicles: Japanese producers exporting to the United States are permitted to "self-certify" compliance with U.S. requirements and, thus, are not subjected to costly and time-consuming individual inspections. Despite the small number of U.S. cars imported into Japan (fewer than 5,000 in 1980) and the fact that Japanese officials witness tests in the United States, each and every American vehicle sent to Japan must be individually inspected.

-- Other Barriers

Agricultural Quotas: Japan maintains GATT-illegal quotas on 19 categories of agricultural goods. The most important of these, from the viewpoint of U.S. export potential, are on beef and citrus products. The Japanese have been totally unwilling to discuss either the ultimate elimination of these quotas or any schedule to achieve that goal.

Manufactured Tobacco Products: Japan is the world's fourth largest market for these products, including cigarettes, cigars, and pipe tobacco. But she maintains high tariffs (35 percent on cigarettes and cigars, 60 percent on pipe tobacco). Moreover, a state monopoly (JTS), with exclusive rights to production within Japan, also controls and restricts the marketing, advertising, and distribution of all imported tobacco products. Recent allegations in the Wall Street Journal of discriminatory tactics by JTS sales personnel in removing foreign cigarettes from vending machines, and taking foreign advertising materials away from retail outlets, were admitted by the JTS, which promised to stop the practices. Although progress has been made on the distribution issues, the effect of the tariff is to keep the price of U.S. cigarettes substantially higher than their Japanese rivals. Hence, U.S. market share, which in Europe, Hong Kong, and elsewhere ranges from 25 to 50 percent, is confined to 1.5 percent in Japan.

Government Procurement: In 1980, after intensive negotiations, a bilateral agreement was signed between the United States and Japan opening procurement for Japan's Nippon Telegraph and Telephone Corporation (NTT) to foreign manufacturers. This agreement "equalized" the access that Japanese electronic companies have to the U.S. telephone market. In 1981, however, U.S. sales of sophisticated telecommunications equipment to NTT were under \$30 million, while the Japanese sold \$500-\$600 million of equipment to the United States. The U.S. equipment is competitive with the Japanese in third country markets and if the agreement is to be renewed, significant sales of U.S. equipment must be forthcoming.

Type Approval Problems: A constant problem for U.S. manufacture seeking to penetrate the second largest market in the world is that of prolonged delays of official approval of the product. A U.S. maker of headphones, for example, struggled for the better part of a decade to get approval from NTT for use of the headphones in combination with Japanese telephone system equipment. Sometimes that period of delay is used by Japanese firms to develop a competitive product which then rapidly dominates the market. The U.S. semiconductor industry is one group that particularly alleges that "buy-Japanese" attitudes and practices often result in the disappearance of Japanese markets for specific U.S. semiconductors once Japanese firms begin to produce similar devices.

Industry Targetting

The Japanese Government follows an industrial policy in which certain industries are selected as key to national economic development, and targetted for government assistance. The policy tools used to foster development of target industries may effectively limit U.S. access to the fastest growing segments

of the Japanese market, as well as influence competition in the United States and other export markets, by affording the selected Japanese firms significant advantages in the form of cost and risk subsidization. This is particularly troublesome where Japan has targetted industries in which the United States presently enjoys a leading position, such as computers, telecommunications, aerospace, and others.

One problem in this area in U.S.-Japan trade relations that will come to you for decision in the near future is that involving a petition concerning Japanese numerical control machine tool exports to this country. Houdaille Industries, a domestic producer of numerically controlled (NC) machine tools, has alleged that the Japanese Government has created and maintained a cartel in the machine tool industry since the early 1950s as part of Japan's industrial policy. The Japanese Government is said to have backed the cartel with tax breaks, concessionary loans, R&D subsidies, and other incentives, including grants from funds generated from wagering at bicycle and motorcycle tracks. As a result of the cartel, the Japanese machine tool industry has become a world leader in technological development, has gained a dominant position in its own market, and has become a major force in the U.S. market. Houdaille contends that these policies have unjustifiably restricted U.S. commerce. They have requested that you use your authority under Section 103 of the Revenue Act of 1971 to deny purchasers of Japanese numerically controlled machine tools the investment tax credit. An interagency task force chaired by my Office has been investigating the allegations contained in the petition. The results and a recommendation will be forwarded to you in the very near future.

Japanese Objectives

Japan will have two objectives for this visit: (1) Obtain U.S. blessing that Japan is an open market; and (2) avoid making hard decisions by pointing to U.S.-Japan meetings already scheduled at which trade issues are to be discussed. We should not give such a blessing, nor should we accept future meetings as adequate.

The Japanese have been following a pattern of no action for long periods while pressure builds abroad, then responding with a package of initiatives which are steps in the right direction, but which do not result in any significant opening of the market. When confronted with strong foreign pressure last spring, Japan produced such a package which accomplished their objective of getting through the Versailles Summit unscathed. No significant progress has been made on trade issues for the remainder of 1982.

We see the same pattern developing again. Pressures in Europe and the United States are extremely strong. The Japanese are frantically trying to determine what actions will defuse the situation sufficiently in the United States to permit a successful Nakasone visit. The concessions Japan will offer are unlikely to resolve any major problems. If Nakasone does not leave his meeting with you convinced that the trade problem is explosive and that he must move quickly to address it, then it is unlikely we will make much progress over the next six to twelve months. If there is no real progress within that period, Congress may move in such a way as to take the initiative in trade policy away from the Administration.

There is an additional danger. It is quite possible that the Japanese will attempt to relieve pressure in the trade area by offering concessions in the defense or foreign aid areas where we are also pressing them. Such a trade off is not acceptable. Congress would reject it out of hand. The trade, aid, and defense issues each stand on their own merits and must be addressed separately.

Recommendations

1. That the trade issue be given top priority treatment in the visit, recognizing that there is no greater issue between our two countries as perceived by the American public.

Approve ✓ 12

Disapprove _____

2. That the trade policy objectives of the visit be twofold:

- a. to secure significant Japanese movement toward U.S. objectives in the short run; and
- b. to educate Prime Minister Nakasone as to the serious problem confronting Japan with the United States today, and as to what steps he needs to take in the near and mid-term future to overcome that problem.

(Suggested talking points will be provided through the interagency coordinating process of USTR.)

Approve ✓ 12

Disapprove _____

3. That prior to Prime Minister Nakasone's visit you meet with highly regarded leaders of the U.S. business, farm, and labor communities who should both express their views and listen to your views of the Japan trade issues.

Approve ✓RM

Disapprove _____

4. That the trade aspects of the Prime Minister's visit be coordinated by USTR through the normal interagency process in order that the U.S. Government speak with one voice.

Approve ✓R

Disapprove _____

B

THE WHITE HOUSE

WASHINGTON

January 14, 1983

TAPING SESSION

DATE: January 17, 1983

LOCATION: Diplomatic Reception Area

TIME: 4:30 PM

FROM: Mark Goode

I. PURPOSE

To video-tape a message from the President.

II. BACKGROUND

This tape will be played to the attendees at the California Republican Convention to thank them for their hard work in 1982, and to urge continued service to the Party in the upcoming 1984 elections.

The California Republican Party will be holding their elections for Party officers in this annual convention.

Ed Reinecke, who currently serves as Party Vice-Chairman, automatically replaces Chairman Tirso del Junco.

III. PARTICIPANTS

The President

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS

The President will read the message from a teleprompter.

attachments: to be submitted by the speechwriters office.

(Rohrabacher/AB)
January 14, 1983
3:00 p.m.

PRESIDENTIAL TAPING: CALIFORNIA REPUBLICAN CONVENTION
MONDAY, JANUARY 17, 1983

Greetings to all my friends in California. I hope you're enjoying your convention there in Sacramento. Over the years we've shared many conventions together and I'm sorry I cannot personally be with you today. As you know, we're more than a little busy here in Washington trying to accomplish some of the things we've been working for for so long. I look back on some of those struggles we went through in Sacramento with fond memories. Many of you played a part in them and I just want to thank you for all you've done over the years.

You've still got your work cut out for you. Your new Governor, George Deukmejian, is going to need all the help he can get. I say that because I've had experience in trying to clean up after a Brown. I only wish that the Democratic governors of California would quit acting as if, at the end of their term, they're leaving the Republicans a mess. What they're really leaving is a mess for the people -- and I'm certain it will take all of George's and all of your efforts to put things back in order. But we've done it before and we'll do it again.

I'd like to take this opportunity to congratulate you on your fine showing in the November elections. The returns from California made our evening back here a bit brighter, I can assure you. And I know elections like that are not won by luck. It's been said that luck is when preparation meets opportunity. It took hard work and dedication to accomplish what you did and

that's what the Republican party in California is all about. That's what you are all about. Your new Senator Pete Wilson will vouch for that. And I can't tell you how happy I am to have him back here on the team.

Your outgoing chairman, Tirso del Junco, has done a fantastic job and certainly he deserves the lion's share of the credit for the victories California Republicans have wrung up in the last two elections. Tirso, just because you're no longer chairman don't think you can fade into the woodwork. You'll find that one of the troubles about doing such a good job is that people keep calling on you to do more.

With your new governor facing a hostile legislature to deal with, you have a challenging year ahead. I can't think of a better man to lead your effort than Ed Reinecke. Ed, we've fought side by side on many occasions and I'm looking forward to working with you again. Tirso and I have had an excellent working relationship and I know that will be true for us as well, because, as you all know, Ed and I go back a long way.

So, to all of you, the best of luck and thank you for making your contribution to a better California and a better America. It's only when concerned and decent people like you take the time and effort to get involved in our free political process that it works for those ideals that we all believe in. Thanks for doing your part. Good luck and God bless all of you.

THE WHITE HOUSE

WASHINGTON

January 14, 1983

FILMING SESSION

DATE: January 17, 1983

LOCATION: Diplomatic Reception Area

TIME: 4:30 PM

FROM: Mark Goode

I. PURPOSE

To film a message from the President.

II. BACKGROUND

To be played at the Los Angeles Chamber of Commerce Inaugural Ball at the Century Plaza on January 21, 1983.

III. PARTICIPANTS

The President

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS

The President will read from a teleprompter.

attachments: To be submitted by the speechwriters office.

(Elliott/AB)
January 14, 1983
5:30 p.m.

PRESIDENTIAL TAPING: L.A. CHAMBER OF COMMERCE
MONDAY, JANUARY 17, 1983

Thank you Elton, and congratulations. Good evening and greetings to Dinah Shore and all of you attending the Inaugural Ball at the Los Angeles Chamber of Commerce.

You probably won't be surprised if I let you in on a little secret -- there is nothing Nancy and I would like more right now than to be seeing our good friends in sunny, warm southern California. Don't get me wrong. The snow is beautiful, and at least some of the natives are friendly; but whoever said Washington was a city of the South didn't quite have it right.

I understand you'll be doing something I'd very much like to be a part of -- honoring some of the greats in the world of sports. May I extend my heartiest congratulations to Muhammad Ali, John Wooden, the Los Angeles Dodgers, and Boone Arledge of ABC for your much deserved awards.

I just hope you understand that with the new legislative season coming on full tilt, it was impossible for us to get away from Washington right now.

I want you all to know, however, how much we in this Administration appreciate the strong support your business leaders have given us. I believe we've come a long way in addressing fundamental problems that we Americans had neglected for too long. If, together, we face up to the tough decisions that still lie ahead, 1983 will be a good year for America. Believe me, your support means more now than ever before.

Let me extend especially good wishes to your incoming chairman, Pete Voegelin, for a most successful year, and to congratulate outgoing chairman Will Carr for a job well done in 1982, including the appointment of my good friend Ted Bruinsma as your first full-time president. I understand that your annual leadership mission will be coming to Washington in April, and I certainly hope my schedule permits me to meet with you at that time. Until then, have a wonderful party. Good night and God bless you.

C

Reception Honoring House and
Senate Senior Staff
Monday, January 17, 1983

Muffie Brandon

mufliz Brenda

Guests begin to arrive the SouthWest Gate, Diplomatic Reception Room, and are led up the Grand Staircase to the State Dining Room where they may be served refreshments.

All guests arriving at this time should go directly to the East Room.

All guests should begin to proceed to the East Room to prepare for the arrival of THE PRESIDENT.

An aisle is formed from the entrance of the East Room to the platform.

THE PRESIDENT arrives the State Floor via the elevator and proceeds down the Cross Hall. THE PRESIDENT is announced into the East Room and proceeds to the platform to make remarks.

Following THE PRESIDENT'S remarks, he mixes and mingles briefly with the guests.

THE PRESIDENT proceeds to the Residence via the Cross hall.

All guests begin to depart.

(Elliott/AB)
January 14, 1983
4:00 p.m.

PRESIDENTIAL REMARKS: RECEPTION FOR GOP
HOUSE AND SENATE STAFF
MONDAY, JANUARY 17, 1983

Thank you very much. It's wonderful having all of you with us. But I have a question. If your staff is here, and our staff is here, who's on the Hill watching over Tip O'Neill's and Ted Kennedy's staffs? If they get wind you've gone fishing, there's no telling what mischief they'll cook up next.

Well, to borrow that old expression, I'm sure you wonder why we asked you here today. That's easy: to express our heartfelt thanks for all your cooperation and support -- and to make sure you know how much we'll be counting on you during the 98th Congress.

We're hearing a lot of noise from the other side -- it's just a lot of hot air -- that what we're doing for America is wrong, and must be changed. Well, let's get something straight: Creating opportunity, permitting people to keep more of what they earn, placing limits on the size and power of Government, making the United States a more reliable defender of independence, democracy and human rights around the world and, through it all, trusting in the God who has blessed our land -- these are not some strange, new collection of ideas. They are the heart and soul of America, a powerful force for good -- and we will not betray them.

I am convinced that 1983 will be a year of new growth, jobs and opportunities for the American people. We've made dramatic progress against the record inflation and interest rates we

inherited. We've reduced tax rates for every working family in America -- the first time people have received a decent break in nearly 20 years. And their tax rates will be indexed in the future to prevent inflation from robbing them when they get a cost-of-living raise.

I'm proud of our tax cut; the people need it. No one has the right to take it away from them -- and no one will. Sure we face a large projected deficit, and we're working to reduce it. But let's always remember -- the American people are shouldering the highest tax burden in peacetime history. We do not face those large deficits because our people are not taxed enough; we face those deficits because this Government still spends too much.

We must not allow anyone to destroy the good that has been accomplished just as the skies are starting to clear. We're seeing the beginning of a solid recovery in housing, new strength in autos, a surge in personal savings and equity investments. And we're witnessing a new wave of American technological leadership in computers that is revolutionizing the entire concept of communications.

Our great challenge is to make the future work for us: we can create an agenda of growth that looks to the future rather than the past, an agenda that provides incentives and retrain today's workers for tomorrow's world; and we can pursue an agenda for peace in which American strength and determination lead not just to arms limitations, but to actual arms reductions.

This is a time to believe in ourselves, a time to be optimistic about our country. An optimist, as you might have heard, is that fellow who, when told his tire is flat, replies "Yes, but only on the bottom." I can't resist repeating a story that I told our appointees last year, because it describes so well that idea of optimism.

A man had two sons, and he was very disturbed about them. One was a pessimist beyond recall, and the other one was an optimist beyond reason. He talked to a child psychiatrist who made a suggestion. He said, "I think we can fix that." He said, "We'll get a room and we'll fill it with the most wonderful toys any boy ever had." "And," he said, "We'll put the pessimist in and when he finds out they're for him, he'll get over being a pessimist."

His father said, "What will you do about the optimist?" "Well," he said, "I have a friend who's got a racing stable and they clean out the stalls every morning." "And," he said, "I can get quite an amount of that substance. We'll put that in another room, and when the optimist who's seen his brother get all those toys is then shown into that room and sees what's waiting for him, he'll get over being an optimist."

Well, they did it, and they waited about 5 minutes. And then they opened the door, and the pessimist was sitting there crying as if his heart would break. He said, "I know somebody's going to come in and take these away from me."

Then they went down to the other room and they opened the door and there was the optimist, happy as a clam, throwing that

stuff over his shoulders as fast as he could. And they said, "What are you doing?" And he says, "There's got to be a pony in here somewhere."

Well I'm confident that if we all do our best today and in the months ahead, we can finish the job we've begun. Don't let the pessimists get you down. Americans are becoming more confident about their future again -- and they're doing it with good reason, because all the indicators point to recovery.

Together, we can make today's Government and today's America a model for generations to come. That is our trust. That's why we're here. And that's why I want to thank each one of you today, from the bottom of my heart, for all that you've done and all that you're doing to make America great again. I'm counting on you, and, what's more important, so are the American people.

God bless you all. Thank you.