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WITHDRAWAL SHEET

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Collection Name PRESIDENT, OFFICE OF THE: PRESIDENTIAL BRIEFING PAPERS

Withdrawer

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File Folder 04/14/1983 (CASEFILE 135514)

FOIA

S07-0077/01

Box Number

168

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	LIST	RE MTG W/NON-BANKING SUPPORTERS ON WITHHOLDING	4	4/14/1983	B6

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

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

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- ☐ X-MEDIA
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Name of Document: BRIEFING PAPERS
FOR PRESIDENT'S
SCHEDULED
APPOINTMENTS FOR

APR 14 83

Subject Codes:

P	R	0	0	7	-	0	1
F	G	0	0	6	-	1	2
					-		
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C	O	0	8	2	-	0	2
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F	O	0	0	6	-	0	6
T	A				-		
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L	E				-		
F	I	0	0	2	-		
F	I	0	1	0	-	0	2
B	E	0	0	3	-		
					-		
					-		

1) Subject: List of invitees/attendees for
National Security Council meeting

2) List of invitees/attendees for meeting
with YOON SUNG MIN, Minister of
National Defense for the Republic of
Korea (South Korea)

3) Meeting to discuss issues at the
upcoming Williamsburg
Summit

4) Meeting with business and banking
industry leaders to discuss the
withholding of 10% of interest
and dividend payments by banks
and financial institutions.

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

Referral Note:

Page 2 of 2

ID #

135514

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT WORKSHEET

- ☐ X-MEDIA
☐ H-INTERNAL

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

APR 14 83

Subject Codes:

P	R	0	0	7	-	0	1
FG	0	1	0	-	0	2	
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FA	0	0	6	-			
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15	0	0	1	-			
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FG	0	1	2	-			
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CO	0	0	1	-	0	9	
FO	0	0	3	-	0	2	
HO	0	8	6	-			
				-			
				-			

5) Subject: Meeting with the Cabinet Council
on Economic Affairs to discuss:

A) Revenue Sharing
General

B) Health Insurance Benefits for the
Unemployed.

Original April 12 Decision memorandum
from Secretary Regan regarding
Administration Position on the
Reauthorization of the Revenue
Sharing Program. (It contains
no Presidential notations)

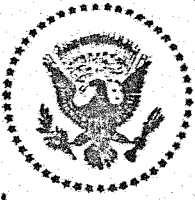
6) Meeting with Latin American
Ambassadors to publicize the
Caribbean Basin Initiative (CBI)
scholarship program and to
celebrate Pan American Day

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

Referral Note:

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Thursday, April 14, 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>David Kennedy</i> <i>Shultz</i> <i>Tom Reed, J. Deane</i>	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (60 min)	<u>Personal Staff Time</u>	Oval Office
11:00 am (5 min)	Photograph with YOON Sung Min, Korean Minister of National Defense (Clark) (distributed separately)	Oval Office
11:05 am (55 min)	<u>NSC Meeting</u> (Clark) (distributed separately)	Cabinet Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time</u>	Oval Office
1:00 pm (45 min)	<u>Summit Preparation Meeting</u> (Deaver/Clark) (TAB A)	Oval Office
2:00 pm <i>has</i> (15 min) <i>meeting</i> <i>seminar</i>	<u>Meeting on Withholding Provisions</u> (Whittlesey) (TAB B)	Cabinet Room
2:15 pm (30 min)	<u>Cabinet Council on Economic Affairs</u> (Fuller) (TAB C)	Roosevelt Room
2:45 pm (45 min)	<u>Personal Staff Time</u>	Oval Office
3:00 <i>3:00</i>	<i>2:45 pm availability</i>	
3:30 pm <i>addition</i> (10 min) <i>Squire Bush</i>	Meet with OAS Ambassadors re: <u>CBI Scholarship Program</u> (Clark) (TAB D)	Cabinet Room
3:40 pm (1hr20min)	<u>Personal Staff Time</u>	Oval Office
5:00 pm (60 min)	<u>Meeting with Secretary Shultz</u> (Clark) <i>KEN DAVID</i>	Oval Office

UNP 4/13/83
4:00 pm

REQUEST FOR APPOINTMENTS

DSC Mfg

To: Officer-in-charge
Appointments Center
Room 060, OEOB

Please admit the following appointments on Thursday April 13, 1983
for Judge William P. Clark of White House
(NAME OF PERSON TO BE VISITED) (AGENCY)

The President

The Vice President ✓
Admiral Daniel P. Murphy ✓

OSTP
George Keyworth ✓

State
Secretary George P. Shultz ✓
Jonathan Howe ✓

OMB:
Dr. Alton Keel ✓

Defense:
Secretary Caspar W. Weinberger ✓

White House:
Edwin Meese ✓
James Baker ✓
Michael Deaver ✓
Judge William P. Clark ✓
Robert C. McFarlane ✓
Richard Darman ✓

JCS:
General John W. Vessey, Jr. ✓

CIA:
Director William J. Casey ✓

NSC:
Thomas C. Reed ✓
Gen. Horace Russell ✓
~~Col. Michael O. Wheeler~~

USUN:
~~Ambassador Jeane J. Kirkpatrick~~

ACDA
Dr. James George ✓

Ambassador Edward Rowny ✓

MEETING LOCATION

Building White House

Requested by Carol Cleveland/Kathleen Shanahan

Room No. Cabinet Room

Room No. 372 Telephone 3044

Time of Meeting 11:00

Date of request April 13, 1983

Additions and/or changes made by telephone should be limited to three (3) names or less.

APPOINTMENTS CENTER: SIG/OEOB - 395-6046 or WHITE HOUSE - 456-6742

THE SCHEDULE OF
PRESIDENT RONALD REAGAN



Thursday, April 14, 1983

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9:30 am (15 min)	<u>National Security Briefing</u> ^{9:15} (Clark), <i>BUSH, EM, MKO</i> <i>Tom Reed, Geoff Kemp</i>	Oval Office
9:45 am (15 min)	Senior Staff Time	Oval Office
10:00 am (60 min)	<u>Personal Staff Time</u>	Oval Office
11:00 am (5 min)	Photograph with YOON Sung Min, 11:00 - 11:06 <u>Korean Minister of National Defense</u> (Clark) (distributed separately)	Oval Office
11:05 am (55 min)	<u>NSC Meeting</u> 11:07 - 11:51 (Clark) (distributed separately)	Cabinet Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time</u>	Oval Office
1:00 pm (45 min)	<u>Summit Preparation Meeting</u> 1:03 - (Deaver/Clark) (TAB A)	Cabinet Room Oval Office
2:00 pm (15 min)	<u>Meeting on Withholding Provisions</u> (Whittlesey) 2:00 - 2:21 (TAB B)	Cabinet Room
2:15 pm (30 min)	<u>Cabinet Council on Economic Affairs</u> (Fuller) 2:26 - (TAB C)	Roosevelt Room
2:45 pm (45 min)	<u>Personal Staff Time</u>	Oval Office
3:30 pm (10 min) 1P	Meet with OAS Ambassadors re: 3:33-3:41 <u>CBI Scholarship Program</u> <i>OHOTO opp.</i> (Clark) 3:41 - <i>BRIEFING</i> (TAB D)	<i>ROSE LARSEN</i> Cabinet Room
3:40 pm (1hr20min)	<u>Personal Staff Time</u> <i>4:00 - 4:15 PRESS ROOM -</i> <i>4:16 - PERSONAL TIME</i>	Oval Office
5:00 pm (60 min)	<u>Meeting with Secretary Shultz</u> 5:00 - 6:08 (Clark) <i>KEN DAM, TAB EM, V. PRES.</i> <i>WPC, GUD McFARLAND</i>	Oval Office

UNP 4/13/83
4:00 pm

Egyptian For Min. - Fri. AM

PHOTO - USSS

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Thursday, April 14, 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
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10:00 am (60 min)	<u>Personal Staff Time</u>	Oval Office
11:00 am (5 min)	Photograph with YOON Sung Min, Korean Minister of National Defense (Clark) (distributed separately)	Oval Office
11:05 am (55 min)	<u>NSC Meeting</u> (Clark) (distributed separately)	Cabinet Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time</u>	Oval Office
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2:00 pm (15 min)	<u>Meeting on Withholding Provisions</u> (Whittlesey) (TAB B)	Cabinet Room
2:15 pm (30 min)	<u>Cabinet Council on Economic Affairs</u> (Fuller) (TAB C)	Roosevelt Room
2:45 pm (45 min)	<u>Personal Staff Time</u>	Oval Office
3:30 pm (10 min)	Meet with OAS Ambassadors re: <u>CBI Scholarship Program</u> (Clark) (TAB D) (draft remarks attached)	Cabinet Room
3:40 pm (1hr20min)	<u>Personal Staff Time</u>	Oval Office
4:15 5:00 pm (60 min)	<u>Meeting with Secretary Shultz</u> (Clark)	Oval Office

UNP 4/13/83
4:00 pm

cc: ~~Dave Fischer~~
~~Kathy Osborne~~
Nell Yates

MEETING WITH YOON SUNG MIN, MINISTER OF NATIONAL DEFENSE, REPUBLIC OF KOREA

Thursday, April 14, 1983 -- 11:00 a.m. -- Oval Office

The President
Secretary Weinberger
William P. Clark
Amb. Richard S. Walker
Richard Armitage, Deputy Asst Secretary of Defense
East Asia and Pacific Affairs
Gaston Sigur, NSC

McFARLAND

Minister Yoon Sung Min
Ambassador Lew Byong Hyon
Mr. Han Mun Sik, Translator

THE WHITE HOUSE
WASHINGTON

ACTION

April 13, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *WPC*
SUBJECT: Give-and-Take Session and Overall Review of
Summit Issues -- Thursday, April 14, 1983 --
1:00 p.m., Cabinet Room

Issue

You are meeting with Brock, Regan, the Sherpa team, and Senior White House Staff to discuss the background of trade issues at the Summit and to review the overall preparations for the Summit before the next preparatory meeting.

Discussion

Bill Brock has sent you a concise background paper on trade issues (Tab I). He will engage you in a discussion of these issues and what you will be seeking to achieve in the trade/debt/finance area at the Summit. Allen Wallis will review the status of other issues -- economic policy and East-West issues -- and what reactions we are getting from other countries as we go into the second preparatory meeting this weekend at Williamsburg.

Recommendation

OK

No

WPC

That you read the background paper at Tab I.

Attachment

Tab I - Background Paper from Brock

Prepared by:
Henry R. Nau

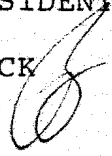
HANDWRITING FILE

A

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

April 12, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM E. BROCK 

Expansion of Trade:

Expanded trade made possible by the removal of trade barriers through successive rounds of negotiations especially in manufactures (average tariffs down from over 50% to less than 5%) has been a major source of U.S. and global economic growth over the past 35 years. World trade increased from \$155 billion in 1952 to \$1.8 trillion today, an average growth of 8.2 percent per year. World GNP grew more slowly. Adjusted for inflation, since 1960, world trade in real terms grew 6.0 percent, while the growth in real production of goods averaged 4.4 percent.

System Under Stress:

Today's system is under stress due to economic recession, longer-term structural adjustment problems in basic industries such as textiles, steel, autos, and agriculture, and the growing difficulty of major developing countries to service their external debt. An increase in import restrictions now threatens to undermine our efforts to achieve global economic recovery. In 1982 world trade declined by 6 percent, our exports to developing countries declined by 7 percent (from \$89 billion in 1981 to \$82.7 billion in 1982). Our exports to Latin America, where debt is large and problems severe, declined by 22 percent.

New Restrictions:

Despite a continuing commitment by the leaders of most major developed countries to the ideal of an open trading system, most countries have found it necessary to restrict imports directly by quotas and escape clause actions or by manipulating non-tariff barriers, including domestic, industrial, tax and other policies. LDCs under the weight of their debt burdens have particularly increased import restrictions. Restrictions now cover a substantial portion of world trade in goods like textiles, autos, steel, television sets, video recorders, semiconductor chips, machine tools and footwear.

The most subtle restrictions take the form of more government intervention through subsidies, preferential regulatory treatment and other means to support industries. Our inability to curb these distortive practices through agreed international trading rules has helped create growing domestic frustration and tension that is fostering protectionist sentiment. Americans are growing increasingly resentful of practices like EC agricultural export subsidies, Japanese industrial targeting practices and widespread subsidization of exports by developing countries.

Consequences for Recovery:

New trade restrictions and increased domestic intervention by our major trading partners in their own economies is likely to slow world economic recovery. If current tensions with our OECD trading partners spill over, provoking further increases in protection, or if financial and trade problems lead to further increases in barriers to trade between developing and developed countries, the threat to world economic recovery could be extremely serious.

Cutback in U.S. Exports:

North/South trade problems are of particular concern. In recent years, our exports to developing countries grew the fastest, and now account for 39 percent of our exports (more than the EC and Japan combined). But last year in the wake of the debt problems our exports to key Latin American debtor countries declined (by 36 percent to Mexico, 10 percent to Brazil, and 40 percent to Argentina). Overall, the decline in U.S. exports to Latin America was \$8.9 billion, which translated into a loss of over 200,000 American jobs. Simultaneously, developing countries exports have fallen because of the economic recession and of increasing trade barriers in developed countries. Developing debtor countries that must now devote large proportions of their foreign exchange earnings to service their debt (59 percent for Mexico, 67 percent for Brazil, 88 percent for Argentina), are finding it increasingly difficult to import necessities and to service their debt obligations.

In the short-term developing countries need financial help to sustain essential imports, such as that provided by the recently agreed increases in IMF resources. In the long run the only solution to the debt problem is increased capacity to export. Hence trade and finance are interrelated as the basic guarantees of world economic stability.

Challenge to the U.S.:

Our challenge now is to halt the trend toward more trade restrictions and to establish firm commitments to the dismantling of recent restrictions and other forms of government intervention as renewed

economic growth takes hold. Unless the current trend is reversed, world economic recovery will be weak, and could be aborted altogether.

GATT Ministerial:

We made a major effort last fall, during the meeting of the GATT Trade Ministers, to reverse current negative trends and to achieve agreement on a new set of goals for the future. In particular, we proposed that Trade Ministers commit themselves to avoid new import restrictions and to roll back existing trade restrictions and distortions which were inconsistent with trade rules. We also proposed that the GATT begin to focus on new forms of government intervention that distort trade, particularly in areas with the greatest growth opportunities such as high technology trade and trade in services. We achieved some of our objectives, and we did not slip backwards; but the results fell short of what we sought and perhaps short of what we will need.

Views of Other Summit Countries

- o Germany is likely to be the most supportive of our efforts. Kohl's support is critical. The recent realignment of European exchange rates may have given Kohl some leverage to secure strong EC support against protectionism.
- o Britain is relatively supportive but somewhat passive. Thatcher is less inclined to push for free markets than we are.
- o France (with Italy trailing along) is likely to strongly resist statements that would commit them to open their markets. They may emphasize the importance of the ongoing dialogue with the LDCs. Mitterand believes an open trading system is only possible in an environment of fixed exchange rates.
- o Nakasone is supportive of freer trade but lacks credibility. The Japanese are feeling defensive and are likely to try to deflect EC and US criticisms regarding access to their market. Japan also has political problems at home that will make it difficult for them to accommodate LDC demands.
- o Trudeau is likely to be helpful but unenthusiastic. Canada is hesitant about accepting more LDC exports given its own production and unemployment problems.
- o The EC Commission does not seem to be in a liberalizing mood. It is slow to develop common positions and hesitant to change them.

Relationship of Growth, Trade and Debt:

One reason that the results of the GATT Ministerial meeting was disappointing is that the Trade Ministers' ability to keep markets open is strongly dependent on economic growth and international financial confidence. Similarly, economic recovery and successful handling of international financial problems are now strongly dependent on our ability to keep world markets open for expanded trade. Since overall responsibility for these policy areas comes together only at the top level of governments, the Summit has a key role to play in bringing the interrelationships into clearer focus, and establishing the basis for coordinated commitments in each of these areas.

Williamsburg Summit:

It would be unrealistic to expect the Summit to bridge many of the deepseated differences that prevented last fall's meeting of the GATT Trade Ministers from being more successful. But, the Summit can establish a clearer understanding of the interrelationships between international trade and other policy areas, and a greater degree of consensus that open trade, investment and financial policies must go hand in hand with macroeconomic policies aimed at non-inflationary growth. The Summit could also boost closer working relationships among trade, monetary and macroeconomic officials. We expect that such closer working relationships would help us persuade other countries to adopt more open trade policies.

B

THE WHITE HOUSE
WASHINGTON
MEETING WITH BUSINESS AND BANKING SUPPORTERS

DATE: April 14, 1983
LOCATION: Cabinet Room
TIME: 2:00 p.m. - 2:15 p.m.
FROM: FAITH RYAN WHITTLESEY *FRW*

I. PURPOSE:

To thank business community and banking industry supporters for their past help and to reiterate your position on the 10% withholding on interest and dividends provision up for Senate vote on Friday, April 15, 1983.

II. BACKGROUND:

These industry representatives have generally supported your policies and have not joined the repeal efforts. You should ask them to actively oppose the congressional repeal of the 10% withholding provision expected on Friday, April 15, 1983.

III. PARTICIPANTS:

See attached list.

IV. Press Plan:

White House photographer.

V. SEQUENCE OF EVENTS:

2:00 p.m.	You enter Cabinet Room and are seated. Guests will be identified by tent cards.
2:02 p.m.	You will point out your firm commitment to the existing withholding provision and your intention to repel congressional efforts. (See Talking Points). Discussion to follow.
2:10 p.m.	You reiterate your position and enlist their active support on this legislation.
2:15 p.m.	You depart Cabinet Room.

Attachments: Talking Points
Participants List

TALKING POINTS FOR MEETING ON WITHHOLDING
THURSDAY, APRIL 14, 1983, 2:00 PM CABINET
ROOM

- I want to sincerely thank you for your attendance and willingness to hear my position on the interest and withholding legislation.
- As you know, the issue is coming up in the Senate as early as Monday.
- We spent months around this table figuring out how to fashion a budget that was fair and balanced. But in any budget cuts, we must have a revenue component.
- If I turn around now, and give up on the revenue side of the budget, the rest is jeopardized. We could lose the spending cuts we need, the tax cuts that stimulate business and we would send a signal that I'll back down when the going gets tough.
- That's why your continued support is important to us. You can help us get across a message: We are defending the principal that those who taxes must pay their taxes, rather than asking those who are already paying to pay more.
- It's not just a problem of reporting. It's a problem of collecting. And withholding is the most effective collection method we have.

- To collect taxes just through reporting is not workable. It would require as much as a 200 percent increase in audits. We want less, not more, IRS involvement in people's lives.
- The only other alternatives are high deficits or new taxes. I know you don't want either one of those any more than we do. I'm determined to resist the pressure in the Congress to go back to big spending, and to increase taxes on the people.
- The Congress is looking for ways to spend more and I just can't step aside now and let these issues go because there is political opposition.
- I'd like to hear your thoughts. I hope that with the recovery beginning, we can continue to cooperate on positive actions that will stimulate growth and prosperity -- like keeping spending down and lowering interest rates even more.

WITHDRAWAL SHEET

Ronald Reagan Library

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DOC Document Type

NO Document Description

No of Doc Date Restriction
pages

1 LIST

4 4/14/1983 B6

RE MTG W/NON-BANKING SUPPORTERS ON
WITHHOLDING

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

C


THE WHITE HOUSE

WASHINGTON

April 13, 1983

MEETING WITH THE CABINET COUNCIL ON ECONOMIC AFFAIRS

DATE: April 14, 1983
LOCATION: Roosevelt Room
TIME: 2:15 PM

FROM: Craig L. Fuller 

I. PURPOSE

To determine the Administration's position on reauthorization of General Revenue Sharing and health insurance for the unemployed.

II. BACKGROUND

A. Revenue Sharing

Congress will act to reauthorize the Revenue Sharing program, set to expire September 30, 1983, prior to consideration of the larger Federalism Initiative. The Administration proposal, sent to the Congress in February of 1983, would include Revenue Sharing and Community Development Block Grant funds in a Local Block Grant formula.

The options for consideration are a five-year reauthorization of Revenue Sharing, an assumption implicit in the Federalism Initiative, or a one-year reauthorization. Support of a one-year reauthorization would anticipate and help insure serious consideration of the larger Federalism Initiative. However, it would also result in Congressional consideration of the issue in September of 1984.

B. Health Insurance Benefits for the Unemployed

Twenty-three states and numerous private employers have taken steps to insure continued health insurance coverage for unemployed workers and their families. The federal government could, through regulation, tax incentives, or establishment of a new entitlement program, supplement or replace current efforts. Numerous proposals are being considered by the Congress.

III. PARTICIPANTS

A list of participants will be attached to the agenda.

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS

Secretary Regan will lead the discussion.

THE WHITE HOUSE

WASHINGTON

April 12, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: THE CABINET COUNCIL ON ECONOMIC AFFAIRS

SUBJECT: Administration Position on the Reauthorization of
the Revenue Sharing Program

The current authorization for the \$4.6 billion Revenue Sharing Program expires at the end of FY 1983. The Congress is pressing for the Administration's position on legislation reauthorizing the Program.

A five-year reauthorization is implicit in your Federalism Initiative. However, it is virtually certain that the Congress will reauthorize the Program before it completes its deliberations on the Initiative. This suggests that the Administration must either proceed with a five-year reauthorization before Congress acts on the Initiative or propose a one-year reauthorization and press the Congress to consider the longer-term future of revenue sharing in the context of your overall Initiative.

Background

On February 24, the Administration transmitted legislation providing for including the Revenue Sharing and Community Development Block Grant (CDBG) (Entitlement Portion) programs in a Local Block Grant, one of the four block grants in your Federalism Initiative. The Administration's bill would authorize the new Block Grant for five years, with both programs funded throughout the period at their current levels. The message transmitting the legislation noted that "implicit in the federal-local block grant is the assumption that revenue sharing would be reauthorized for 5 years at the current funding level."

Administration spokesmen have characterized the Administration's position as support for a five-year reauthorization of Revenue Sharing at the current funding level "in the context of the Federalism Initiative."

The current authorization for the CDBG Program, the other element in the Local Block Grant, expires at the end of FY 1983. HUD has already transmitted a bill to the Congress that would reauthorize the Program for three years at the current funding level.

The Treasury Department has drafted legislation that would reauthorize the Revenue Sharing Program for five years at the current funding level. Senator Heinz's Subcommittee of the Senate Finance Committee and Representative Weiss' Subcommittee of the House Government Operations Committee have held several days of testimony on the nearly dozen reauthorization bills that have been introduced in both Houses. Both chairmen have been talking of moving to markup in April.

Given the pace of Congressional action on Revenue Sharing, it is almost certain that the Program will be reauthorized before consideration of your Federalism Initiative is completed. Indeed, such consideration might be delayed until the next session of the Congress.

Options

The Council has considered two basic options.

Option 1: Support a five-year reauthorization at current funding levels.

Advantages

- o A five-year reauthorization would avoid opening a renewal of general revenue sharing during 1984 and the potential for congressional efforts to increase the funding level. A chart describing alternative cost options that some in the Congress might press for is attached at Tab A.
- o The Congress is virtually certain to reauthorize the Program for at least three years. (Senator Dole observed in a speech to local officials on March 6th that "Revenue Sharing is the safest thing in town;" and Senator Durenberger has 69 cosponsors for a three-year reauthorization.) The five-year option can help defuse Senator Durenberger's other proposal (S.700), which would permanently reauthorize revenue sharing and increase funding.
- o Many State and local officials and supporters of revenue sharing in the Congress are suspicious of the Administration's intentions with respect to the Program. Support for a five-year reauthorization would allay those suspicions. A proposal for a one-year reauthorization, in light of the Administration's bill for a three-year reauthorization of the CDBG Program, might be interpreted as a signal that the Administration's professed commitment to both programs is asymmetrical. It might well be interpreted as indicating that the Administration will not support Revenue Sharing if the Local Block Grant is not approved.

Option 2: Propose a one-year reauthorization that would keep the program alive while Congress considers the Local Block Grant.

Advantages

- o A one-year reauthorization would provide time for serious consideration of the Local Block Grant proposal, which is not likely to occur until late in the current session or next year, without risking expiration of the Revenue Sharing Program before that debate is concluded. If a one-year extension could be enacted, it would preserve the Administration's option to oppose a further reauthorization of Revenue Sharing if the Local Block Grant were not enacted.
- o The Federalism Initiative has not received a notably enthusiastic reception on the Hill. Support for the reauthorization of Revenue Sharing is strong in the Congress and Administration support for a five-year extension of the Program could result in a reauthorization without serious attention being given to the Block Grant proposal.
- o Local officials have largely ignored the Federalism proposals in favor of reauthorizing Revenue Sharing. A proposal for a one-year reauthorization of Revenue Sharing would demonstrate that the Administration intends to take the Initiative seriously -- that its support for the reauthorization of Revenue Sharing is contingent upon enactment of the Local Block Grant, and that it is prepared to deal with the controversy that such a strategy would provoke.


Decision

Option 1 _____ Support a five-year reauthorization at current funding levels.

Supported by: Treasury, OMB, CEA, OPD, Commerce, Labor, HUD, USDA, Interior, State

Option 2 _____ Propose a one-year reauthorization that would keep the program alive while Congress considers the Local Block Grant.

Supported by: Office of Intergovernmental Affairs, USTR


Donald T. Regan
Chairman Pro Tempore

April 11, 1983

General Revenue Sharing Renewal--Alternative Cost Options

(Budget Authority, \$ in billions)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>Total</u>
I. Extension at current dollar level.....	4.6	4.6	4.6	4.6	4.6	23.0
II. Extension at real dollar maintenance (Real 1983 dollar level--GNP deflator)						
Cost.....	4.8	5.0	5.3	5.5	5.8	26.4
Difference with I.....	0.2	0.4	0.7	0.9	1.2	3.4
III. Extension indexed to 1983 share of individual income tax (1.6%)						
Cost.....	4.7	5.3	6.0	6.5	7.4	29.9
Difference with I.....	0.1	0.7	1.4	1.9	2.8	6.9
IV. Extension including state share at real dollar maintenance (Real 1983 dollar level of \$6.9 billion--GNP deflator)						
Cost.....	7.2	7.5	7.9	8.3	8.7	39.6
Difference with I.....	2.6	2.9	3.3	3.7	4.1	16.6
V. Durenberger Proposal						
Cost.....	11.8	13.2	14.9	16.4	18.4	74.7
Tax Expenditure Offset.....	0.7	4.8	4.1	4.4	4.8	18.8
Net Cost.....	11.1	8.4	10.8	12.0	13.6	55.9
Difference with I.....	6.5	3.8	6.2	7.4	9.0	32.9

April 12, 1983

MEMORANDUM FOR: Cabinet Council on Economic Affairs

FROM: Working Group on Health Insurance for the Unemployed

SUBJECT: Administration Position on Health Insurance for the Unemployed

LEGISLATIVE BACKGROUND

Congress is considering a number of proposals to finance health insurance for the unemployed. During the debate on the Social Security bill, Senator Dole offered an amendment for Federal payments of \$1.8 billion for the period June 1, 1983-June 1, 1985 to States establishing programs to cover the unemployed. Dole agreed to withdraw his amendment in return for the Administration's commitment to make a good faith effort to determine if there were a relatively low cost proposal for health insurance for the unemployed that it could support. This memorandum presents the Cabinet Council with the results of the Working Group's study of this issue.

THE PROBLEM

Even in good economic times, substantial numbers of people--perhaps 30 million--lack health insurance coverage. This reflects the fact that some employers do not provide it or that many of the unemployed are unable or unwilling to purchase coverage on their own. This includes:

- those who are employed, but lack health insurance;
- those unemployed, receiving UI, who never had employer-based health coverage;
- those long-term unemployed whose health insurance, if any, and UI have ceased; and
- a narrower group of relatively short-term unemployed receiving UI who have lost employer-based health insurance.

Establishing coverage for everyone, i.e., national health insurance, would be extremely costly and inconsistent with Administration philosophy.

In the fourth quarter of FY83, the unemployed are estimated at 11.1 million, of whom 3.7 million are estimated to be receiving UI; of this group, an estimated 2.8 million had employer-based health insurance.

The length and depth of the recession has focused public and Congressional Republican attention on the narrower uninsured group, i.e., those who received UI and lost employment-based health insurance as a result of involuntary unemployment. These unemployed workers can be exposed to significant short-term financial risks if they are unable to replace employment-based health insurance with other coverage or if they are not reemployed before extended employer health benefits expire. Health insurance linked to the temporary nature of unemployment reflects the changing nature of compensation to include health insurance and would be consistent with the partial replacement of compensation inherent in UI.

In his press conference of April 6, the President stated:

"... several states already, have taken it upon themselves to resolve this problem, and we're looking at that and where the federal government can cooperate on that.

"Also, there has been a movement on the part of the private sector -- doctors and hospitals, to get together and provide medical care for the unemployed.

"Now, there's a limit to how much or how far they can go without help and we're going to look at that for where we can cooperate with them in that. But we're certainly not going to stand by and see that people, because of the misfortune of unemployment, are going to be denied necessary medical care. So we will find an answer to that. ..."

PROPOSED SOLUTIONS--Inventory of Possibilities

Regulatory. A regulatory approach could be accomplished through direct Federal intervention in State health insurance regulation of employer plans, a Federal mandate of State health insurance regulations, or Federal tax incentives. Alternative regulatory approaches include mandatory:

- conversion options. Employers could be required to include a conversion option in health insurance plans for those who become unemployed. Most plans have conversion options at individual rates. Conversion could be mandated at either the group rate obtained during employment or at individual plan rates. Conversion plans are required in 11 States.
- continuation of coverage. Employer plans could be required to offer continuation of the current health insurance benefit package to those becoming involuntarily unemployed for a specified period of time. An estimated 80% of the health insurance plans provide the unemployed continuation coverage through end of the month in which they become unemployed. Continuation requirements have been mandated in 12 States.

- spouse open enrollment. Employers of those whose spouses/dependents became unemployed and lost employment-based health insurance coverage could be required to provide an open enrollment period during which a family plan could be elected. Such elections by the employed spouse could be required. An estimated 40% of UI recipients have working spouses.
- catastrophic coverage. Employers offering health insurance could be required to provide catastrophic health insurance coverage to employees who become involuntarily unemployed.

New Federal Entitlements. Perhaps the opposite extreme of the regulatory approach would be a new Federal entitlement program for the unemployed. Various proposals being discussed in Congress are characterized by their reliance on large, if not total, Federal financing and/or administration and standard-setting. The President has publicly indicated his opposition to such approaches.

- Riegle (S.307), Walgren (H.R. 1823) would require the establishment of reinsurance pools in each State to make health benefits available to unemployed workers and their dependents. Before either a State sponsored, private or Federal reinsurance pool is established in a State, unemployed workers would be able to purchase Medicare coverage.
- Dole (S.951) would fund a temporary two year program providing hospital and physician coverage through Title XX. Federal costs would be authorized at \$1.8 billion over two years. Federal matching would be set at 80% and 95% depending on unemployment rate. All regular EB and FSC unemployment insurance beneficiaries would be eligible.
- Heinz (S.811) would fund block grants to States for health insurance or health care benefits to unemployed workers. Federal costs would be authorized at \$3 billion over three years.
- Durenburger is considering a proposal that would link the revenues from the tax cap to financing health insurance for the unemployed.
- Waxman (to be introduced) would fund State Medicaid agency administration of a health insurance program for unemployed workers tied to UI eligibility at approximately the \$2.7 billion 1984 expenditure figure in the House Budget Resolution.

Federal Leverage/State Actions. More States could be given incentives, e.g., through a special, Federal tax to adopt a program that makes available health insurance for the unemployed. States and employers could be responsible for all elements of the program. A Federal role could be confined to developing minimum standards and designing an appropriate incentive system, possibly including tax deductions for Federally qualified plans, tax penalties, and limited Federal transition funding.

Elements of a State program that could qualify under a Federal incentive system could include:

- conversion options. States could mandate that employer-based health insurance plans provide a conversion option for those becoming unemployed.
- continuation of coverage. States could mandate that plans continue health coverage for a period of time. This approach could allow States to specify continuation of current benefits, or at a minimum, catastrophic coverage.
- spouse open enrollment. States could mandate that plans allow an open enrollment period for conversion to family plans if one spouse loses health insurance by reason of involuntary unemployment, and/or a re-enrollment option of the other spouse securing this benefit.
- linkage of health insurance for the unemployed and unemployment compensation. States could mandate that eligibility for unemployed health insurance benefits be linked to States' unemployment compensation programs.
- insurance pools. States could establish, or require carriers to establish, insurance pools financed by State payroll or other taxes or health insurance industry premiums.

Rely on States and Private Employers. All of the foregoing can, of course, be done without Federal action. To date, 23 States have taken steps to assure health insurance coverage. Moreover, virtually all employment-based health insurance permits conversion at individual plans.

ANALYSIS OF PROPOSED ALTERNATIVES

No federally mandated coverage is cost-free. Even pure regulatory solutions will impose some expense on the private sector due to expansion of the insured risk pool.

The Impossibility of Containing a Federally-Financed System. The Working Group, as part of its deliberations, considered a draft proposal to establish a State-financed entitlement system modeled on the unemployment insurance system, to provide minimal "catastrophic" insurance coverage to those on unemployment insurance who had previously had employer-financed health coverage.

A FUTA-like penalty tax would have been established to encourage States to establish systems to provide such coverage. Federal "bridge" financing would have been provided July 1 to December 31, 1983, at an OMB estimated cost to the Federal Government of \$532 million. This relatively low cost figure, however, resulted from the unrealistically stringent criteria--from a political perspective--applied to both eligibility and benefits.

It became clear to the Working Group, however, that this proposal could not be feasibly contained at this level during the legislative process. This was due to:

- Huge Universe of Potential Claimants. As noted earlier, the target eligibility group would have comprised only one quarter of the unemployed without health insurance. This restrictive definition of eligibility would have been impossible to hold during Congressional deliberations. Dropping the "prior employer coverage" criterion, for example, would expand eligibility by 33%. Dropping the "UI eligible" criterion could double or triple program costs.
- Restrictive Benefit Package. Restricting the health care package to "catastrophic only" is the only way to hold costs down. Yet the Congress would inevitably sweeten the benefit package past affordable levels. The package considered by the Working Group provided coverage (other than for emergency care and maternity benefits) only after the unemployed family had paid \$1,500 out-of-pocket. Simply dropping this threshold down to \$500 -- even without adding in other benefits -- would increase costs by at least 120%. Providing coverage equivalent to average employer coverage, on the other hand, could raise program costs per beneficiary from \$22 per month to \$115 per month -- a 410% increase in program costs.
- Short Start-Up Time. The Working Group study package assumed that States could start up systems by July 1, 1983, and that only six months of Federal bridge financing would be necessary. In reality, the vagaries of State legislative session scheduling and the administrative start-up time needed implies continued Federal participation -- if not outright Federal operation -- for as long as two years. Such an extension would undoubtedly triple or quadruple Federal cost exposure.
- Persistent Unemployment. Even if all of these objections could be met, persistent high unemployment would create heavy pressure for a continuing Federal financing presence. Even under the revised April economic forecast, the number of unemployed will not fall below .9 million before 1987. In this environment, given the poor fiscal posture of the States, political reality would dictate a continuing Federal stake.

A Policy/Political Quagmire

In all, once the decision is made to inject direct Federal financing into a program of health insurance for the unemployed, there is absolutely no prospect of keeping the commitment limited or temporary.

WORKING GROUP RECOMMENDATION

The Working Group strongly recommends that the Administration oppose all efforts to create any new entitlement at any level of Government even if only temporary Federal financial support is implied.

If it is necessary to put forward proposed solutions in the present legislative environment, however, the Working Group recommends that the Administration restrict its consideration to regulatory efforts designed to improve the access of the unemployed to continued health insurance coverage. A universe of options that the Working Group believes can be considered includes:

- continuation/conversion alternatives. Employers could be required to offer continuation of health coverage or conversion to individual coverage to be financed by unemployed workers. Sub-options include requiring employers to offer:
 - ° continuation or conversion of existing plans at group rates;
 - ° continuation or conversion of existing plans at individual rates; or
 - ° a major medical plan at special rates.
- spouse open enrollment alternatives. Employers could be required to offer their family plan coverage to spouses of unemployed workers. This requirement could be:
 - ° limited to spouses who already have single coverage; or
 - ° broadened to allow spouses that option whether or not they had elected coverage previously.

Tax Qualification. To give employers an incentive to offer extended coverage and spouse open enrollment, Federal tax deductions for employer-paid health insurance premiums would be limited to plans that include those provisions.

Reach Back. For the "reach back" group of unemployed workers, i.e., those unemployed before the effective date, similar options would have to be offered by employers for unemployed workers receiving UI who were previously covered by employer-based health insurance plans. Individuals in the "reach back" group would be responsible for identifying themselves to, and obtaining coverage from, their former employers.

ESTIMATE OF POTENTIAL ANNUAL COST EXPOSURE
(billions of dollars)

<u>Type of Coverage</u>	<u>Previous Coverage</u>	<u>Population Eligibility</u>		
		<u>All UI</u>	<u>All Unemployed</u>	<u>All Uncovered</u>
<u>Catastrophic Benefits</u>				
(1) \$1,500 Deductible.....	\$1.1 ¹	\$2.6 ¹	\$6.2	\$6.5
(2) \$500 Deductible.....	2.4 ¹	5.7 ¹	13.6	14.3
<u>Comprehensive Coverage</u> ²				
(3) Average Employer Plan...	2.2	5.2	12.4	13.0
(4) High Option Plan.....	3.5	8.3	19.8	20.8

1/ Estimate includes cost of covering those who exhausted benefits prior to July 1, 1983.

2/ Estimate does not include benefits for those ineligible after July 1, 1983.

THE WHITE HOUSE

WASHINGTON

MEETING WITH LATIN AMERICAN AMBASSADORS

DATE: April 14, 1983

LOCATION: Cabinet Room

TIME: 3:30-3:40 P.M.

FROM: WILLIAM P. CLARK *WPC*I. PURPOSE

To publicize the CBI scholarship program that was signed last month, and to celebrate Pan American Day.

II. BACKGROUND

Under the CBI legislation, which approved a supplemental appropriation of \$350 million last year, the Congress specified that a portion of the funds be set aside for undergraduate scholarships. The OAS has been asked to administer a total of \$4.4 million, the largest share of the scholarship funds.

Pan American Day has been celebrated since 1931. In addition, this year is the 200th anniversary of the birth of the South American liberator, Simon Bolivar.

III. PARTICIPANTS

See attached.

IV. PRESS PLAN

Pool photo opportunity.

V. SEQUENCE OF EVENTS

President enters Cabinet Room, greets guests, delivers short talk. Upon completion, the President circulates around the table shaking hands with Ambassadors, et al, and departs.

Attachments

Tab A Presidential Remarks
Tab B List of Participants

Prepared by:
Alfonso Sapia-Bosch

ORGANIZATION OF AMERICAN STATES AMBASSADORS MEMBER COUNTRIES

Edmund Hawkins Lake, Antigua and Barbuda
Raul Quijano, Argentina
Reginald L. Wood, The Bahamas
Fernando Salazar Paredes, Bolivia
Alarico Silveira Junior, Brazil
Pedro Daza-Valenzuela, Chile
Francisco Posada de la Pena, Colombia
Fernando Soto-Harrison, Costa Rica
Juan Guillermo Franco Diaz, Dominican Republic
Raul Falconi, Ecuador
Mauricio Granillo Barrera, El Salvador (Acting)
Gustavo Santiso-Galvez, Guatemala
Fritz N. Cineas, Haiti
Roberto Martinez Ordonez, Honduras
Rafael de la Colina (Dean), Mexico
Roberto Leyton, Panama
Mario Lopez Escobar, Paraguay
Luis Marchand Stens, Peru
Henricus A. F. Heidweiller, Suriname
J. O'Neil Lewis, Trinidad and Tobago
Francisco Bustillo, Uruguay
Victor Gimenez Landinez, Venezuela

STATE DEPARTMENT

Secretary of State George Shultz
Assistant Secretary Thomas Enders
Ambassador J. William Middendorf, II
Counselor of the Department Edward Derwinsky
Thomas J. Dunnigan

ORGANIZATION OF AMERICAN STATES PERSONNEL

Secretary General Alejandro Orfila
Executive Secretary of the Inter-American Council for Education,
Science and Culture Enrique Martin del Campo

AGENCY FOR INTERNATIONAL DEVELOPMENT PERSONNEL

Administrator Peter McPherson
Deputy Assistant Administrator Marshall Brown

SENATORS

Charles Mathias (R-Md)
Charles Percy (R-Ill)

REPRESENTATIVES

Michael Barnes (D-Md-8th)
Robert Lagomarsino (R-Calif-19th)
Clement Zablocki (D-Wisc-4th)

US OAS PUBLIC AFFAIRS GROUP

Frederick Biebel
William Doherty