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# WITHDRAWAL SHEET

## Ronald Reagan Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	<del>from William French Smith and Samuel Pierce to Cabinet Council on Legal Policy re: Fair Housing Amendments Act of 1983 (6pp)</del>	5/17/83	P-5 <i>open</i>
2. memo	from David Stockman to Cabinet Council on Legal Policy re: compensation for toxic substances exposure (2pp)	5/16/83	P-5 <i>12/12/00</i>
3. memo	from W.F. Smith to Cabinet Council on Legal Policy re: toxic tort development (5pp)	n.d.	P-5
4. memo	from Michael Uhlmann to Craig Fuller re: Intercircuit Tribunal, page 1 (1p, partial)	5/18/83	P-5
5. memo	page 2 of item #4 (1p)	5/18/83	P-5
6. list of participants	re: meeting with Secret Service Tour Detail (1p)	5/18/83	F-7 B7
COLLECTION: President Office of the: Pres. Briefing Papers			kb
FILE FOLDER: May 19, 1983 [2 of 2] CFOA 856			8/28/95

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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

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

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
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**Office of the Attorney General**  
**Washington, D. C. 20530**

May 17, 1983

MEMORANDUM

TO: The Cabinet Council on Legal Policy

FROM: William French Smith *WFS*  
 Attorney General *WFS*

Samuel R. Pierce, Jr. *SRP*  
 Secretary of Housing and  
 Urban Development

SUBJECT: Fair Housing Amendments Act of 1983

I. Introduction

The Fair Housing Amendments Act of 1983 would significantly strengthen the enforcement provisions of the Fair Housing Act (Title VIII of the Civil Rights Act of 1968) and extend limited protection under the Act to the mentally and physically handicapped. The bill was drafted jointly by, and reflects agreement between, the Department of Justice and the Department of Housing and Urban Development. Sponsorship of the bill would demonstrate the Administration's commitment to strengthened enforcement of the nation's fair housing laws and would constitute a commendable initiative on the part of the Administration in the civil rights area.

The Fair Housing Act was enacted 15 years ago. While there has been a broad consensus regarding the need for the Act, its enforcement mechanism has been the subject of recurring criticism. The statutory process relies primarily upon conciliation, which, in principle, is still regarded as the most desirable method of resolving fair housing complaints. However, without any power to back up its conciliation efforts, HUD is unable to get respondents to take the conciliation process seriously. Thereafter, except in the "pattern or practice" cases that can be referred to the Attorney General, it is up to the private complainant to pursue the matter in court. As former HUD Secretary Carla Hills stated, "the present law, in relying upon conciliation, is an invitation to intransigence."

The President acknowledged this defect in current law in his State of the Union address, and pledged to take action:

"Effective enforcement of our Nation's fair housing laws is . . . essential to answering equal opportunity. In the year ahead, we will work to strengthen enforcement of fair housing laws for all Americans."

The proposed bill would give credibility and effectiveness to the conciliation process by giving the Secretary recourse to another enforcement mechanism if conciliation fails. The bill would provide that the Secretary of HUD, upon failure of conciliation, could recommend to the Attorney General that the United States file suit for equitable relief or a civil penalty or both.

## II. Existing Law

### A. Enforcement Provisions

The Fair Housing Act currently provides three alternative enforcement procedures. First, Section 810 of the Act provides that any person who has been or who believes that he or she will be injured by a discriminatory housing practice may file a written complaint with HUD. <sup>1/</sup> HUD is authorized to seek an end to the discriminatory practice through "conference, conciliation, and persuasion." If HUD is unable to secure voluntary compliance with the law within thirty days of the filing of the complaint, the aggrieved party may file a civil action.

Alternatively, an injured individual may file suit directly in federal court pursuant to section 812 of the Act, without first having filed a complaint with HUD or with a state or local agency. A plaintiff may obtain an injunction, actual damages, a maximum of \$1,000 in punitive damages, and court costs. The court may award reasonable attorney's fees to a prevailing plaintiff only in cases of financial need.

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<sup>1/</sup> If either state or local laws provide substantially equivalent rights and remedies to the aggrieved party, the Secretary must refer the complaint to the state or local agency for conciliation. If the state does not commence proceedings within thirty days or if, in the Secretary's judgment, it is not acting with reasonable promptness, then the Secretary may reenter the case.

Finally, Section 813 of the Act authorizes the Justice Department to initiate a civil action against any person who has engaged in a pattern or practice of discriminatory housing activities, or against any person responsible for denying a group rights granted by Title VIII if such denial raises an issue of general public importance. The Attorney General is not authorized to file suits to redress individual complaints of discrimination and is not authorized to intervene in private Title VIII litigation.

B. Protection of the Handicapped

The Fair Housing Act currently prohibits discrimination based upon race, color, religion, sex, or national origin, but does not prohibit discrimination against the handicapped.

III. Proposed Administration Bill

A. Enforcement Provisions

The proposed bill would strengthen the enforcement provisions of the Fair Housing Act in several ways:

- (1) The bill would authorize the Secretary, upon his determination not to continue conciliation attempts, to refer a complaint to the Attorney General with a recommendation that he commence an action in federal district court for equitable relief or for a civil penalty. The referral may be made at any time more than 30 days after notification to the parties of the Secretary's decision to attempt to resolve the complaint if an acceptable conciliation agreement has not been obtained, or prior thereto if the Secretary certifies that conciliation has been attempted and additional efforts are considered unlikely to be successful. The bill authorizes the court to impose a civil penalty of up to \$50,000 for initial violations and up to \$100,000 for subsequent violations, "to vindicate the public interest."
- (2) The bill would authorize the Attorney General to intervene in private fair housing suits of general public importance.
- (3) The bill would strengthen HUD's investigation and conciliation authority by confirming HUD's authority to issue interrogatories to respondents, permitting conciliation agreements to provide for binding arbitration with power in the arbitrator to award both specific and monetary relief, and empowering the Attorney General to seek judicial enforcement of conciliation agreements.

- (4) The bill would promote private enforcement by extending the statute of limitations from 180 days to two years, eliminating the current \$1,000 limit on punitive damages, and permitting awards of attorneys' fees to prevailing parties irrespective of financial need. (This would conform the Fair Housing Act to the Civil Rights Attorneys' Fee Awards Act.)
- (5) The bill would authorize the Attorney General, upon referral from the Secretary, to seek appropriate preliminary or temporary judicial relief pending final disposition of an administrative complaint.

B. Protection of the Handicapped

The proposed bill would also extend the protection of the Fair Housing Act to handicapped persons, with certain limitations. Section 4(b) of the bill defines "handicap" to mean:

. . . . (1) a physical or mental impairment which substantially limits one or more of [a] person's major life activities, (2) a record of having such an impairment, or (3) being regarded as having such an impairment; but such term does not include any current impairment that consists of alcoholism or drug abuse, or any other impairment that would be a direct threat to the property or the safety of others.

The most notable aspects of this definition are that it includes both physical and mental impairments, and that it excludes any current impairment that consists of alcoholism or drug abuse.

Section 5(a) of the proposed bill defines unlawful "discrimination" for purposes of the provisions protecting the handicapped. "Discrimination" includes refusal to permit reasonable modification of premises to afford handicapped persons "ready access to and use of premises," but only if (1) such modification entails no expense to the provider of housing; (2) in the case of a rental, the handicapped person agrees to restore the premises to their original condition; and (3) the modification would not decrease the marketability or value of a building or alter the building's use or intended use. "Discrimination" also includes a refusal to make reasonable modifications in policies, practices, rules, services, or facilities necessary to afford handicapped persons "ready access to and use of dwellings," except where such modification would result in (1) expenses to providers of housing; or (2) unreasonable inconvenience to other affected persons.

#### IV. Related Legislation

##### A. 1980 Fair Housing Legislative Efforts

The Fair Housing Act has not been significantly amended since its enactment in 1968. In 1980, the House passed a bill (H.R. 5200) which sought to strengthen enforcement mechanisms under the Act, in part by empowering HUD to initiate administrative actions before administrative law judges and authorizing the Department of Justice to bring housing discrimination suits on behalf of individuals. H.R. 5200 would also have extended the protections of the Act to handicapped persons (not including those whose impairment was related to alcohol or drug abuse or endangered public safety or property).

H.R. 5200 was not enacted by the Senate for several reasons. Senator Hatch was insistent that the bill contain a provision requiring proof of intent to discriminate in cases brought under the Act. Senators Hatch and Thurmond also objected to the proposed administrative enforcement mechanism.

##### B. Pending Legislative Proposals

There are other fair housing bills that will be considered by this Congress.

##### 1. Mathias Bill (S. 1220)

On May 5, 1983, Senator Mathias and a bipartisan group of approximately 40 co-sponsors introduced S. 1220. This bill is supported by the Leadership Conference on Civil Rights, and, along with the Administration proposal, will be the focus of congressional and public consideration. S. 1220 would improve enforcement of the Act by strengthening the enforcement authority of the Attorney General but also by establishing a system of administrative law judges to be selected by a presidentially-appointed three-member Fair Housing Review Commission. The ALJs, whose final orders would be reviewable by a court of appeals under the "substantial evidence" test, could provide equitable and declaratory relief, compensatory damages, reasonable attorney and expert witness fees, and civil penalties up to \$10,000. In addition, S. 1220 would extend the Act's protection to the mentally and physically handicapped and to families with children; make the Act explicitly applicable to property and mortgage insurers, real estate appraisers, and mortgage purchasers; and require that HUD promulgate substantive regulations under the Act within six months.

The principal contrast between the proposed Administration bill and the Mathias bill lies in the Mathias bill's establishment of an administrative enforcement mechanism to



supplement judicial enforcement. We believe that the Administration proposal is a superior alternative for these reasons:

(a) We believe that a civil penalty remedy is crucial. It removes reliance upon the continued interest of an individual complainant in continuing to press a complaint after alternative housing may have been obtained, and where the likelihood of substantial compensatory damages is not great. We also consider it preferable to placing the Attorney General in a parens patriae position, attempting to establish compensatory damages for individuals, because of the clear character of a civil penalty as vindicating the public interest. However, any system permitting imposition of a civil penalty by politically appointed administrative law judges will be resisted politically (as it was in 1980) and raises constitutional questions as well.

(b) A stated objective of both proposals is speedy disposition. The administrative law judge system proposed by the Mathias bill entails review of the ALJ's decision by the Fair Housing Commission (if either the complainant or the respondent so elects) and by the U.S. Court of Appeals. Moreover, even if administrative assessment of a civil penalty is affirmed, the Attorney General must bring a civil action to collect it. This system will only lengthen the enforcement process, not shorten it. A respondent unwilling to take conciliation seriously is unlikely to be any more responsive in the preliminary stages of such an administrative proceeding.

(c) Establishment of an administrative law judge system and a Fair Housing Review Commission will mean an additional layer of bureaucracy. This is particularly undesirable when the extent to which the system will be utilized is speculative because of (1) uncertainty regarding the extent of referrals to State and local agencies and (2) the discretion of the Secretary of HUD under the Mathias bill to refer an unresolved complaint either to the administrative law system or to the Attorney General for judicial enforcement.

## 2. Hatch Bill (S. 140)

On January 26, 1983, Senator Hatch introduced S. 140, which differs substantially from the proposed Administration bill. Among other things, S. 140 would provide that an action is prohibited by the Act only if it is taken with the intent of discriminating; transfer conciliation authority from the Department of HUD to the Department of Justice; limit the definition of "handicap" to physical impairments; provide limited protection against discrimination by appraisers of real estate; and require discrimination charges to be referred to state or local fair housing agencies in a greater number of cases.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

May 16, 1983

MEMORANDUM TO THE CABINET COUNCIL ON LEGAL POLICY

FROM: David A. Stockman *DA*

SUBJECT: Compensation for Toxic Substances Exposure

There presently are a variety of legislative initiatives seeking to establish government administered compensation systems for persons exposed to toxic substances. Although the advocates of such compensation systems claim their programs entail only relatively modest outlays, the potential long-term costs are enormous. For example, the leading congressional asbestos compensation proposal has been priced at a present value of potentially more than \$100 billion. But this represents only a fraction of the overall toxic torts problem. Black Lung compensation is an example of what already has happened: while it began as a program with a total estimated cost of less than \$500 million, it already has expended \$16 billion, and continues to pay out almost \$2 billion annually. Yet Black Lung compensation, with its liberal evidentiary presumptions and its generous benefits, is precisely the program on which many of the toxic substances compensation proposals are modelled.

Some of the problems that the Administration will have to contend with during this Congress include:

- o Asbestos: The asbestos problem is driven by the explosion in asbestos litigations. Approximately 20,000 to 25,000 claims already have been filed; 100,000 to 200,000 are expected in the next two to three decades. Potential industry litigation liability may be in excess of \$30 billion -- more than the industry and its insurers can pay. Both the industry and asbestos claimants are advocating a federally administered compensation fund in the hope of an eventual (and inevitable) federal bail-out.
- o Agent Orange: Strong political support has formed behind compensation for veterans exposed to Agent Orange. There presently are two competing bills. One would provide compensation for three specific diseases allegedly attributable to Agent Orange exposure; the other would make procedural modifications in VA disability proceedings that would heavily bias the ultimate outcome in favor of compensation. Although both bills are characterized by

their advocates as limited approaches, both most likely would result in an extensive Agent Orange disability compensation program in a matter of a few years.

- o Superfund: The expansion of Superfund to compensate persons exposed to hazardous wastes off the workplace may be one of the leading environmental issues of this Congress. Its proponents, which include Senator Stafford, have indicated their intention to press compensation legislation vigorously. Although its congressional advocates are pricing a Superfund compensation program at no more than one-half to one billion dollars a year, the amounts at stake are open-ended and potentially enormous.
- o Radiation: The United States is being sued for diseases allegedly caused by low-level radiation from the open-air atomic tests. One case alone, Allen v. United States, involves 1,269 claimants seeking \$2 billion in damages. In addition, Senator Hatch has reintroduced legislation providing a liberal litigation "remedy" against the United States. The bill builds upon the recently enacted Orphan Drug Act provision requiring HHS to promulgate cancer risk assessments for persons exposed to low-level radiation.

The Administration's response to these and other toxic torts and compensation developments thus far has been uncoordinated and largely determined by individual agencies' unique political priorities. As a result, agencies have taken conflicting positions that have undermined many of the Administration's legislative and litigation efforts.

Unless the Administration establishes an internal mechanism for obtaining broad overview of toxic torts and compensation policies, it will find itself formulating reactive ad hoc policies in response to individual developments. But such policymaking is clearly insufficient in light of the rapidly growing momentum behind toxic substances compensation programs. For this reason, there is a pressing need for a high level inter-agency toxic torts/compensation Working Group with the mandate to develop and recommend Administration strategy and policy, and to coordinate Administration strategy and policy among the federal agencies. Such a Working Group, operating with the participation and full cooperation of all affected agencies, will enable the Administration to participate effectively and with a unified front in the upcoming toxic substances compensation debates.

SECRET



Office of the Attorney General  
Washington, D. C. 20530

MEMORANDUM FOR: Cabinet Council on Legal Policy

FROM: William French Smith *WFS*  
Attorney General

SUBJECT: Toxic Tort Developments

A great deal of publicity has been focused for some time on the problem of "toxic torts" -- harm caused to individuals resulting from exposure to toxic substances. Establishment of government responsibility for harm resulting from exposure to radioactive materials, asbestos, and other toxic substances is being actively pressed in litigation. Furthermore, a growing number of toxic tort compensation bills is being introduced in the 98th Congress. Because these legislative proposals could, if enacted, impose significant new revenue obligations on the federal government, it is vital that the Administration develop a strategy for dealing with these congressional initiatives. We recommend that the Administration continue to monitor these developments closely, and defer taking a position on the specifics of legislation until further information is adduced.

Litigation Developments

The federal government is facing thousands of claims for damages or indemnity by individuals and others alleging harm arising from exposure to toxic substances. While suits by shipyard workers and other individuals exposed to asbestos installed or sold by the government have received the most attention, suits against the government have involved other issues as well, such as claims of harm due to downwind radiation exposure in connection with nuclear testing. Given the proliferation of lawsuits, the increasing inability of private industry or statutory schemes to provide adequate compensation, and the tendency of the court to find a deep pocket capable of paying adverse judgments, the government may soon face adverse court decisions. Nevertheless, the government's existing litigation posture of denying all liability will continue to be vigorously advocated as litigation is pursued.

The government also faces litigation exposure as a third party "deep pocket" in toxic tort suits brought against private industry. The argument (already made by the Johns-Manville Corporation) that the government has a "moral responsibility" to compensate claimants when it helped promote use of a toxic substance will increasingly be made, as will the assertion that the government must be relied upon to make payments to injured parties in the face of imminent private firm bankruptcies. Once again, while there are legal defenses to "moral" and "deep pocket" claims, there is a real possibility that some courts may hold against the government.

### Legislative Developments

Scores of bills providing compensation for toxic tort victims will be proposed during the upcoming year. They will run the gamut from schemes authorizing direct claims against the government to proposals subrogating the government to injured individuals' claims against industry. Already, bills dealing with the following topics have been introduced in Congress:

Superfund -- Eight bills pertaining to the existing Superfund law (Comprehensive Environmental Response, Compensation, and Liability Act of 1980) propose to allow recovery for physical harm and medical expenses (S. 917, S. 945, S. 946), to extend the Superfund's life for five years (S. 816), to increase its size (H.R. 1615, H.R. 2503), to clarify its applicability to state-owned facilities (H.R. 1613), and to study its operation (H.R. 1989).

Hazardous Waste -- Three bills dealing with hazardous wastes would expand the Hazardous Waste Response Trust Fund (S. 860), would expand the definition of hazardous waste (to include certain used oil) under the Solid Waste Disposal Act (H.R. 218) and would amend the Solid Waste Disposal Act to provide compensation for harm resulting from exposure to hazardous substances (HR. 2582).

Cotton Dust -- Two bills would establish a compensation fund for individuals harmed by cotton dust (H.R. 1079 and S. 1155).

Agent Orange -- One bill would allow servicemen allegedly harmed by Agent Orange to recover expanded veterans' disability benefits (H.R. 1961).

Hazardous Substances -- Two bills would provide a compensation mechanism for individuals allegedly harmed by the release of hazardous substance into the environment (H.R. 2330 and H.R. 2482).

Asbestos -- One bill would waive the one-year statute of limitations in longshore cases where no prejudice has occurred or there is a mistake of fact, in order to allow more lawsuits by shipyard workers exposed to asbestos (H.R. 2816). In addition, Johns-Manville Corporation is circulating a draft bill to establish an asbestos compensation pool funded in equal measure by government and private industry contributions.

The bills listed above are only the tip of the iceberg. Bills providing for compensation of many other categories of alleged harm are being drafted, and will soon be introduced. Hearings on various categories of relevant legislation are expected to be scheduled shortly. The proponents of legislation are well-organized politically, and their efforts probably will gain momentum as the 1984 election year approaches. Clearly, bipartisan support exists on Capitol Hill for one form or another of toxic tort legislation.

Although there are obvious differences among these proposals, many of them do share certain similarities. They implicitly assume that harm meriting compensation exists, without adequate consideration of the costs of open-ended compensation schemes. They also fail to examine the question of whether harm reasonably could have been contemplated at the time toxic substances were developed, opting instead for a strict liability approach.

In sum, there are obvious reasons for the Administration to be concerned about toxic tort compensation proposals. These proposals have the potential for imposing enormous, potentially uncontrollable new costs on business and government. The experience of existing compensation programs for toxic tort victims (such as the Black Lung Benefits Program) suggests that outlays are likely to escalate uncontrollably, and far exceed initial cost estimates. Accordingly, toxic tort compensation legislation likely would impose a large burden on the public fisc (estimated at between \$4 billion and \$60 billion per year by the Office of Management and Budget), and further bloat federal budget deficits. Moreover, costly regulatory inefficiency would likely accompany the establishment and administration of new compensation funds.

Nevertheless, the Administration would be ill-advised at this time to condemn out of hand all toxic tort proposals. Critics undoubtedly would castigate the Administration for its lack of information on the toxic tort problem, and failure to address the specifics of different proposals. Clearly, additional information should be gathered, and the ramifications of different legislative alternatives carefully thought out, before the Administration commits itself further on toxic tort issues.

### Interagency Efforts

Last February, the Office of Management and Budget formed an "Ad Hoc Group on Toxic Torts" under the chairmanship of Jim Tozzi of OMB to examine the merits of alternative legislative toxic tort proposals. The group includes senior staff level representatives from the Departments of Justice, Commerce, Labor, and Defense, and from the Environmental Protection Agency. It is expected that for now Bob Bedell, who recently replaced Jim Tozzi at OMB, will continue this effort.

Member agencies of the Ad Hoc Group are currently analyzing the likely cost-benefit impact of alternative mechanisms to compensate toxic tort victims, such as "no-fault" compensation systems (along the lines of workers compensation) and industry taxes on the producers of toxic substances. They are also attempting to adduce information on the extent of the "toxic tort" problem. The Ad Hoc Group's research efforts, to be completed by December 1983, may play a valuable role in setting forth dispassionate data on the extent of the toxic tort problem.

A parallel interagency forum to coordinate the development of Administration policy in the toxic torts area was formed in April 1983. The "Toxic Torts/Compensation Working Group" at present consists of senior policy level officials from the Office of Management and Budget, the Office of Policy Development, the Office of Science and Technology Policy, and the Department of Justice. The Working Group will examine and help coordinate interagency policy development with regard to Agent Orange and Superfund legislative proposals, asbestos and radiation exposure litigation and legislation, the workings of the Black Lung compensation program, and other toxic substances that raise compensation issues. These coordinating and monitoring efforts will facilitate Administration responses to new developments in toxic torts litigation and legislation.

### Recommendations

I would propose that the Cabinet Council on Legal Policy endorse the ongoing efforts of the Ad Hoc Group on Toxic Torts and the Toxic Torts/Compensation Working Group to compile and analyze data on toxic tort questions, to monitor toxic tort developments, and to coordinate Administration policy development in the toxic tort area. In order to ensure a focused, streamlined effort, however, we would encourage these two groups at a minimum to coordinate their activities closely to avoid unnecessary duplication of effort or inconsistent recommendations. Indeed, OMB might consider whether consolidation of these two groups might not be wise. In any event the Cabinet Council should of course be kept fully informed about any significant legislative developments on the matter of toxic torts.

- (3) That the members of the Tribunal be designated from among sitting courts-of-appeals members by the Chief Justice, subject to the approval of the Supreme Court. (Should the Tribunal become permanent, appointments should be made by the President with the advice and consent of the Senate.)
- (4) That the Tribunal should have jurisdiction to decide only such cases as are referred to it by the Supreme Court, and the Supreme Court would be free to refer any case within its own appellate jurisdiction. Decisions of the Tribunal would be binding nationally, but reviewable by the Supreme Court.

A strong dissent to these recommendations was filed by Assistant Attorney General Reynolds.



*E*

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 19, 1983

PHOTO OPPORTUNITY WITH  
JONATHAN SANTOS

DATE: May 19, 1983  
LOCATION: Oval Office  
TIME: 3:55 pm

FROM: EDWARD J. ROLLINS

*ER/ma*

I. PURPOSE

Photo opportunity with Jonathan Santos, grand prize winner at the 34th International Science and Engineering Fair.

II. BACKGROUND

Jonathan Santos, 17, of Bowie, Maryland, was named one of two grand prize winners at the 34th International Science and Engineering Fair in Albuquerque, New Mexico. Santos' winning project was the design of a special airfoil attachment for airplane wings.

This photo opportunity with Santos will simultaneously demonstrate the President's interest in the physical sciences and education.

III. PARTICIPANTS

Jonathan Santos  
Severino Santos--Jonathan's father  
Lucila Santos--Jonathan's mother  
Stephanie Santos--Jonathan's sister  
Monica Santos--Jonathan's sister  
Felicia Santos--Jonathan's sister  
Linwood Adams--Jonathan's teacher  
John Hagan--Jonathan's principal

Lee Atwater  
Bill Lacy

IV. PRESS PLAN

White House photographer

V. SEQUENCE OF EVENTS

--Photographs taken with Santos and family.

--The President may wish to congratulate Jonathan and discuss his invention with him.

## Bowie Youth Sweeps Science 'World Series'

By Leon Wynter  
Washington Post Staff Writer

Jonathan Santos has always been a tinkerer, a boy who said it could be done. At age 10 he wanted to control his environment from his bed, so he ran wires across the ceiling to open the door and switch on the lights.

At 13, he wanted a better boomerang. He built one that returns to its master by fluttering gently down from overhead instead of whipping around behind the thrower.

At 15 Santos dreamed of flying, but the \$46 an hour he would have

had to shell out for lessons kept him to his box kites. While other ambitious youths might have started saving money, Santos, a 17-year-old senior at Bowie High School in Prince George's County, figured out a way to make planes fly more cheaply.

His invention, a special airfoil attachment for the standard airplane wing, made him one of two grand prize winners at the 34th International Science and Engineering Fair in Albuquerque, N.M., sponsored last week by the Washington-based Science Service.

Along with a New Mexico stu-

dent who won with a project about the structure of crocodiles' teeth, Santos topped some 560 finalists from 50 states and 12 foreign countries—including Japan—in what the fair's sponsors call "the World Series of science fairs."

He brought home \$1,000 in cash, an expense-paid trip to Stockholm for the Nobel Prize ceremony this December, \$500 worth of scientific equipment for Bowie High School and several free trips to various scientific installations across the country. Not bad for this third child of parents of Phil-

See SANTOS, A9, Col. 1



JONATHAN SANTOS  
... wins with aeronautical invention

# Bowie Youth: Up and Away at Science Fair

**SANTOS, From A1**  
 ippine descent, whose father is a NASA engineer.

School officials, like his parents, are thrilled. "We don't believe there's ever been another Prince George's student to win the award in the 34 years it's been held," said school spokeswoman Kathleen Snyder.

But Santos, who began his study of aerodynamics "by throwing weird things off a hill to get them to fly," is almost matter of fact about his discovery, which in model airplane tests, increased fuel efficiency by 27 percent.

"I just wanted to do a project to seek a more efficient aircraft," he said yesterday.

"I mean, what happens to all these people with private planes sitting at home under tarps?"

Santos is only a slightly above-average student at Bowie; but his knack for creative problem-solving sets him miles apart from the crowd, according to his chemistry teacher, Linwood Adams.

For example, most Bowie students would carry a small calculator in their pockets. Santos built his into his notebook.

School rules prohibit carrying Walkman-type radios with earphones in the halls, so Santos hollowed out a book with a silver jacket



Jonathan Santos holds a small model of his airfoil attachment for an airplane wing.

and ran the wires up his sleeve. It worked for a while, but the book's title, "Flying—By Jonathan Santos" eventually gave him away.

"I've always had an interest in defying things," Santos said. "They

told me I couldn't bring my Walkman, so I found a way."

Santos, who plans to enter the University of Maryland this fall, doesn't think he is the stereotype egghead, although he acknowledges,

"I'm pretty strange." He says he gets a kick out of playing jokes on classmates and amazing them with his wizardry, but otherwise shuns the cars, girls and beer that dominate the life of others at his age. He prefers to work alone instead.

Like generations of inventors before him, Santos studied the flight of birds for years to learn more about aerodynamics.

To a less mechanically minded reporter, he explained that the characteristic oval shape of an airplane wing that produces its lift during flight also causes a swirling vortex of air at the wingtips that inhibits lifting ability. Airplanes use up to 4 percent of their fuel to combat that effect, he said.

Santos noticed that in certain situations, birds extend their feathers in a fashion that virtually eliminates that vortex.

Because he could not duplicate the strength properties of wingtip feathers, Santos tried more than 60 plastic shapes to come up with the best form of airfoil to simulate the wingtip effect. He tested his model wings in a 10-foot homemade wind tunnel.

That's the only problem with having a smart child, says his mother Lucila. "[This prize] is okay, if you don't mind having a wind tunnel in your living room for two years," she says. "I hope I can move it soon."

By Joel Richardson — The Washington Post

# THE WHITE HOUSE

WASHINGTON

May 18, 1983

## PRESENTATION OF U.S.O. PIN

DATE: Thursday, May 19, 1983

LOCATION: Oval Office

TIME: 4:30 pm

FROM: David Fischer

### I. PURPOSE

To be presented with a USO Lapel Pin developed by Fred Gottfurcht.

### II. BACKGROUND

Fred Gottfurcht was designated by you as a member of USO's Worldwide Board of Governors. In addition to being a White House designee, Mr. Gottfurcht also serves as USO's Vice President for the Western Region.

Since you are the Honorary Chairman for the USO, Mr. Gottfurcht is presenting the USO lapel pin he developed to you.

### III. PARTICIPANTS

The President  
Fred Gottfurcht  
Helen Gottfurcht (his wife)  
Bradford Ebner (their grandson)

### IV. PRESS PLAN

White House Photographer

### V. SEQUENCE OF EVENTS

4:30 pm	Fred Gottfurcht, Helen Gottfurcht, and Bradford Ebner enter Oval Office and are introduced to you.
4:31 pm	Mr. Gottfurcht makes brief remarks and presents lapel pin to you.
4:35 pm	Fred Gottfurcht and his family depart Oval Office.

THE WHITE HOUSE

WASHINGTON

May 18, 1983

MEETING WITH MEMBERS OF GSA STAFF

DATE: May 19, 1983

LOCATION: Oval Office

TIME: 4:30

FROM: Michael E. Baroody

*MEB*

I. PURPOSE

Presentation of the first leather-bound edition of President Reagan's Public Papers 1981 Volume.

II. BACKGROUND

Tradition has called for a White House presentation ceremony for the first edition.

III. PARTICIPANTS

The President

Gerald P. Carmen

Dr. Robert M. Warner

Danford L. Sawyer, Jr.

John E. Byrne

Robert E. Lewis

Brenda A. Robeson

Wilma P. Greene

Katherine A. Melloody

Judith B. Craine

Kenneth R. Payne

William K. Banks

White House Photographer

Administrator of General Services

Archivist of the United States

Public Printer (GPO)

Director of Federal Register

Director, Presidential Documents

Deputy Director, Pres. Documents

Legal Publications Specialist

Legal Publications Specialist

Legal Publications Specialist

Legal Publications Specialist

Legal Publications Specialist

IV. PRESS PLAN

None.

V. SEQUENCE OF EVENTS

Brief (5 minutes) meeting and presentation of the First Edition to the President.

Attachment: Talking Points

TALKING POINTS ON GSA PRESENTATION OF  
PUBLIC PAPERS OF PRESIDENT REAGAN

- o 1957 was the first year of the Public Papers of the Presidents series.
- o The volume opens with President Reagan's Innaugural Address on January 20, 1981, and includes the full texts of public speeches, news conferences, messages and statements, communications to Congress, executive orders and proclamations, and appointments and nominations of administration officials.
- o The President's economic recovery program is extensively documented in this volume. Major events include the return to freedom of the american hostages in Iran, the international summit meetings in Ottawa and Cancun, the appointment of the first woman Supreme Court Justice, and the U.S. response to unrest and repression in Poland.
- o The Presidential volumes are edited by the Office of the Federal Register of GSA's National Archives and Records Service.
- o The Public Papers are being submitted by Gerald Carmen, Administrator of GSA, the Archivist of the United States, the Public Printer, Director of the Federal Register, Director of Presidential Documents, and members of their staffs.

Gerald Carmen - Administrator of GSA

- o Carmen is featured in April's Government Executive magazine; his selection for GSA called "President's most brilliant move since being elected." (Article attached)
- o GSA under Gerald Carmen has reduced the number of employees nationwide by 7,000, mostly through an effective hiring freeze and attrition, saving the American taxpayers \$150 million in salaries and benefits.
- o Mr. Carmen managed the agency throughout 1982 with a 16 percent budget reduction when compared with 1981. Appropriations for FY 1982 were \$230 million below FY 1981.
- o Streamlined the Federal Supply System, improved merchandising methods, closed unneeded government warehouses and testing laboratories, reduced the delivery time of goods and services to customer Federal agencies.
- o Reduced GSA workspace by 22%, exceeding 1982 goal of 20%.
- o Coordinated the sale or outleasing of vacant or underutilized Federal property and buildings.



# **GSA: The Biggest Turn-around in Washington**

### **HIGHLIGHTS**

- ***While it will never be loved, the agency is earning respect from even its most fanatic critics.***
- ***The remedy was leadership, not management hammering.***
- ***The solutions were always inside the GSA as were the problems.***
- ***Picking the man from New Hampshire has turned out to be the President's most brilliant move since being elected.***
- ***And it is far more than just a new coat of paint.***



General  
Services  
Administration

**“C**an a former auto-parts dealer from New Hampshire succeed in managing a \$4-plus billion a year Federal monolith?”

That is the generic lead paragraph in a plethora of press reports and commentaries about Gerald Carmen after two years at the helm of the General Services Administration.

In fact, the overwhelming “good” press about the “former auto-parts dealer” could well have its basis in the myth that small businessmen are exactly that and should never be expected to run large, complex organizations effectively, efficiently and through leadership.

The opposite is far more likely to be the case. Those with a lifetime of demonstrated success within and then at the upper levels of large complex organizations—business or government—usually fail in small businesses or running small, highly responsive and short decision-to-implementation-to-decision change situations.

Carmen’s successes at GSA do stem, in large measure, from his small business background. “I’ve found, frankly, that running this organization is relatively easier than operating a small business,” says Carmen. One reason is that he found “unimaginable resources” available to him—and he uses them.

Rep. Patricia Schroeder (D.Colo.), hardly a devoted fan of the agency (she has often suggested that it be abolished) frequently points out that the whole world went to electric typewriters before the U.S. Government did. Carmen, on the other hand, still wonders “how the GSA ever got with the electric typewriter at all.”

The GSA Administrator is constantly quoted about his impressions when he first took over. The “closed doors”, the lack of conversations and greetings on the elevators and in the hallways and other such “down home-isms” are what the “sophisticated” press loves to highlight as if to infer that Carmen lacks sophistication. After all, New Hampshire

lacks even a pro football franchise and pops up only around primary time somewhat like the groundhog and with the same inspired ability to read the future.

Carmen’s first major impression of the GSA was “the great fear here . . . the fear of being wrong . . . the religious avoidance of any element of risk.” This is what he meant about the “closed doors.”

And it is this element he has constantly attacked with gratifying results. “They (the GSA personnel) had to be made to

realize that risk is a good thing, that no one, or group, is ever going to be right all the time.”

To overcome this perceived basic problem, Carmen characteristically moved positively and on a number of seemingly unrelated fronts. Convinced from his outside position that GSA more resembled a business in its functions than a classic Government agency, he set about connecting private sector expertise with GSA career professionals. At the same time he personally changed situations he discovered, or were brought to his atten-



**Carmen: “You progress in inches.”**

tion, and drove his administrators—new, old or just elevated—to do the same thing. One of the asides he mentioned to *Government Executive* back in 1981 was the condition of the GSA cafeteria—“Who the hell would ever want to eat there?” That has changed. Along with many other small operations as well as some very large ones.

The point he made early is that he demonstrated a perfect willingness to make mistakes by taking risks. The personnel attitude throughout GSA is now considerably better.

Again and again in his early months Carmen would come across a situation—warehousing, inventory, processes, personnel and the like—and his first question to GSA would invariably be “Do I have the power to act here?” If the answer was an immediate “Yes” he acted. He still does today even though he has acquired a far better grasp of the statutory and regulatory limits under which the GSA must operate.

With no illusions now—indeed it is doubtful he ever harbored any at all about Government managing—he is not greatly impressed with his progress at GSA. In spite of the accolades, which include Ralph Nader’s expert opinion, Carmen says it is a “slow, frustrating, wearying task.” Yet he is understandably proud of the progress. “You really have to say that we are inching forward.”

Carmen came to the conclusion that the GSA bureaucracy, in many instances, was being blamed for what was basically poor leadership. From the start, he has almost always sought to put “those who can and will do in charge and put the experts under them. He has always had respect for the technical expertise within GSA. Not so much as from first hand experience but from the instinctive feeling that it had to be there in such a complex organization. After all, they did get with the electric typewriter eventually, didn’t they?

GSA’s much heralded successes fall into three general areas. The first is budget restraint—this was imposed but Carmen carried it out a bit differently than other agencies—and the obvious corollary effort at increasing efficiency at the same or less cost.

Then there is the whole area of service to the rest of Government—which is GSA’s basic charter.

And, the control of waste, fraud and abuse within the agency. On the latter, the Nader Group’s “Reagan’s Ruling Class” cites Carmen as being far more concerned with waste—and probably more effective. Nader also credits Carmen with substantially increasing GSA’s efficiency. (“Reagan’s Ruling Class” unfortunately has Carmen “selling cars” and “establishing a wholesale automotive service” which may indicate a rush past factual accuracy to get to the

## GSA’s “CID” Program: Buying Commercial Products the Hard Way

Back in the 11th Century, Cid was acclaimed a hero for driving the invader moslems out of Spain. The Federal GSA (General Services Administration) currently has a “CID” (Commercial Item Description) program going, which, for those products that get swept up in it, will drive out competition for Federal contracts; discourage the introduction of new-technology products into the Federal marketplace; increase contracting paperwork; and, in some cases, even encourage foreign-made contract buy-ins.

In sum, about the only people who favor this CID exercise are GSA’s uppermost management and an as yet imprecisely identified handful of people in GAO (General Accounting Office) and Congress. This fire drill currently is concentrated in FSS (Federal Supply Service) but it may spread unless they break a leg first—and, already, barely off and running, they’ve wrenched a knee or two.

• **Item:** in drafting the CID for “Microfilm Readers,” one of the two items (at this writing) already out for bids (the other is “Copy Paper” for xerographic-type copiers), GSA did not consult the largest single Federal user of microfiche reader-printers, the Defense General Supply Center. Why not? Because, GSA says, the Center is not required to use FSS multiple-award schedules in making purchases. In other words, if you think you’d like a Ford in your future, don’t ask advice of the man who owns one.

• **Item:** on “Copiers,” one of four items (the others are “Dictating Equipment,” “Systems Furniture,” “Calculators”) *Government Executive* Senior Editor Barbara Burton obtained from GSA as a “Partial list of items being considered for conversion from multiple award schedule (MAS) to single award,” every one of more than 20 manufacturers in that field has told GSA, in one fashion or another, as one wrote GSA’s Ed Hoeftman last Fall:

“Unfortunately, you have been given a task in a field of products where the technology changes are

faster than the specifications writers’ ability to keep up with the changes.” Then, virtually every one of the 20 proceeded last Fall to tear apart the CID for, specifically, “convenience,” i.e. desk-top, copiers; pointing out, in essence, nobody makes many of GSA’s described kind, any more, because the commercial market doesn’t want them.

Industry is firmly convinced, to quote a representative of one company which doesn’t even make a copier product, “They (GSA) have been told over and over again that copiers are one item they can’t make a single award on. So they’ve told themselves, ‘If we can convert that one, we can convert anything.’”

At base, it appears this whole CID game is simply an attack on the Multiple Award System, dressed up in attractive sounding language like “true price competition” and “disciplined contracting procedures” and “equipment commonality.” In the interest of communicating knowledge, it might have been a great deal better if, a long time ago, when “Multiple Award System” was first dreamed up, it had been labelled “Multiple Option System.”

Because MAS—as we pointed out for the umpteenth time in a November/December editorial, “GSA ‘Procurement’ Practices: 15 Minutes to a Pain in the Neck”—is *not* a contract between GSA and a vendor to buy something; it’s merely a company “hunting license” to go out to item-user Federal Agencies and try to sell something. That particular fact has been talked to death, and at the highest levels of Government they seem still ignorant of it.

And because they don’t, or won’t, GSA is buying itself a peck of problems. Excepting maybe for broom handles and floor rugs, anything where advancing technology and unique operating features make little difference to the user, application of CID’s raises more questions, by far, than it produces answers.

What is a “CID,” anyway? GSA has asked industry to define it. What com-

“issues”). There is also the chilling thought of what would happen to any Federal agency if its Presidentially-appointed administrator concentrated on rooting out fraud and abuse as a first priority. “Waste” is a total management function since its presence and growth is

a hallmark of weak, incompetent or ineffective management.

But one aspect of the Nader analysis is important. Carmen was, and is, highly public in “making GSA more business-like.” The Nader work cites the enormous power GSA has inherent in its operation

pany or even industry Association is going to volunteer to be in conflict of interest with itself? Does GSA have adequate pre-award resources to test bidders' equipment for performance quality and reliability? (Top-level GSA types say, "Of course we do," but down at the contracting level where the work has to be done, they say the additional time and paperwork caused by going the CID route—as opposed to MAS—will require, "We'll have to have 20% more people.")

Will a single, "exclusive" award once a year close the market out for small business? Do the GSA promoters of CID's have any evidence they'll get a better price that way than they now do off MAS? They haven't published any proof except some presumptive speculations based on amassing statistics about how much the Federal Government, collectively, buys each year of an item—largely ignoring the vitally important facts of how the item is purchased, delivered and serviced-in-use (and when it is to be used.)

And noting, "Well, this is the way Sears Roebuck does it and look how successful they are." How much does Sears Roebuck pay for copiers? And is GSA aware that at one time Sears Roebuck when through this "cut the price" cycle so hard, they got shocked into the realization one day that vendors had simply quit bidding for their business.

It can happen through GSA a lot quicker. Here's the most likely scenario:

In the whole general field of "Office Equipment," though the exact percentage varies from company to company, on average, Federal sales account for only about 10% of a firm's business. So a company bids and loses, say, the contract to provide the Fed's with desk-top copiers for a year. One guy has the job. Are the other 20 or so going to mark time for a whole year, paying marketeers and service people, until they can bid the following year? Most won't.

And will those who use dealer outlets (most being small businesses) be able to fire up those dealers to go after

Federal sales after a year of telling them, "Cool it?" Not likely. They have trouble stirring dealer interest in going after Government sales right now—in spite of the fact that (a) at next July's National Office Machine Dealers Association convention, nearly one-third the exhibits will be of "high tech" office equipment, as opposed to the traditional displays of typewriters, cash registers, etc.; and (b) in spite of the fact that the Fed's buy more of that stuff, collectively, than anybody else.

And, of course, a CID approach—unless GSA is awfully careful—will, in effect, fairly beg a foreign manufacturer, anxious to get a foothold in the U.S. market, to "buy" a Federal contract one year with the attractive prognosis that he'll win the second year, too, because the competition will have dwindled. Further, since GSA evidently will concentrate its CID purchases on user needs only in the 50 major U.S. "standard metropolitan areas," i.e. big cities involving about 40% of the Federal civil workforce, will the other 60% be on their own?

Or use MAS instead? Or conduct their own sealed bid (or sole source) procurement?

So there's cost savings in running two different acquisition processes concurrently for systems that perform similar functions? And does it make sense to preclude automatically the Federal Government taking advantage of new technology, higher productivity offerings from vendors except once a year—against a CID specification that was drawn up before GSA even knew what those new offerings were going to be?

In short, for CID's to work at all well in this "high tech" office equipment area, GSA would have to know company strategies and company-proprietary information at least as soon, or even sooner than, the companies themselves. What Solomon has been put in charge of that detail?

As one top-drawer marketeer to the Federal Government summed up to GSA, "There's a right way and a wrong way (to do this CID exercise) and you're doing it the wrong way."

dependent kingdoms even though the public can quite justifiably come to the opposite conclusion in some cases. Not to mention business and industry perceptions.

Under Carmen, GSA is starting to exhibit at least an appreciation of what market forces can do to products, processes and equipments bought and used by the Government.

Over the next several months, Government Executive will be detailing the effects and confusion—and the goals—of the functional elements of the GSA.

With respect to attempts to capitalize on pure market forces, Carmen, and GSA, is somewhat unique.

The Government has around 18,000 large, general purpose computers. And this is the result of more than 20 years of using procurement processes to grapple with an explosive technology with concomitant penalties in both Government-wide control and even minimum standardization. Right now, in less than 18 months, the so-called home or personal computer has reached the same *relative* sophistication while undergoing the same *relative* unit price compression.

The result is the combination of several technologies and the industrial revolution adage that there is really no choice between making five things and selling them at \$5000 apiece and making 5000 things and selling them at \$100 per unit.

So GSA is about to start an experiment. Carmen emphasizes the word "experiment." Scheduled for next September, GSA is now looking for a private contractor to operate a pilot "store" in Washington, D.C. where representatives of Federal agencies may personally become acquainted with, acquire and be trained in the use of microcomputer equipment.

Physically located in the GSA central office building, the private sector computer store will assist government managers in selecting the best and most cost effective technological tools for solving management problems.

"The attempt," says Carmen, "is to try to bring to Government the market forces that the private sector can capitalize on, so that Government employees can have the same tools for productivity as their private sector counterparts."

The price range for the products involved will average from roughly \$2,000 to as high, in some cases, as \$10,000. The firm selected to operate the "Computer Store" is to create a one-stop *non-mandatory* shop for Federal microcomputer needs. It will be required to stock a selection of computer hardware for side-by-side comparison, provide counseling and recommendations on equipment use and selection and will assist with procurement—and provide equipment maintenance.

The selected firm must also provide training, seminars and forums to Govern-

to "set innovative standards of efficiency, safety and product quality." Carmen says "True, I am trying to run GSA more as a business. I am also very much aware that GSA is a Federal Government Agency and, as such has social societal functions as well."

The business of GSA—what it does and does not do—are pretty much defined by both law and Executive Order. The social functions GSA *could* perform are also normally handed down from above in the forms of laws, rules, Executive Orders and the like. Federal agencies are not in-



ment employees on the products provided for sale and must have currently in operation a similar retail establishment. The dealer must have the capability to expand nationwide and to provide similar dealer services in other Federal regional office centers. "Yes," says Carmen, "the experiment will compete with the Government's traditional procurement approaches—but this competition is desirable from a cost viewpoint and necessary because it provides an additional vehicle to bring this important technology into Government."

He also notes that the traditional ADP procurement approaches, which will continue to be available, include purchasing from the GSA discount catalogues, competitive bids and shopping on the open market.

First, realize just what this is all about. High school kids argue the merits of various softwares now as well as dual carbs and chrome engine heads. It is an entire new technology moving easily into the home and school life across the country. It is moving equally well into firms, small and large. And the market interface is in dedicated retail establishments called computer stores where the shopping basis is the same as the supermarket or the average department store.

Carmen has concluded that there is no real way for Government middle management to get at this technology and the GSA computer store experiment might provide the path.

To Carmen, these desk-top computers are personal tools with an extremely high potential impact on labor intensive paperwork throughout Government middle management levels. These tools have demonstrated reductions from eight hours to one hour, from three days down to one in personal paperwork.

And he is not talking about automated systems here. In essence, the Government provides pencils, pens and papers to all of its personnel and these still are the basic tools for everybody—including supervisors and managers. "We are trying to make what is now a tool commercially available to everybody somewhat more specifically available to the Government employee. It (the GSA Computer Store experiment) is not set in concrete and GSA is not getting into the business. It may be a way of taking advantage of market forces and let's see how it works."

The experiment is planned exactly as outlined above. The move is precisely in tune with Carmen's willingness to innovate. The risk in this specific instance is not financial to Government but more in what GSA observers, in and out of Government, might input or infer as a long range effect.

Yet, as small as this experiment is, the fact that it is being implemented fits Carmen's overall objectives for GSA.

Besides the presence of what he termed "fear", Carmen also learned that GSA—and Government employees in general—did not have a consciousness of the value of time, nor a consciousness of the value of things. That desk top tool positively affects both.

He saw no real reason not to rehabilitate furniture and put it back into use if the cost factor so justifies the move. This has proven successful—to the tune of over a million dollars in GSA "sales."

All of these elements contribute to the big picture. Since November 1980, the GSA workforce has decreased by almost 7,000 employees as the result of a tough hiring freeze and subsequent attrition. (Attempting to meet budget reductions through blind adherence to decrease by

attrition can backfire. One major California city department learned to its horror that in following attrition route rigidly, they all but wiped out their clerical and secretarial personnel.)

While there may be pockets of this effect within GSA, it has not surfaced as a major problem.

Carmen thought, and subsequently verified, that the Federal workforce had not been economical in its use of space. This is a function of planning and anticipation and rather impressive percentage gains have been made and more are coming.

The concept of creating solid management teams working with highly skilled professionals within GSA and equally skilled private sector aspects is proving effective.

He has removed unnecessary layers of management, combined functions and reallocated various scarce resources.

GSA now has a structure capable of

## Upcoming

May 3-6—Procurement for Secretaries & Assistants, Touro College, Division Of Continuing Education, Sahara Hotel, Las Vegas, NV.; Also, May 24-27, Capital Hilton, Washington, DC. Contact: Ms. J.K. Van Wycks, 202/337-7000.

May 5-6—Software Engineering with Ada, DPMA Seminars, Amfac-LAX Hotel, Los Angeles, CA; Also, May 9-10, Park Plaza Hotel, Boston, MA; May 16-17, Sheraton National, Washington, D.C.; May 19-20, Gold Key Inn, Orlando, FL. Call 213/534-3922.

May 5-6—Advanced Program Control Techniques (Includes Aerospace, Defense, Electronics, Energy, Others), TMSA Seminars, Airport Park Hotel, Los Angeles, CA. Also, May 12-13, Holiday Inn, Palo Alto, CA; May 16-17, Holiday Inn Embarcadero, San Diego, CA. Call 213/534-3922.

May 9-13—The Wharton EFFEC-TIVE Executive Workshop, University of Pennsylvania, Rancho Bernardo Inn, San Diego, CA. Also, June 6-10, Holiday Inn 1776, Williamsburg, VA. Contact: University Conference Center, Processing Center, Registrar, 212/392-9441.

May 16-20—Cost Accounting Standards/Pricing Government Contracts (Two courses on negotiated Government contracts/subcontracts), Federal Procurement Conferences, Inc., Barbi-zon Plaza Hotel, New York, NY. Call 213/879-0399.

May 12-13—Computer Aided Engineering, Technology Transfer Society, Hilton at Colonial, Boston, MA. Call 213/534-3922.

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both stimulating and coordinating policy initiatives and management improvements on an agency-wide basis. His Office of Policy and Management Systems, established more than a year ago, is up, running, and was ready and waiting for the initial *Reform 88*, GAO and OMB thrusts to emphasize attention to the management systems in the Federal Government.

An Office of Program Control is doing very well in tracking the implementation

of top-management policies, monitoring and assessing program results, and searching for new, different or better ways of getting things done. "That staff has successfully confirmed the accuracy of information received and provides me and other high level officials with the kind of current, incisive and complete information we need to make decisions."

An oversight organization is in place charged with the strengthening of administration control and to monitor audit recommendations made by GSA's Office of the Inspector General and the GAO.

The first of a uniquely tailored GSA series of training courses for supervisors and middle managers is off and running. (This was one of the identifiable weaknesses of GSA uncovered by Carmen's predecessor.)

Performance and productivity measurements are being developed and implemented across the agency. There are already solid results showing up because of this and some of the other management systems in the drastic reduction of processing time in many GSA functions.

The Office of Acquisition on Policy is developing a single, Government wide acquisition regulation for all civilian agencies and the Defense Department. The same office is the lead element of the GSA in improving or adjusting the entire multiple awards program. That latter program is easily the most difficult aspect facing any GSA Administrator since, by its very nature there are more critics than supporters or the opposite at any given moment. Rewriting the Old Testament is simplicity itself compared to doing anything with the multiple awards concept (see Box, this article.) Equally challenging is the whole area of data processing and telecommunications—which includes all aspects of office automation. A subject by itself, GSA's Office of Information Resources Management—the old Automated Data and Telecommunications Service—is facing greater problems than ever because of the telephone system break up and the emergence of competition in what once was a regulated national utility monopoly.

Another high priority area of GSA is the Public Buildings Service where the thrust is to change the current 60-40 ratio of owned vs leased to something in the range of 80% public owned to 20% private sector owned and leased. GSA is in dire need of modernized legislation here as well as in certain other areas of its responsibilities. And, although suggested changes have been forwarded to Congress, Carmen is less than optimistic about this effort. A significant portion of the legislated tools governing GSA's functions are more than merely out of date.

On the whole question of fraud, stealing and corruption within the GSA, Carmen's position is perfectly reasonable. He is against it. One would hardly expect any

Federal administrator to say anything else. But Carmen has promulgated a strict ethical code throughout the agency and he expects—and gets—compliance from all personnel especially the management levels. He regards the recommendations and audits from the Inspector General as a major management tool. Personnel and contractors can count on being prosecuted. Carmen thinks that any taxpayer has a right to expect his money to be well and carefully spent. There is more than enough room for honest mistakes here without tolerating deliberate dishonesty.

Carmen gets the accolades and the positive press. He is well aware that he can also get the blame. But he is up front and quite noisy about one thing. That is the that successes credited to the agency belong to the people in GSA.

"These are the same people—the men and women of GSA—who suffered in the past from the image of a poorly managed, corrupt agency, that are now responsible for the progress and improvements and who will keep on raising the caliber of the agency."

Carmen's objective is simple. "First do it well inside of GSA and then do it better for the rest of Government." It is still a matter of measuring progress in inches.

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**Note:** This is the first in a series of reports on the structure, functions and future of the General Services Administration. Data processing, office automation, public buildings, management systems, cost cutting and needed legislation are among the topics which will be detailed in upcoming issues of *Government Executive*. Also included will be financial management, prompt payment, procurement improvements and other internal and external GSA processes. Constructive commentary and views of industry and the Federal agencies affected by the GSA will be involved.

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May 18, 1983

PHOTO WITH OFFICE OF LEGISLATIVE AFFAIRS STAFF

DATE: Thursday, May 19, 1983

LOCATION: Oval Office

TIME: 4:30 p.m.

FROM: KENNETH M. DUBERSTEIN



I. PURPOSE

An opportunity for the Office of Legislative Affairs staff to have a photograph taken with the President.

II. BACKGROUND

Ken Duberstein and his staff are responsible for representing the Administration on the Hill and ensuring passage of the Administration's legislative initiatives.

III. PARTICIPANTS

List attached.

IV. PRESS PLAN

White House photographer only

V. SEQUENCE OF EVENTS

Staff enters Oval Office for photo opportunity with President

### TALKING POINTS

- Just want to say thank you for all your efforts and long hours working with the folks on the Hill.
- You're also the staff that has me on the phone with Members and Senators in the evenings and weekends. Ken keeps assuring me that all the Congressmen aren't saying "Yep, it's HIM again."
- A track record we can all be very proud of.
- Know we have some key votes coming up on the MX, the budget and other items and have confidence we'll prevail.
- Thanks.

## PARTICIPANTS

Kenneth M. Duberstein, Assistant to the President for  
Legislative Affairs  
Nancy J. Risque, Deputy Director of Office of Legislative Affairs  
and Special Assistant to the President for Legislative Affairs  
Lynn Skolnick, Administrative Assistant  
Annie Hughes, Staff Assistant  
Nancy Palmer, Staff Assistant

## SENATE

Pam Turner, Deputy Assistant to the President for Legislative Affairs  
Bob Kabel, Special Assistant to the President for Legislative Affairs  
Nancy Kennedy, Special Assistant to the President for Legislative Affairs  
Dave Swanson, Special Assistant to the President for Legislative Affairs  
Fran Frazier, Staff Assistant  
Nancy Wilson, Staff Assistant  
Jeannie Crispen, Staff Assistant  
Mary Watson, Staff Assistant

## HOUSE

M. B. Oglesby, Jr., Deputy Assistant to the President for  
Legislative Affairs  
John Dressendorfer, Special Assistant to the President for  
Legislative Affairs  
Dave Wright, Special Assistant to the President for Legislative Affairs  
John Scruggs, Special Assistant to the President for Legislative Affairs  
Randy Davis, Special Assistant to the President for Legislative Affairs  
Linda Bennett, Staff Assistant  
Beth Singley, Staff Assistant  
Barbara Wood, Staff Assistant  
Ann Chessier, Staff Assistant

## CONGRESSIONAL CORRESPONDENCE

Charlotte (Charlie) Ponticelli, Director, Congressional Correspondence  
Kathy Ratte Jaffke, Assistant Director, Congressional Correspondence  
Melanie Blesse, Congressional Correspondent



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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 6 LISTED ON THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE WHITE HOUSE

WASHINGTON


May 18, 1983

MEETING WITH GREGORY W. CARMAN

Thursday, May 19, 1983

The Oval Office

4:30 p.m.

From: Fred F. Fielding 

I. PURPOSE

The subject of this meeting pertains to the implementation of legislation enacted in October of 1982 to facilitate the formation and operation of export trading companies. Judge Carman wishes to discuss accelerating the implementation of this legislation. Attached for your information is a paper prepared by Judge Carman.

II. BACKGROUND

During your conversation with Judge Carman when you called him to ask him to serve as a Judge on the Court of International Trade, he indicated that he had something he wished to discuss with you. You noted on the telephone call recommendation that you would meet with him.

III. PARTICIPANTS

Judge Gregory W. Carman  
Fred F. Fielding

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS

Judge Carman will be escorted into the Oval Office.

VI. RECOMMENDATION

No response is necessary during this meeting. You may indicate that Mr. Fielding will review with the Office of the United States Trade Representative.

Attachment: Memorandum from Judge Carman

## EXPORT TRADING COMPANIES

In October 1982, legislation to facilitate the formation and operation of export trading companies (ETCs) was signed into law, with your strong support. This legislation was largely in response to growing concern over declining U.S. export competitiveness. Major economic and political benefits could be derived from early implementation of this legislation by the private sector. However, to date, implementation has been too slow. A way is needed to accelerate this process.

### Recommendation

Your Office should establish a temporary advisory group on ETCs, comprised of prestigious top level representatives of commerce, banking, labor, agriculture and Government, to make recommendations as to how ETC legislation might best be implemented by the private and public sectors. The group should place heavy emphasis on the importance of bank involvement in ETCs and suggest ways to promote this view within the financial community. As a part of its task, the Advisory Group might identify and recommend specific deregulatory actions that would facilitate ETC operation (e.g., override state laws and permit ETCs to offer insurance, permit transfer pricing between ETCs and freight forwarders, permit certain interstate banking relationships). The Group might also identify specific promotional measures the Government might take to encourage ETC formation (e.g., a financial guarantee program targeted exclusively to ETCs).

### Background

U.S. export competitiveness has steadily eroded. The U.S. trade accounts have been in deficit each year since 1977, and it is anticipated that the 1983 deficit will approach \$60 billion. The U.S. share of world exports has declined from 25 percent in the 1950's to 12 percent in 1980.

At the same time, exporting has become more important to the U.S. economy, accounting for about 18 percent of all sales of U.S. manufactured and agricultural products. Exports provide important economic and tax benefits to the United States as well as employment opportunities to over five million Americans.

For these reasons, the Administration has expressed a firm commitment to export expansion as an important part of its economic recovery program. One element of the Administration's export policy, the most important in my view, is to promote the establishment of ETCs. ETC legislation was designed as a vehicle to spread the risks and costs of exporting collectively among the many small and medium-sized firms that cannot otherwise

afford a foreign sales venture on an individual basis. This is precisely the approach adopted successfully by many of our European and Asian trading partners. The principal provisions of this legislation: (a) permit banks to hold equity participation in ETCs, as a means of built-in financing, and (b) provide for a process whereby specified activities not having an anticompetitive effect on U.S. commerce can be certified for limited immunity from U.S. antitrust law.

Timely implementation of ETC legislation would provide a significant boost to economic recovery. The Department of Commerce has estimated that ETCs could expand U.S. exports by as much as \$12 billion annually. One study estimates that ETCs could create 400 to 500 thousand new job opportunities over the coming five years.

However, to date, implementation has been slow. Both the Department of Commerce and the Federal Reserve Board have published draft implementing regulations; these regulations will not be finalized until mid-June. Commerce has also developed a business contact facilitation program for those interested in ETCs and has conducted ETC awareness seminars throughout the country. The Export-Import Bank has proposed a loan guarantee program for ETCs, but which is also available to small and medium-sized businesses, minority owned businesses, and agriculture. The Chamber of Commerce of the United States has commenced a study of foreign trading company activities to better determine how ETC legislation can be utilized by U.S. firms.

Banking participation is critical to the success of many types of ETCs. Nevertheless, with the exception of a few of our largest commercial banks, the financial community has been slow to awaken to the significant opportunities opened by ETC legislation. It is essential that regional banks become more interested in ETCs. For a number of reasons -- general economic climate, a variety of alternative investment opportunities available to banks due to extensive recent deregulation, adverse publicity over loans to developing countries, and the general conservative attitude of banking institutions--regional banks have been unable to overcome their institutional bias over becoming involved in commerce. According to the Bankers Association for Foreign Trade (BATF), another serious problem has been the inability of the Government to provide creative financial thinking on ETCs to the banking community. Banks must be specifically shown how each will profit from becoming involved in an ETC. BATF has recently scheduled a number of seminars to address this vacuum.



# THE WHITE HOUSE

WASHINGTON

## TAPING SESSION

DATE: May 19, 1983  
LOCATION: LINCOLN BEDROOM  
TIME: 5:00 PM

FROM: MARK GOODE

### I. PURPOSE

To tape a conversation between the President and Bob Hope.

### II. BACKGROUND

This conversation will be a part of the BOB HOPE 80TH ANNIVERSARY TELEVISION SPECIAL to air Monday, May 23 at 8:00 EDT.

### III. PARTICIPANTS

The President  
Bob Hope

### IV. PRESS PLAN

None

### V. SEQUENCE OF EVENTS

The President will be seated with Hope on a couch in the Lincoln Bedroom. They will share how they met, past experiences, and anecdotes about people they know in common. Conversation will take 15-20 minutes.

THE WHITE HOUSE

WASHINGTON

April 14, 1983

PHOTO OPPORTUNITY WITH

JOHN AMOS

DATE: May 19, 1983  
LOCATION: Oval Office  
TIME: 4:30 p.m. (5 minutes)  
FROM: William F. Sittmann *WFS*

I. Purpose

To have a photograph taken with Mr. John Amos, Chairman of the Fundraising Program for Reagan Scholarships for Eureka College.

II. Background

John Amos is the Chairman and Chief Executive Officer of American Family Life Assurance Company of Columbus, Georgia. Mr. Amos has committed the total resources of his company and his own personal time to mount an aggressive fundraising effort to raise \$5 million in the next few months for the Reagan Scholarship Program for Eureka College.

III. Participants

John B. Amos, Chairman of the Board and Chief Executive Officer of American Family Life Assurance Company

Daniel D. Gilbert, President of Eureka College

Official White House Photographer

IV. Press Plan

None