

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

**Collection: President, Office of the: Presidential
Briefing Papers: Records, 1981-1989
Folder Title: 06/24/1983 (case file 150724)
Box: 32**

To see more digitized collections
visit: <https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:
<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

22

Page 1 of 1

ID # 150724

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- ☐ X-MEDIA
☐ H-INTERNAL

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

JUN 24 83

Subject Codes:

P	R	0	0	7	-	0	1
FG	0	3	2	-			
CO	0	0	1	-	0	9	
				-			
				-			
PL				-			
SC	0	0	3	-			
PR	0	0	3	-			
PR	0	1	6	-			
PR				-			
PU				-			
BE	0	0	4	-			
SC				-			
				-			
				-			
				-			
				-			
				-			
				-			

1) Subject: Meeting with select members of the House of Representatives to discuss Central America issues

~~Luncheon~~
2) Meeting with key supporters of the 1980 Campaign.

3) Interview with Forbes Magazine on the economy and high technology

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



Friday, June 24, 1983

The President has seen

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark)	Oval Office
9:45 am (15 min)	<u>Meeting with Speechwriters</u> (Gergen/Bakshian)	Oval Office
10:00 am (45 min)	<u>Personal Staff Time</u>	Oval Office
10:45 am (45 min)	<u>Meeting with House Members re:</u> <u>El Salvador</u> (Duberstein)	Cabinet Room (Tab A)
11:30 am (15 min)	<u>Briefing for Interview</u> (Gergen)	Oval Office (available later)
11:45 am (30 min)	<u>Interview with Forbes Magazine</u> (Gergen)	Oval Office
12:15 pm (75 min)	<u>Lunch with Key Supporters</u> (Tuttle/Rollins/Rosebush)	Residence (Tab B) (draft remarks attached)
1:30 pm	<u>Personal Staff Time Remainder of Day</u>	Residence

UNP 6/23/83
4:00 pm

Def

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Friday, June 24, 1983



9:05 OVR

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver) <i>9:20 WC</i>	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> <i>Prince BANGOR</i> (Clark) <i>9:28 -</i>	Oval Office
9:45 am (15 min)	<i>9:35 PRINCE BANGOR, Kw Oam, Amb. Dick MURPHY, DONALD FORTIER</i> <u>Meeting with Speechwriters</u> <i>HOWARD TEICHNER</i> (Gergen/Bakshian) <i>10:00 - 10:15</i>	Oval Office
10:00 am (45 min)	<u>Personal Staff Time</u> 10:15 <i>10:15 - 10:50</i>	Oval Office
10:45 am (45 min)	<u>Meeting with House Members re:</u> <u>El Salvador</u> (Duberstein)	Cabinet Room
	(Tab A)	
11:30 am (15 min)	<u>Briefing for Interview</u> (Gergen)	Oval Office (available later)
11:45 am (30 min)	<u>Interview with Forbes Magazine</u> (Gergen) <i>11:53 - 12:15</i>	Oval Office
	<i>12:45 - 12:55 - PHONE TO SHUTTLE ASTRONAUTS - Dip. Rec. Rm.</i>	
12:15 pm (75 min)	<u>Lunch with Key Supporters</u> <i>12:20 - 1:45</i> (Tuttle/Rollins/Rosebush)	Residence
	(Tab B) (draft remarks attached)	
1:30 pm	<u>Personal Staff Time Remainder of Day</u>	Residence

UNP 6/23/83
4:00 pm

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Friday, June 24, 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> <i>WH Photo</i> (Clark) <i>Cassidy, Quinn Tamm, Brennan - Ken Dorn</i>	Oval Office
9:45 am (15 min)	<u>Meeting with Speechwriters</u> <i>Donald Foster NSC, and Dick Murphy</i> (Gergen/Bakshian) <i>Flaw and</i> <i>reel</i>	Oval Office
10:00 am (45 min)	<u>Personal Staff Time</u>	Oval Office
10:45 am (45 min)	<u>Meeting with House Members re:</u> <u>El Salvador</u> (Duberstein)	Cabinet Room (Tab A)
11:30 am (15 min)	<u>Briefing for Interview</u> (Gergen)	Oval Office (available later)
11:45 am (30 min)	<u>Interview with Forbes Magazine</u> (Gergen)	Oval Office
12:15 pm (75 min) 12:45	<u>Lunch with Key Supporters</u> (Tuttle/Rollins/Rosebush) <i>call to Qatunauts</i>	Residence (Tab B) (draft remarks attached)
1:30 pm	<u>Personal Staff Time Remainder of Day</u>	Residence

UNP 6/23/83
4:00 pm

THE WHITE HOUSE

WASHINGTON

June 24, 1983

MEMORANDUM FOR DAVE FISCHER

FROM: M. B. OGLESBY, JR. 

SUBJECT: Presidential Meeting on Central American Issues

The following individuals were in attendance in the Cabinet Room today, June 24, 1983, for a meeting with the President on Central American issues:

The President
Deputy Secretary of State Kenneth Dam
CIA Director William Casey

MEMBERS OF CONGRESS (HOUSE MEMBERS)

William Broomfield (R-Michigan)
Tom Coleman (R-Missouri)
Jim Courter (R-New Jersey)
Jack Fields (R-Texas)
Newt Gingrich (R-Georgia)
Tommy Hartnett (R-South Carolina)
Bud Hillis (R-Indiana)
Duncan Hunter (R-California)
Bob Lagomarsino (R-California)
Bob Livingston (R-Louisiana)
Al McCandless (R-California)
Bill McCollum (R-Florida)
Bob McEwen (R-Ohio)
Jim Martin (R-North Carolina)
Carl Pursell (R-Michigan)
Don Ritter (R-Pennsylvania)
Buddy Roemer (D-Louisiana)
Vin Weber (R-Minnesota)
Frank Wolf (R-Virginia)
Bill Young (R-Florida)

WHITE HOUSE STAFF

William Clark
Dick Darman
Kenneth M. Duberstein
M. B. Oglesby, Jr.
Randy Davis
John Dressendorfer
David Wright
Chris Lehman
Larry Speakes
Nancy Risque

STATE DEPARTMENT

Ed Fox

THE WHITE HOUSE

WASHINGTON

MEETING WITH SELECT MEMBERS OF THE HOUSE OF REPRESENTATIVES

DATE: Friday, June 24, 1983
LOCATION: The Cabinet Room
TIME: 10:45 A.M. (45 Minutes)

FROM: Kenneth M. Duberstein *K.D.*

I. PURPOSE

To consult with selected House Members to discuss issues pertaining to Central America.

II. BACKGROUND

Central America continues to be a focal point of substantial Congressional activity. The House is expected to act on the Boland (D-Massachusetts) - Zablocki (D-Wisconsin) Resolution concerning covert activities in Nicaragua shortly after the July 4 recess and the Appropriations Committee continues to wrangle with various funding issues for the region.

Although most Members are still hopeful that we can reach some compromise on the covert activities resolution, Administration policies will be the subject of partisan political debate for the remainder of this session. For that reason, it is important that we have broad-based Republican support for our policies which will help maximize our efforts in the House.

The House Republican Research Committee has organized a working group on Central America. This group is very interested in helping advance the Administration's objectives in the Congress, but Members have expressed concern about a perceived lack of coherent policy for this region and have been very interested in sharing their views with the President. In addition, a group of Republican Members and one Democrat Member visited El Salvador last weekend and requested an opportunity to report on their trip.

These Members are supportive and will be part of a core group in the House that will lead the fight for the Administration's policies regarding Central America.

III. PARTICIPANTS

See Attachment.

IV. PRESS PLAN

White House Photographer only.

V. SEQUENCE OF EVENTS

The President makes remarks and opens the meeting to discussion.

Attachments: List of Participants
Talking Points (Provided by NSC) (available later)

PARTICIPANTS

The President
The Vice President
Deputy Secretary of State, Kenneth Dam
Director, CIA, William J. Casey

Members of the House of Representatives

William Broomfield (R-Michigan)
Tom Coleman (R-Missouri)
Jim Courter (R-New Jersey)
Jack Fields (R-Texas)
Newt Gingrich (R-Georgia)
Tommy Hartnett (R-South Carolina)
Bud Hillis (R-Indiana)
Duncan Hunter (R-California)
Henry Hyde (R-Illinois)
Jack Kemp (R-New York)
Bob Lagomarsino (R-California)
Bob Livingston (R-California)
Bill Lowery (R-California)
John McCain (R-Arizona)
Al McCandless (R-California)
Bill McCollum (R-Florida)
Bob McEwen (R-Ohio)
Ray McGrath (R-New York)
Jim Martin (R-North Carolina)
Carl Pursell (R-Michigan)
Don Ritter (R-Pennsylvania)
Kenneth Robinson (R-Virginia)
Buddy Roemer (D-Louisiana)
Mark Siljander (R-Michigan)
Denny Smith (R-Oregon)
Vin Weber (R-Minnesota)
Bob Whittaker (R-Kansas)
Frank Wolf (R-Virginia)
Bill Young (R-Florida)

Staff

Edwin Meese, James Baker, Michael Deaver, William Clark,
Dick Darman, Kenneth Duberstein, Bud McFarlane, M. B. Oglesby,
Randy Davis, John Dressendorfer, John Scruggs, Dave Wright,
Nancy Risque.

THE WHITE HOUSE

WASHINGTON

June 24, 1983

MEETING WITH KEY SUPPORTERS

DATE: June 24, 1983
LOCATION: State Dining Room
TIME: 12:15 to 1:30 p.m.

FROM: Robert H. Tuttle

I. PURPOSE

To meet with those persons who were Key Supporters in the 1980 campaign, brief them on the achievements of the past two years, and give an overview of what you wish to accomplish in the future.

II. BACKGROUND

About half of the attendees are members of the Reagan "10" Club (those individuals who raised more than \$10,000 during the campaign). The remaining half are individuals who were leaders of the key citizens' groups during the campaign (Nationalities, Business, Small Business, Realtors, Physicians, Farmers, Labor and Blacks are the major groups which will be represented.)

III. PARTICIPANTS

Key Supporter Group, White House Staff (list attached)

IV. PRESS PLAN

No formal press coverage. White House Photographer

V. SEQUENCE OF EVENTS

You will enter the State Dining Room at 12:15 p.m. and luncheon will be served. At 1:00 p.m., you may begin your brief remarks to the group. At the conclusion of your remarks, there will be a short question and answer period which will conclude at 1:15 p.m. From 1:15 to 1:30 p.m., there will be a receiving line in the Red Room.

Prior to the luncheon, the group will be briefed by Joe Wright, David Gergen, John Herrington and Secretary Regan. Following the luncheon, they will be briefed by Mike Deaver and William Clark.

ADDITIONAL PARTICIPANTS

Vice President George Bush

Secretary Donald T. Regan

White House Staff

Lee Atwater

James A. Baker III

William P. Clark

Michael K. Deaver

David Fischer

David R. Gergen

John S. Herrington

Edwin Meese III

Edward Rollins

John Rousselot

Faith Whittlesey

Republican National Committee Staff

Frederick Biebel

Mike Curb

Frank Fahrenkopf, Jr.

SEQUENCE OF EVENTS
Luncheon and Briefing
Key Supporters
Friday, June 24, 1983

LOCATION: State Dining Room

FROM: Gahl Hodges 

12:00 Noon Guests arrive the North Portico and are led into the State Dining Room where they may find their seats.

12:15 p.m. THE PRESIDENT arrives the State Floor via the elevator and proceeds into the State Dining Room via the Cross Hall.

Luncheon is served.

1:00 p.m. Remarks by THE PRESIDENT.

Following remarks, THE PRESIDENT proceeds from the State Dining Room into the south door of the Red Room and takes his place at the east wall for the receiving line.

1:15 p.m. The receiving line begins and feeds from the south door of the State Dining Room, into the Red Room past THE PRESIDENT, out into the Cross Hall and down the Back Staircase.

Guests are held in Lower Cross Hall.

1:30 p.m. At the conclusion of the receiving line, THE PRESIDENT departs the State Floor via the elevator.

1:40 p.m. All guests in the Lower Cross Hall proceed up the Back Staircase and into the State Dining Room.

Remarks by Michael Deaver.

2:00 p.m. Remarks by Bob Tuttle.

2:15 p.m. Remarks by William Clark.

2:45 p.m. Program concludes, and guests depart North Portico for buses.

(Dolan/AB)
June 22, 1983
1:00 p.m.

PRESIDENTIAL TALKING POINTS: LUNCHEON WITH KEY SUPPORTERS
FRIDAY, JUNE 24, 1983

- Wonderful to have you all here and see so many familiar faces.
- I didn't always have time during the hustle and bustle of campaigns to do all the things that I should have done.
- That's one reason for this luncheon. The first order of business is a heartfelt thank you to each and every one of you -- not just for what you have done just for me but, much more important, for what you have done for America.
- Thanks to you we have begun a revolution here in Washington. And today America is stronger and our freedom more secure.
- As you may have noticed, we are on the road to recovery. But my message to you today is very simple: This is no time to take it easy or rest on our laurels. We have to keep our recovery and this revolution going.
- Last year, we found that some crucial races could have been won if we had done a better job of motivating those who were inclined to vote our way and get them to the polls.

- This means we have to motivate the electorate and this means essentially two things: First, we need to beef up our organizational efforts.
- And second, let's get our message out to the American people. Let's remind them of what 4 years of spend and spend and tax and tax had done to their incomes and our Nation's economy. Let's remind them of the mess we inherited when we got here and how in a little over 2½ years we managed to get our economy turned around.
- Let's also remind them that America is stronger today here and abroad. We're on the way back -- let's stay there. The next elections will be won from the heart. With your help we can do just that.
- We're going to need your time, work, contributions and commitment. You've been so unselfish in the past, I know America can count on you again.
- Now I know you probably have always had a question or two you wanted to ask me . . .

THE WHITE HOUSE

WASHINGTON
June 23, 1983

OVAL OFFICE
11:45 a.m.
FROM: MICHAEL BAROODY *MB*
MEETING WITH FORBES MAGAZINE
June 24, 1983

I. PURPOSE

FORBES requested an interview with the President on high technology and the economy which will appear in a future issue of the magazine.

II. BACKGROUND

FORBES' request came from its understanding that the President's State of the Union references to high technology were drawn in part from a November 22, 1982 FORBES article on that topic. (Article attached.)

III. PARTICIPANTS

David R. Gergen
Larry Speakes
Mike Baroody
Malcolm S. Forbes - Chairman and Editor-in-Chief
Malcolm S. Forbes, Jr. (Steve) - President and Deputy
Editor-in-Chief
Jim Cook - Executive Editor
(Author of November 22, 1983 high-tech
article.)

IV. PRESS PLAN

White House Photographer - Article to appear in FORBES.

V. SEQUENCE OF EVENTS

Participants to enter Oval Office and be seated for 30 minute interview.

Attachment: Briefing papers.

1. In what specific ways might the U.S. government support the development of American high technology? Are you contemplating administrative orders or possible legislation to provide tax incentives or grants to spur U.S. high tech?
 - o This Administration is encouraging business development across-the-board, not just high tech industries. Don't think targeting any specific sector would be good policy.
 - o Government should encourage all industries to invest more in technology. The benefits from technology apply to all sectors. Not only does IBM benefit from more research in technology, but traditional industries, like autos and steel, also benefit from advanced technology which helps make them more competitive.
 - o Government can help all industries develop technology by focusing on three areas:
 - Training. American industry needs more qualified scientists and engineers. RR is proposing a program called the Presidential Young Investigators Awards which will encourage PhDs to teach science and engineering.
 - Technology. American industry needs to invest more in research and development. Our 1981 tax program provides an incentive to do so through a credit for R&D investment.
 - Trade. American industry needs open markets for its products. We are most competitive in advanced technological goods because that's really where our competitive edge lies. This Administration is working hard along all fronts to reduce barriers to trade.
 - o Also, RR's budget requests a 17 percent increase in Federal R&D funds -- to \$47 billion.
 - o RR also supports an extension of the 25 percent R&D credit so companies can confidently plan future R&D investments.

2. Do you feel that the high tech and service sectors of the economy are the best prospects for generating new jobs and economic growth?

- o Basic manufacturing industries still represent a major source of jobs and are still critical to our economy. These industries generate a lot of demand that is important for other sectors of our economy, like high tech and services.
- o On the other hand, we can't deny that we are in the midst of a fundamental change in the make-up of our economy. We are relying more on producing, transmitting, and receiving information goods, instead of just making manufactured goods.
- o The Labor Department projects the field of computers (analysts, programmers, etc.) will be one of the fastest growing job markets throughout the 1980s.
- o Eight out of every 10 new jobs created in the 1970s were in the service sector.
- o I think it's fair to say that if we look at current trends, high tech and service industries will be generating a much larger portion of jobs in the future than other sectors.

3. Do you feel there's a need to consider some sort of national industrial policy?

- o There's a lot of different definitions of industrial policy floating around. If what you are talking about is an industrial policy of government picking winners and losers and then trying to channel resources toward the winners and away from the losers, then I'm firmly against it.
- o The idea that government can pick winners and losers more accurately than the market over the long-run is just false. Even if you have the best and brightest people in government making the decisions, they still wouldn't have information that is as rich or diverse as that available to millions of investors, workers, and consumers.
- o Instead of that kind of national industrial policy, we should try to strengthen the market so it can better allocate resources toward the real winners.
- o Government does have a role. It's to get inflation and interest rates down, which we've done; and it's to promote strong economic growth, which we're starting to see.

4. Is there anything the Administration should do in view of the awesome competitive challenge from the large Japanese firms who get direct and indirect support from the Japanese government?

- o First of all, it's not clear just how much help the Japanese government provides to Japanese industry.
- o In fact, RR's recent decision on the Houdaille petition illustrated the difficulty of determining the extent of Japanese government support of business and the problems in trying to quantify its effect on U.S. industry.
- o Ambassador Brock started a series of discussions with the Japanese government just last month. These should lead to a better understanding of Japanese government-business cooperation.
- o Should not let all this interest in the Japanese government-business relationship divert attention away from some other factors which may be more important in explaining the strong Japanese challenge:

-- High savings rate. The Japanese save a much larger proportion of their income than Americans. This higher savings rate makes capital cheaper for Japanese firms.

-- Good union-management relations. Labor and management often work more cooperatively there than they do here.

-- Focus on the long-term. Recently, I saw a film of an almost completely automated Japanese factory. It could operate completely unmanned all night. While the initial cost was high, the Japanese company's focus on the long-run gave it an incentive to invest in such technologies.

- o I will soon be establishing a Commission on Industrial Competitiveness to look at other actions both government and the private sector can take to help improve U.S. competitiveness.
- o Of course, the most important contribution government can make to restoring U.S. competitiveness is making the economy healthy again -- which means sustained growth with low inflation.

5. The biggest single advantage of Japanese industry is cheap capital. Some of the Japanese targeted industries can borrow money, thanks to government backing of loans, at 5% to 6%. Our companies must pay much more, perhaps double that, with high U.S. interest rates. Is there anything either the Administration or the Federal Reserve could/should do now to get interest rates further down?

- o I certainly agree that one major reason why the Japanese are so competitive is that they have a lower cost of capital.
- o Remember where interest rates were when I came into office. The prime rate hit 21.5 percent just before the inauguration. Now it is 10.5 percent. But clearly we must work hard to get it down even more.
- o One way to do that is to work with Congress -- and your readers can help us get Congress' cooperation -- to reduce the massive budget deficits.
- o Raising taxes is the wrong way to reduce the budget deficit. It just won't work and all it would do is slow down the economic recovery. We need to reduce the budget deficit by reducing unnecessary government spending.
- o Of course, the Federal Reserve also plays a central role in interest rates. By helping reduce inflationary expectations, the Fed has helped bring down interest rates.

6. Will the Administration propose any amendments to anti-trust laws to allow U.S. companies to co-operate more closely in high technology ventures or will simply waivers from the Justice Department be sufficient to encourage such co-operative efforts?

- o We recognize that anti-trust laws may discourage certain kinds of joint research and development ventures. We're addressing that problem now.
- o A number of proposals are now under review that would deal with this problem. We're going to propose some legislation on this shortly.

(Note: If pressed for details)

- o These proposals have not yet been presented to me, but I understand that they may be ready for consideration in the near future.

7. Does the administration think creation of some sort of agency -- federal, quasi-public or private -- is either desirable or necessary to oversee, encourage and/or direct technological development?

o No, don't need it. We already have several offices that provide advice on -- and encourage -- technological development.

-- My science advisor, Jay Keyworth, heads a science and technology policy office that looks at how federal policies and programs can encourage technological development.

-- The National Science Foundation and other Federal agencies provide direct grants for basic R&D.

-- My Cabinet Councils on Economic Affairs and Commerce and Trade also coordinate government, tax and regulatory policies that encourage investment in R&D.

8. Your science advisor, Dr. Keyworth, says it is important for the government to encourage and strengthen educational abilities in science, mathematics and languages. Is this simply a problem of higher education (if it is a problem) or does it pervade the entire education system? What solutions are contemplated?
- o It's not a problem that is just confined to college. As the recent report of the National Commission on Excellence in Education indicated, there are a lot of problems which affect students long before college-age.
 - o RR said in State of the Union, if a child doesn't get adequate math and science preparation by age 16, he or she has lost the chance to be a scientist or engineer.
 - o It's important that both young men and women get adequate training in math and science before they enter college.
 - o Women now make up only 3 to 4 percent of all engineers. But this is an area in which there is a lot of opportunity for women.
 - o One of the most important ways of dealing with the problem is to restore a back to basics curriculum. Four years of English, and 3 of math and science would provide students a foundation on which they can draw for the rest of their lives.
 - o Another way is to reward excellence in teaching. Merit pay can be an extremely important incentive for better teaching.
 - o To help honor outstanding high school science and math teachers, I am proposing a Presidential Science and Mathematics Teaching Award. By recognizing and rewarding excellent teachers, we can further stimulate excellence.

9. Will it be desirable to modify incentives now built into tax laws that encourage development of the traditional industries, rather than the new high technology ones? Should there be a new tax break for research and development?
- o I don't think the government should encourage one sector over another. Traditional industries, high tech industries, service industries, and agriculture are all important to the economy.
 - o Needn't be a trade off between traditional industries and high tech ones.
 - o I think the incentives we now have in place help encourage development of all industries, not just traditional ones or high tech. The Economic Recovery Tax Act included:
 - an accelerated cost recovery system that really encourages companies to invest heavily in new plant and equipment;
 - enhancement of the investment tax credit; and
 - a 25 percent tax credit for additional R&D investments.
 - o Rather than proposing a new tax break for research and development, my administration is focusing on ways to improve the current R&D tax credit.

10. Do you have any plans to encourage high tech and service industries to settle in the inner cities as a means of providing new employment opportunities?

o My enterprise zone program would create some strong incentives to encourage high tech and service industries to locate in inner cities:

- an increase in the regular investment tax credit for investment in equipment; and
- tax incentives that reduce the cost of hiring people dramatically.

(Note: The Enterprise Zone bill is attached as an amendment to the legislation on withholding interest and dividends that passed the Senate.)

11. Are you concerned that microprocessing technology, robotics and other advances will fail to create more jobs than they eliminate?

- o I remember people predicting the same things when technological advances on the farm were reducing employment there. The development of things like the combine certainly reduced the number of workers needed for harvest.
- o But people ignore the fact that these new technologies create new products and processes and help establish whole new industries that create jobs.
- o There may be some reductions in the workforce of some traditional industries. But there are going to be a lot of new jobs opening up in these growing industries.
- o For example the computer and data-processing service industry -- which didn't even exist only a few years ago -- now employs about 390,000 people -- more than the 350,000 who work in car making.

12. Much of the indirect support the federal government provides to high tech, particularly in the area of large, very high speed computers, is funded through the Department of Defense budget. Are you concerned that Congress may not sufficiently understand what that part of DOD's role could mean to the economic national security of the country?

- o I think many of the people in Congress know that the defense budget provides important benefits to the civilian economy, as well as for our national defense.
- o This particular part of the defense budget, the R&D part, helps maintain our technological lead in the commercial arena.
- o I proposed in my budget a 13 percent increase in the basic defense research budget. The research in microelectronics and computers will provide enormous benefits for American industry.

(Note: If pressed on the point that defense R&D spending is an example of the government targeting the high tech sector, you could respond with the following:)

- o There's a difference between targeting an industry to make it more competitive in the marketplace and developing technology for national security purposes which may provide spinoffs for the commercial sector.
- o The defense R&D is conducted primarily to enhance our national security. I think it's quite reasonable to use some of these benefits if they spin off from this defense R&D, but we're not targeting specific industries for growth.

13. Assuming Congress continues to refuse making further spending cuts (other than in Defense) -- is it reasonable to rely entirely on a growing economy to bring in sufficient tax revenues to reduce the prospective huge federal deficits?

- o I think we should all recognize that even at full economic growth, there would still be a large federal deficit. A lot of these increases are structural, that is, they are written into the law and will grow even if we don't enact any new spending programs.
- o I don't believe that Congress will refuse to make further non-Defense spending cuts. We simply cannot continue to have the Federal Government impose such a heavy borrowing demand on the economy.