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THE WHITE HOUSE

WASHINGTON

December 11, 1981

MEETING WITH PAUL VOLCKER  
CHAIRMAN OF THE BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE

DATE: Monday, December 14, 1981

LOCATION: Oval Office

TIME: 10:30 am (30 minutes)

FROM: Martin Anderson

MCA

I. PURPOSE

Discussion of monetary policy.

II. BACKGROUND

1) Nature of Meeting

This is another of what we expect to become a regular meeting between you and the Federal Reserve Chairman. It is important that a pattern of regular meetings be developed, so that each meeting between you and Volcker is not seen as a possible crisis.

2) Appointment to Federal Reserve Board

Your first appointment to the Federal Reserve Board comes up in January, 1982. This will replace Mr. Schultz, the Vice Chairman. It is a 14 year term, and there are geographical restrictions which require that the Board have representatives from various sections of the country.

Volcker's term as Chairman (4-year term) is up in August, 1983, and your next appointment does not come up until January, 1984.

Thus, if you do not re-appoint Volcker as Chairman, you will have two choices:

- a) Volcker will stay on the Board (unlikely) and you must choose the Fed Chairman from among the current membership. If Volcker does not resign, it probably means that whoever you pick next month would become the Chairman in August, 1983.
- b) Volcker resigns (likely). This would give you an additional pick in August, 1983 -- and the flexibility to choose the Chairman from the pick you made now, and whomever you choose in 1983.

3) Monetary Policy

The Administration supports the announced objective of the Federal Reserve to continue to seek gradual reductions in the growth/money and credit aggregates in the years ahead.

III. PARTICIPANTS

The President  
Secretary Regan  
Martin Anderson

IV. PRESS PLAN

White House Photographer

V. SEQUENCE OF EVENTS

Attachment: Talking Points

TALKING POINTS FOR THE PRESIDENT

1) Nature of Meeting

-- I have found our previous meeting to be very helpful, and I hope we will be able to continue them on a regular basis.

2) Appointment to Federal Reserve

-- We have begun an extensive search for qualified candidates for the opening on the Board that is coming up in January. I'd like very much to have your views and recommendations on this appointment.

3) Monetary Policy

-- How do you feel about the course that monetary policy has been following the past few months? What are your expectations for the months ahead?

THE WHITE HOUSE

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III. PARTICIPANTS

The President  
Secretary Regan  
Martin Anderson

IV. PRESS PLAN

White House Photographer

V. SEQUENCE OF EVENTS

Attachment: Talking Points provided Monday morning.

*B*

THE WHITE HOUSE

WASHINGTON

MEETING WITH MEMBERS OF THE  
AMERICAN LEGISLATIVE EXCHANGE COUNCIL  
Date: Monday, December 14, 1981  
Location: Room 450, OEOB  
Time: 11:30 a.m. - 12 noon

From: Richard S. Williamson



I. PURPOSE

1. To brief them on the next phase of the Economic Recovery Program so that they are knowledgeable and effective spokesmen at the grassroots level on your behalf during the 1982 legislative sessions.
2. To thank them for past support.
3. To evidence this Administration's commitment to working with state and local elected officials.

II. BACKGROUND

The American Legislative Exchange Council is a membership organization of conservative state legislators, both Democrats and Republicans. We held a briefing for this group on April 30. (You were recovering from your gunshot wounds at the time, but in your stead, the Vice President hosted a cocktail party in the State Dining Room.) This briefing generated a strong cadre of supporters for your program prior to the Congressional votes on the budget and tax reductions.

III. PARTICIPANTS

Approximately 200 state legislators.

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE OF EVENTS

9:00 a.m.	Richard S. Williamson welcomes.
9:10 a.m.	Secretary Watt Remarks and Q and A.
9:40 a.m.	Secretary Regan Remarks and Q and A.
10:10 a.m.	Break
10:20 a.m.	Secretary Lewis Remarks and Q and A.
10:50 a.m.	Secretary Schweiker Remarks and Q and A.
11:20 a.m.	Break
11:30 a.m.	The President arrives Remarks and Q and A.
12 noon	Secretary Weinberger Remarks and Q and A.
12:30 p.m.	Adjourn

VI. REQUIRED REMARKS

To be furnished by Speechwriting.

DROPBY MEETING: AMERICAN LEGISLATIVE EXCHANGE COUNCIL  
DECEMBER 14, 1981

Welcome and thank you for coming over today to share some holiday cheer with us. I'm only about 8 months late for our date, but as you know -- a funny thing happened to me one day last spring on the way back to the White House.

I was glad the Vice President could fill in for me and meet with you. And now, finally, I have the opportunity to personally thank you for your outstanding job helping us get our economic recovery program passed.

One of my greatest pleasures this year has been knowing the people's voice is getting through to Washington again. I've always maintained you don't have to make the Congress see the light, you just have to make them feel the heat.

Believe me, they're feeling it, and it's thanks to people -- leaders -- like you who worked so hard among your constituents and colleagues promoting our principles and programs.

We now have an economic plan for our future. And as I said last summer, "We know where we are going. We are going forward. We are going onward, and we are going upward. And we are leaving no one behind."

The days of quick-fix economics are over. America was not put on this Earth just to make Government bigger. Our mission has always been to expand freedom, to create better lives for our people through growth, jobs and opportunity. And that's why we need permanent change, why we've got to have real spending restraints, a sound dollar, lower taxes, less regulation and an end to inflation.

Our Administration is committed heart and soul to one other goal as well -- returning authority, responsibility and flexibility to State and local governments, so we can give America's future back to the people where it belongs.

We won't get there overnight; we can't erase 50 years of sin with 11 weeks of penance.

But we have begun, and I want to assure you our economic recovery program is working. Inflation is down. Interest rates are down. The growth of regulations is down, and savings are finally starting to go up. New investment, better productivity and more jobs will follow.

I can't deny we are in a difficult period of readjustment. But I also can't help thinking Secretary Regan was right the other day when he said, "We are doing badly because -- we are doing so well." We've already felt the first effects of the painful part of our program -- the budget cutbacks and monetary restraint. They're tough but necessary. And they're working. But the pleasure, the exciting part of our program was delayed and is just now getting underway.

Only one-fifth of our personal income tax rate reductions are in place, and they will not be fully in place before 1983. The incentives to stimulate new savings in IRA and Keogh retirement accounts will not go into effect before January 1982; neither will the reduction of the maximum tax on income to encourage new personal investment. Other important incentives for new business investment and production will also begin in the next few months of 1982. Then they will be phased in over the next several years.

Help is on the way. That's why I get concerned when I hear our Administration is thinking of changing our plan; that some of the new estimates born of the fact that reducing inflation faster than we had anticipated has actually reduced our revenue, causing us to consider pushing the panic button.

Don't you believe it. I don't have any reverse gear. And I'm not going to retreat one inch. For too long this Congress has been doing what it wasn't sent here to do -- raising the people's taxes -- and avoiding what it was supposed to do -- get Federal spending under control. In the past 20 years the Congress raised taxes to record levels. But it managed to balance just one budget.

What's the legacy of all those big tax increases? Not lower spending, not balanced budgets, but higher deficits, higher interest rates, higher inflation and more people thrown out of work. I did not take the oath of office to uphold that discredited tradition. I intend to break it.

That's why I'm appealing to you again for your help, to make the Congress reduce the deficit the honorable way and the only effective way there is -- by encouraging private sector growth while bringing down Government spending in line with Government revenues.

Let's not listen to those whose only policy is to root for recession and misery on Main Street. Let's not let the Congress take away the people's tax reduction even before they can see it, spend it and save it. We've already delayed the tax cut too long. Making that mistake again

will only stifle the investment we need, weaken the economy more and make the deficit worse.

Let's start concentrating on what can happen once our incentives begin to stimulate savings, investment and productivity.

This recovery policy means creating new jobs -- and just reducing unemployment by one percentage point will reduce the deficit by \$25 billion. Our policy means more personal savings -- and if the rate of personal savings increases by only 2 percentage points, that will mean at least \$40 billion more in the pool of capital available for investment and mortgages. And as the pool of savings expands, the pressure on interest rates can abate.

I'm not putting my faith in higher taxes. I'm keeping it where it's always been -- in people like you beyond the Potomac, in the principles you stand for and strive for. Sometimes the spirit of Americans makes you go home feeling 10 feet tall. The other day I received a letter that had to be translated from Braille. A GI who had lost his sight in World War II wrote in Braille to tell me that if cutting his pension would help get this country back on its feet, he'd like to have me cut his pension.

Well, we're never going to cut his pension, but we're sure going to get this country back on its feet.

Thank you all for coming, for the cause that unites us, and God bless you because we're on our way.

C

THE WHITE HOUSE

WASHINGTON

BRIEFING MEMORANDUM FOR THE PRESIDENT

SUBJECT: "WEEKLY UPDATE"

Monday, December 14, 1981  
12:00 Noon (60 minutes)  
The Cabinet Room

From: RICHARD G. DARMAN *R.G.*  
CRAIG L. FULLER *CF*

I. PURPOSE

This is the second of the new "Weekly Update" Monday briefings. The meeting will review any questions you may raise -- and otherwise follow the agenda below. Because you are tentatively scheduled to have a press conference on Thursday, this week's briefing will concentrate heavily on press issues.

II. AGENDA

- |   |         |
|---|---------|
| -- Introduction (2 min.)  | Deaver  |
| -- Follow-up from previous meeting (2 min.)   | Darman  |
| -- sales/transfers from surplus commodity accounts  |         |
| -- health insurance coverage statistics   |         |
| -- PATCO follow-up (2 min.)   | Fuller  |
| -- Budget appeals status report -- relationship to deficit; next steps in process (4 min.)    | Darman  |
| -- Press-related issues (25 min.)<br>[See especially <u>press section of briefing book.</u> ] | Gergen  |
| -- Residual issues <u>re</u> oil and gas technology transfer (10 min.)                        | Nance   |
| -- Other issues/discussion (15 min.)  | various |

III. STANDARD PARTICIPANTS

The President	Martin Anderson
The Vice President	Richard G. Darman
Edwin Meese III (unavailable)	Max L. Friedersdorf
James A. Baker III	Craig L. Fuller
Michael K. Deaver	David R. Gergen
	James W. Nance

THE WHITE HOUSE

WASHINGTON

December 11, 1981

PORTRAIT SESSION WITH ARNOLD NEWMAN  
DATE: Monday, December 14, 1981  
LOCATION: Oval Office, Roosevelt Room  
TIME: 3:30p.m.  
(30 min.)  
FROM: Michael Evans



I. PURPOSE

Photographic Portrait Session with the President

II. BACKGROUND AND TALKING POINTS

Arnold Newman is generally recognized by the photographic community to be the greatest portrait photographer that the United States has produced in the last 50 years. He has photographed every President since Harry Truman, has had numerous museum exhibits and has published four books of his portraits to critical acclaim.

Newman is Jewish and is on intimate terms with all the Israeli politicians, and of course very pro-Israel. Newman has any number of anecdotes of his sessions with the VIPS he has photographed over the last thirty years.

The President and First Lady have in their possession two recent books by Arnold Newman.

III. PARTICIPANTS

Arnold Newman and assistants  
Michael Evans

IV. PRESS PLAN

OFFICIAL PHOTOGRAPHER ONLY

V. SEQUENCE OF EVENTS

Duration 15 minutes in Oval Office for portrait of the President, 15 minutes in Roosevelt Room for head and shoulders shot with plain background.

VI. Conservative suit and tie

*D*

THE WHITE HOUSE

WASHINGTON

December 11, 1981

PHOTO OP WITH LEE EDWARDS

DATE: December 14, 1981

LOCATION: Oval Office

TIME: 4:15pm (5 minutes)

FROM: Lyn Nofziger 

I. PURPOSE

Mr. Lee Edwards would like to present the President with his book, "Ronald Reagan: A Political Biography".

II. BACKGROUND

Mr. Edwards is a long-time conservative, Reagan supporter, and former editor of the "Conservative Digest".

III. PARTICIPANTS

Mr. Lee Edwards and A. Morgan Mason, White House Political Affairs office.

IV. PRESS PLAN

White House photographer

V. SEQUENCE OF EVENTS

-- Greet Mr. Edwards in the Oval Office.

-- Mr. Edwards presents his book.

-- Mr. Edwards departs.

*E*

THE WHITE HOUSE

WASHINGTON

December 11, 1981

PHOTO WITH MARY RAWLINS AND HELEN DONALDSON

DATE: MONDAY, DECEMBER 14, 1981  
LOCATION: OVAL OFFICE  
TIME: 4:20 P.M. (5 MINUTES)  
FROM: GREGORY J. NEWELL

I. PURPOSE

To congratulate Mrs. Rawlins and Mrs. Donaldson on forty years of service with the federal government.

II. BACKGROUND

In April 1981 Helen Donaldson reached the 40-year mark in federal government service, and Mary Rawlins reaches it on December 14.

Both have worked at the White House for over 31 years and currently serve in the Office of Presidential Appointments and Scheduling.

III. PARTICIPANTS

The President  
Mrs. Helen Colle Donaldson  
Mrs. Mary H. Rawlins

IV. PRESS PLAN

White House Photographer

V. SEQUENCE OF EVENTS

4:20 p.m. After photo with Lee Edwards and his departure, you will greet Mrs. Donaldson and Mrs. Rawlins. Photo will be taken.

4:25 p.m. Guests depart.



SCHEDULE OF EVENTS

Reception for Press

Monday, December 14, 1981

8:00 p.m.

FROM:

Muffie Brandon

*Muffie Brandon*

- 7:40 p.m.            Guests begin to arrive the East Gate and are led to the Lower Cross Hall in the Residence by Social Aides.
- 7:50 p.m.            Social Aides begin to line guests up for the receiving line at the base of the Lower Cross Hall Staircase.
- 8:00 p.m.            PRESIDENT AND MRS. REAGAN proceed to the State Floor via the elevator and take their places in front of the Grand Staircase. Guests, who should be at the top of the stairs at that point, begin to go through the receiving line immediately.
- As guests come off of the receiving line, they may proceed to the East Room or the State Dining Room for refreshments.
- 9:00 p.m.            At the termination of the receiving line, PRESIDENT AND MRS. REAGAN proceed to the Residence via the elevator.
- 10:00 p.m.           All guests depart via the East Gate and are given Christmas favors as they leave.