

WITHDRAWAL SHEET

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File Folder: [Cicconi Memos, Jul - Dec 1982] [1 of 7]

Date: 2/18/98

Cicconi

~~OA-10793~~ *Box 1*

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to JAB, III re Peace Corps Deputy Director, 2p.	7/21/82	<i>P5-05</i> <i>10/19/00</i>

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].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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THE WHITE HOUSE
WASHINGTON

July 1, 1982

TO: JAB III

RE: CCEA Meeting

1. It was decided to do a bit more careful study before joining the African Development Bank. Both State and Treasury favor; Stockman opposes due to outlay commitment of \$18 M a year for 5 years. Capacity of US and other non-regionals to influence the AFDB's decisions by joining will be a key factor. When the new study is complete, Regan will try to make the decision in some sort of joint CCEA-NSC meeting. (Politics of declining to join when we belong to such banks for other regions could pose real political problems.)

2. The economic situation in Argentina was also discussed. Prospects of serious debt service problems in the next 6 months have increased. Leland says we are hoping to avoid a rescheduling; very little light at the end of the tunnel on this problem, however.

JC 

cc: Dick Darman

THE WHITE HOUSE
WASHINGTON

July 12, 1982

TO: JAB III

RE: Justice Department Hiring

For your information:

Some real progress has been made in getting Justice to place Reagan-style conservatives in deputy slots. We have placed well-qualified "political" deputies in the Civil Rights, Tax, and Land & Natural Resources Divisions. In addition, Rex Lee has agreed to hire a noncareer deputy in the Solicitor General's office.

More needs to be done, but I feel the turning point has been the personal involvement of the AG and Schmults in pressuring the division directors. Dennis Patrick with Helene's shop has also done a very good job of coming up with top quality lawyers.


JC

THE WHITE HOUSE
WASHINGTON

July 12, 1982

TO: JAB III

RE: Summary of Judicial Meeting

The following summarizes action on the judgeships you were concerned with:

1. 7th Circuit (Flaum)-- on hold till November. I've told Rich and he'll decide how to explain to Gov. Thompson. Meese opposed strongly; also, DOJ described Flaum as a "John Paul Stevens-type judge". Deaver came in briefly at Thompson's request to make a pitch for Flaum.
2. 8th Circuit (Fagg v. Donielson)-- this is the one Gov. Ray called you about. The matter is on hold in hopes that something will develop (Meese feels if Gov. Ray gets an ambassadorship-- like Japan-- that will smooth things with Jepson.)
3. US Claims Court (Kozinski)-- this had been on hold at your request to check Alex Kozinski further. Meese came on strongly for him, said he's a solid conservative, etc. Justice said he was qualified, too. Atwater said he was a good guy, and would be a good appointee for you to back-- so I said I'd checked him and that you felt he was qualified and would be a good appointment. 

THE WHITE HOUSE
WASHINGTON

July 15, 1982

MEMORANDUM FOR HELENE VON DAMM

FROM: Jim Cicconi
SUBJECT: SBA Deputy Administrator

Hector Barreto, a Republican who heads a Mexican- American business group, called me to recommend Salvador Gomez for the job of Deputy Administrator at SBA. Red Cavaney confirmed that Gomez would be very good.

I told Barreto that I was not sure how far along we were on a decision, but that I would pass on his recommendation.

Thanks.

THE WHITE HOUSE
WASHINGTON

July 15, 1982

TO: JAB III

RE: Mandatory Retirement

As you know, the President decided the other day to stick with his previous position in favor of removing the age 70 cap re mandatory retirement.

However, at the same meeting, he also declined to support removing the cap relating to hiring and promotion as the Heinz-Pepper bill would do. The President indicated he did not feel we should tie the hands of companies in such matters. Thus, we are in the position of arguing that companies should not be able to discriminate by forcing retirement solely due to age, while, at the same time, also stating that they should be allowed to discriminate on the basis of age when it comes to hiring and promotion. Testimony will be presented today on our position, and while we will not highlight the points we oppose, they will certainly come out in questioning.

The issue is complicated by the fact that our earlier position was widely misunderstood to include hiring and promotion. Pepper will now charge

Memo to JAB
Page 2

that we have changed position under corporate pressure. The irony is that Elizabeth points out the business groups do not feel their position has enough support, and they were just seeking a chance to get their concerns in the record. Further, over 90% of the lawsuits against companies for age discrimination are related to retirement (where we favor removing the cap); only a small percentage relate to hiring and promotion. The appearance of inconsistency on this issue will, therefore, be a problem.

JC

cc: Dick Darman

THE WHITE HOUSE
WASHINGTON



July 15, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: CCEA Meetings of June 29 and July 1, 1982

The following points were made in the CCEA meetings of June 29 and July 1 before you left for California:

1. Global Negotiations: Henry Nau made a presentation outlining the key points agreed on at Versailles, namely that the allies (a) would support U.S. amendments explicitly protecting the specialized international agencies, and (b) would not begin negotiations until the procedural framework has been agreed on.

Treasury expressed the view that Global Negotiations were a damage-limiting operation, and that we are already being put in an isolated position. They also predicted that our allies would abandon us when the crunch comes, just as they did on the Law of the Sea. (Nau said that if that happens, we do not have to honor the agreement.)

Hormats said that the haggling over the agenda (in New York under Kirkpatrick) will likely take so long that we will not reach the negotiating stage for quite a while.

Regan concluded by forming a small CCEA working group (in addition, he acknowledged, to the one already at the State Department) to monitor developments.

2. Export Credits: This involves efforts to set up an International Agreement on Export Credits to harmonize export financing arrangements between the U.S., E.C. and Japan. Only France, concerned by competition from the Germans and Japanese, was insisting on retaining significant credit subsidies. The E.C. heads of government were meeting on the subject at the time of the first CCEA discussion. At the next meeting, though, it was reported that the French had agreed to the proposed arrangement, which would raise the interest rates at which exports are financed so they are closer to market rates.
3. Mexico: It was pointed out that Mexican finances are in very bad shape. They have applied to the U.S. for a large sum of money, though Regan and Treasury feel we should not agree to a fund request unless the Mexicans agree to go to the IMF.

Memorandum for James A. Baker, III
July 15, 1982
Page 2 of 2

At the moment, Mexico's balance sheet is especially bad, and they are worried about a run on the peso. The feeling of Treasury is that they need outside pressure (preferably from the IMF) before they will clean up their act.

4. Thriffs: Our strategy is to keep as many S & L's afloat as possible while waiting for interest rates to drop. We are trying to get banking industry support for legislation to expand the powers of S & L's; they now oppose the bill, but we have offered to add a sweetener to it that would allow banks to better compete with money markets. We are still unsure if they will back off, though.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON



July 16, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi
SUBJECT: New York Subway Car Contract

Since the news stories on the subway car issue were a bit confusing, I thought it might be good to convey the explanation given in CCEA by Secretary Regan.

In summary, Treasury was to make a finding on whether New York's purchase of subway cars from a Canadian firm had been unfairly subsidized by that government. Treasury said the subsidy was unfair (and, per Brock, probably violated the GATT).

However, Treasury also found that the subsidy was only one of several factors in the purchase, and may not have been the decisive one. Further, they found that there would be no loss of jobs to the U.S. firm (Budd) because they are already operating at capacity and have a backlog.

Thus, since the Canadian government subsidy was not the decisive factor in the contract, Treasury will not authorize the Export-Import Bank to match the Canadian financing terms. USTR intends to take this to the GATT, though, since they feel the subsidy clearly violates existing agreements.

cc: Richard Darman

✓
THE WHITE HOUSE
WASHINGTON

July 16, 1982

TO: JAB III

RE: Product Liability

For your information:

The coalition of business and insurance groups involved in the product liability issue have heard about the decision in the Cabinet meeting yesterday and are most pleased.

They are crediting you with the major role in getting what they wanted--
an Administration endorsement of the concept of federal legislation.

(After they met with us, I had lunch with two of them and they corresponded with me. I suggested who they might talk to and what facts were desirable from our standpoint, but did very little else.)

Jm
This was an easy thing to give the business community because the bill probably won't move this year.

2/17

Je :

Everything in here is
very helpful - concise & to the
point yet giving me a thorough
picture of what went on. Keep up
the good work.

JAB III

THE WHITE HOUSE
WASHINGTON

✓

July 16, 1982

TO: JAB III

RE: Mandatory Retirement

Attached is a section from testimony Mac Lovell delivered today on the Administration's position regarding the age "cap" and its application to universities.

I got a message from Bill Bowen this afternoon that they were very pleased with this position, and wanted to thank you for your help.

JC

firms are using it or are planning to use it. We should point out that the age 70 "cap" in the exemption will have to be eliminated to be consistent with our position on mandatory retirement.

In the 1978 Amendments, Congress also exempted tenured professors in higher education from the new age 70 "cap" on mandatory retirement, permitting universities to retire tenured professors between the ages of 65 and 70 until July 1, 1982. This exemption was granted based on a recognition of the special situation of tenured faculty members in institutions of higher learning. Our data on the academic exemption is inconclusive. Since faculty members only became subject to the age 70 "cap" in the last 2 weeks, it is very difficult to project what total elimination of the "cap" would mean for the academic community. In any case, we believe this special situation still exists and should be carefully reviewed especially in light of the very recent expiration of the age 65 "cap".

I recognize this is a very cursory review and would welcome the opportunity to appear before you when the final report is issued to discuss our study further.

As I stated earlier, we want very much to continue our dialogue with the Committee and other concerned Members of Congress. This is a difficult and complex issue if looked

fsc memos

THE WHITE HOUSE
WASHINGTON

July 19, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *[Signature]*
SUBJECT: Number of Seats on ICC and FCC

As I understand it, the Senate Commerce Committee voted last Thursday to reduce the number of seats on both the ICC and the FCC to five. This effort, apparently led by Packwood, was made in the name of economy as part of the budget reconciliation process.

The effect of such a move would be to:

- (a) abolish the FCC seat Steve Sharp would occupy in January 1983, and
- (b) abolish the ICC seat we have decided would go to the Teamsters' candidate, Mr. Lamboley.

The abolition of the ICC seat that is to go to Lamboley could be particularly harmful to our relations with the Teamsters if they feel we are involved with the Committee's efforts. As for the FCC, I know that we've previously discussed the issue with Packwood and Stevens, but thought it was settled.

7/20

To KD: Veto?

[Signature]

- probably can't if att'd to budget

Bob Cable checking exact status

-

THE WHITE HOUSE
WASHINGTON

July 19, 1982



TO: JAB III

RE: Census Bureau's 1982 Income and
Poverty Report

Attached are some interesting charts
I culled out of the Census Bureau's
new poverty report.

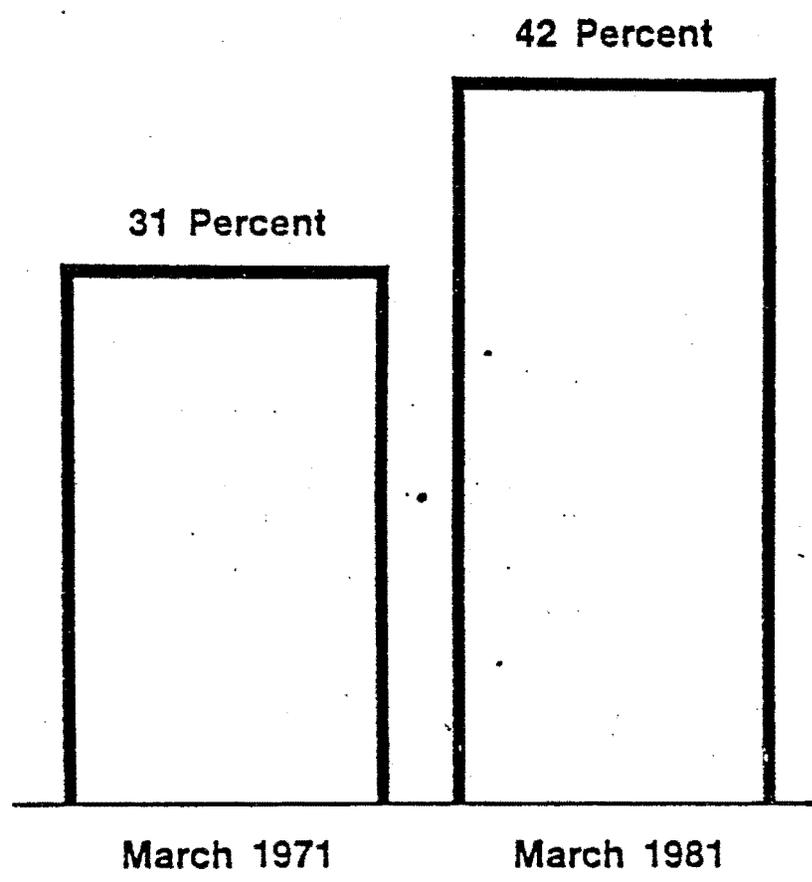
In particular, please note that

1. the proportion of black families headed by women is an incredible 42%;
2. real median family income has declined over the last 10 years (slightly), while the percent of people below the poverty line has increased;
3. though the amount spent on government benefits has doubled every 5 years, the number of persons below the poverty level has been rising; and
4. 48% of the families in poverty are headed by women.

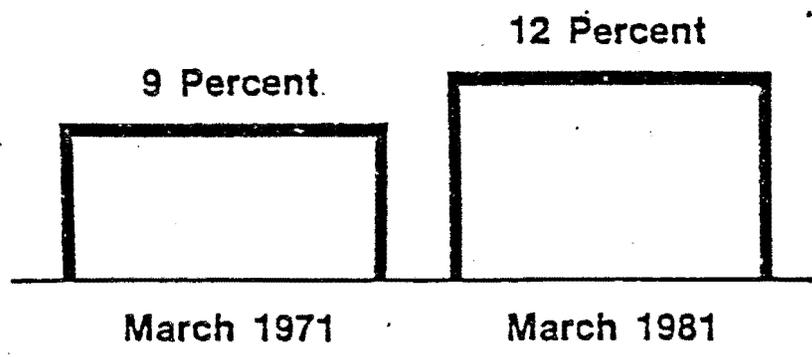

JC

Changes in the Proportion of Families Maintained by Women

Blacks

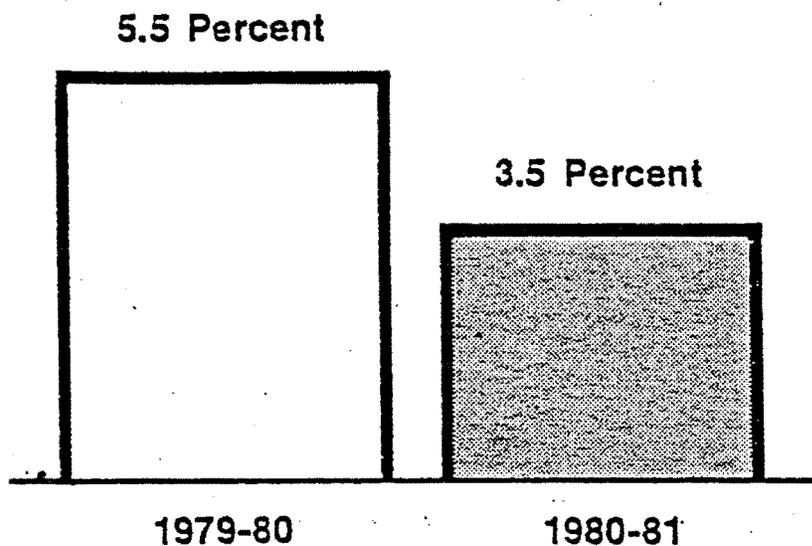


Whites

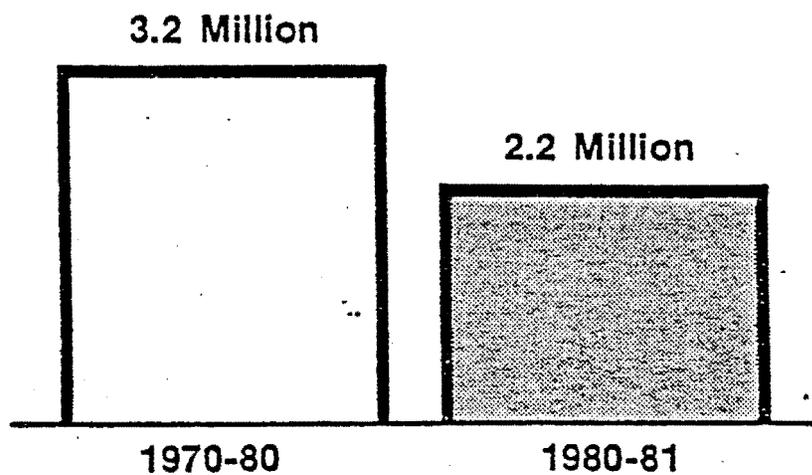


Changes in Income and Poverty

Decline in Real Median Family Income



Increase in Persons Below the Poverty Level



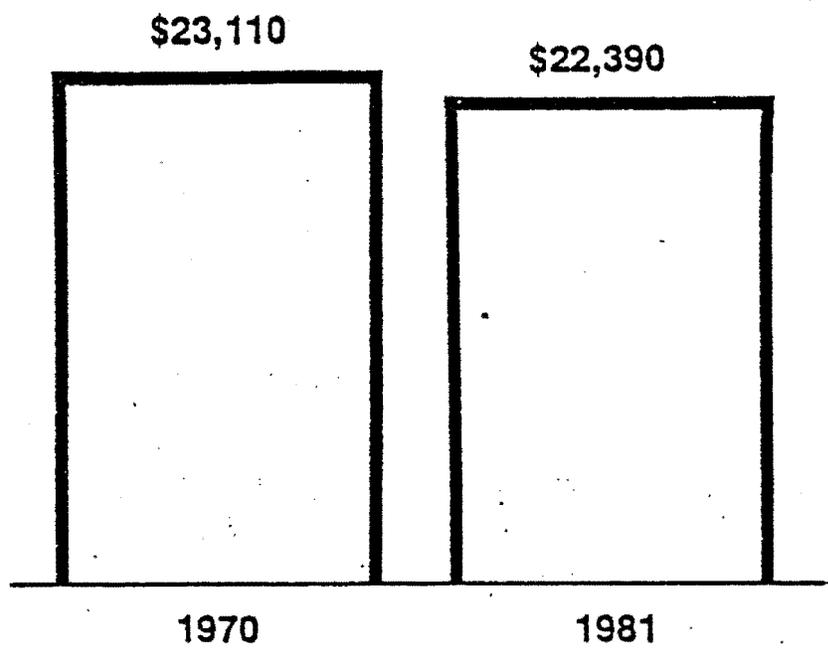
Last Year of Carter Administration



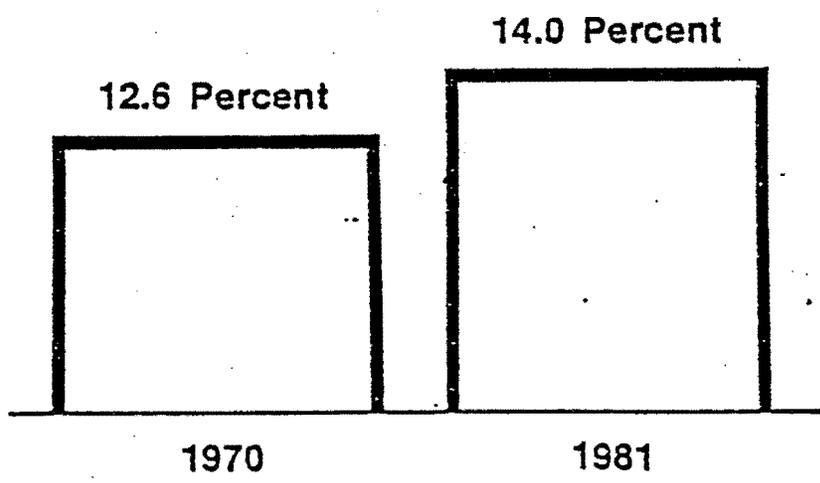
First Year of Reagan Administration

Changes in Income and Poverty Over the Last Decade

Real Median Family Income

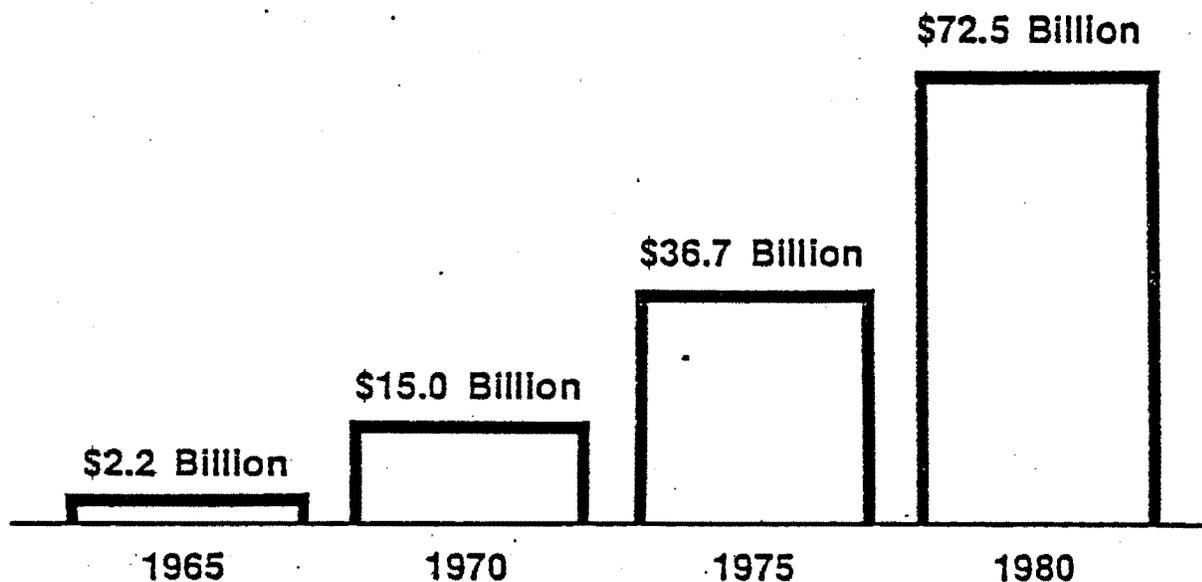


Percent of Persons Below the Poverty Level

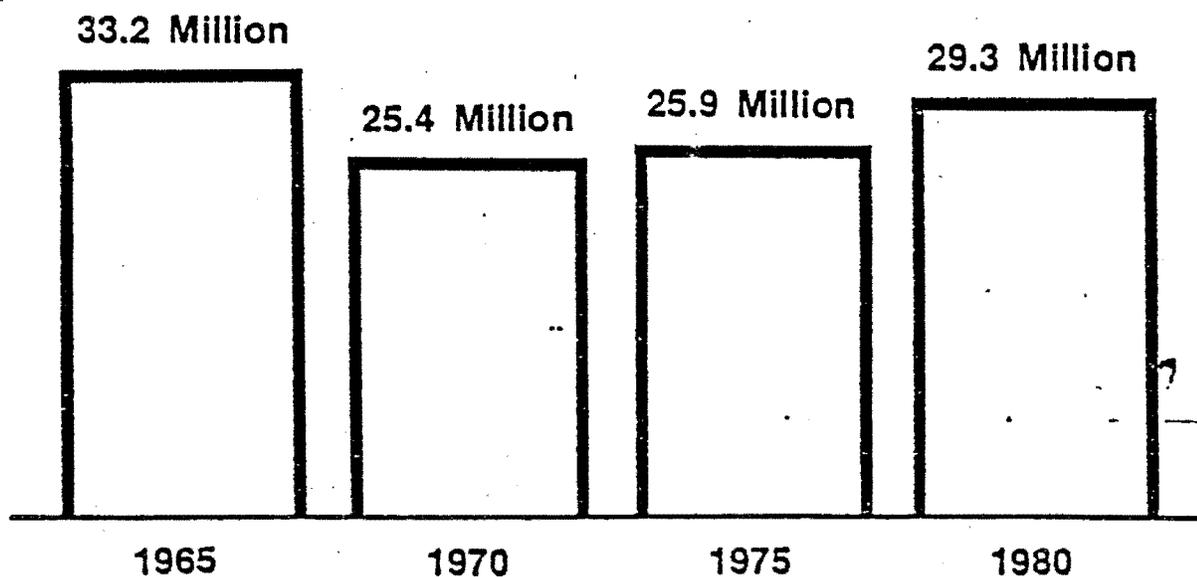


Changes in Government Noncash Benefits* and Poverty Since 1965

Amount of Money Spent on Noncash Benefits



Number of Persons Below the Poverty Level



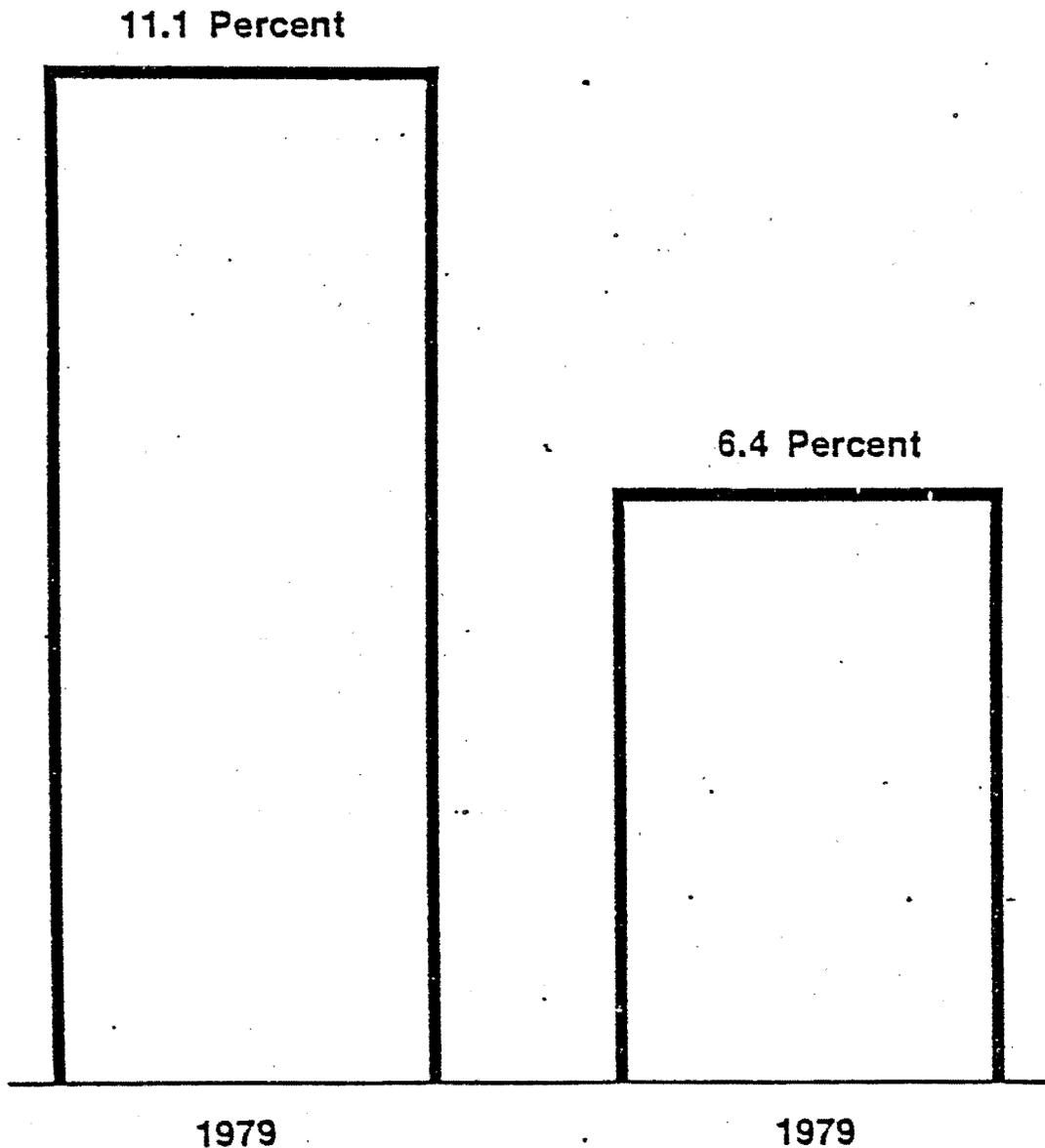
(1981=31.8 Million)

* Government Noncash Benefits Include Food Stamps, Free or Reduced Price School Lunches, Public Housing, Medicare, and Medicaid.

Noncash Benefits and the Measurement of Poverty

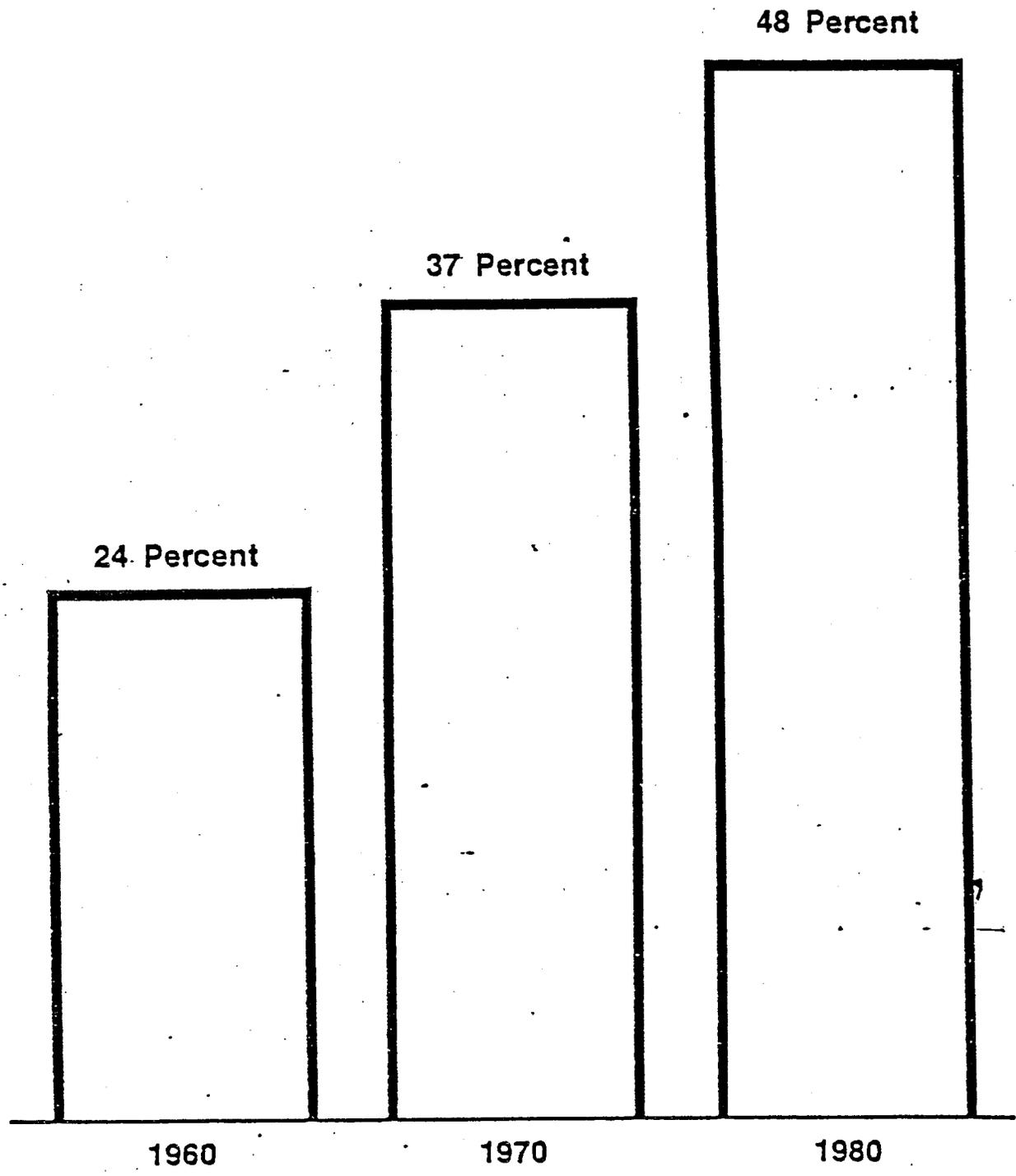
Current Definition
Based on Money
Income Alone

Including Food,
Housing
and Medical
Benefits at
Market Value



The "Feminization of Poverty"

Percent of Families in Poverty Maintained by Women



THE WHITE HOUSE

WASHINGTON

July 21, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi

SUBJECT: CCCT Meeting

At its meeting today, the CCCT considered the following:

1. Export Financing: It was agreed that Harper's office would chair an interagency study of this subject. The study will consider the current situation, several ideas for improvement and will touch heavily on the tax (and tax exempt) aspects of export financing. The study will also look at ways to make more efficient use of the Export-Import Bank's resources.
2. Minority Business Development: The CCCT is still discussing a draft Presidential message to Congress which details current Administration efforts to assist minority businesses, and sets forth some proposed initiatives. The latter mainly involves: increased efforts by DOC to develop and maintain new minority businesses, a private sector support campaign, improvements in federal procurement, and better management of current federal programs.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

July 21, 1982

TO: JAB III

RE: Peace Corps Deputy Director

Today I heard that Rick Abell, the conservatives' candidate for Deputy at the Peace Corps, was approached by two different people with an offer from Loret Ruppe to help him get another, comparable job in the government if he'd withdraw his name from consideration for the Peace Corps job. He declined.

Later today Ken Cribb told me he had gotten the same information.

As I understand it, Loret also talked with Craig Fuller and objected strongly to the idea of Abell being named Deputy. This was after Fuller had written a memo that was supportive of Abell.

This is getting to be a minor "cause" with conservatives, and only escalates with time. I think the argument that Rick needs, and lacks, management experience is flawed; but, regardless, I think the political considerations here are very strong. Abell's appointment would send a nice signal, and you are

Memo to JAB III
Page Two

positioned quite well to get the major credit for placing him there. The failure to name him would be seen as a victory for Loret Ruppe over the Reaganites (and it would be implied that you and the VP-- who has stayed out of this-- helped her). I know that Loret is prepared to make this a real issue, but that simply raises the stakes on the above two points.

If you have any doubts on Rick's qualifications, I'd suggest you talk with Frank Donatelli or Paul Manafort.

Handwritten initials "JC" with a flourish above the "C".

THE WHITE HOUSE

WASHINGTON

July 21, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: CCCT Meeting

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cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

July 21, 1982

MEMORANDUM FOR HELENE VON DAMM

FROM: Jim Cicconi 
SUBJECT: Walter Williams

The attached article by Professor Walter Williams, a black economist at George Mason University, is indicative of what I understand to be his strong support for the President.

I pass this along for your consideration only because I am unaware whether or not Williams is presently serving the Administration in some capacity.

Thanks.

Unloading the federal white elephant

Columnist Jack Anderson warns, "It's time someone blew the whistle on a Reagan administration scheme that could lead to one of the biggest land grabs by greedy private interests in the nation's history." Now that's a highly emotional statement coming from one of the nation's leading columnists, but what is its analytical worth? Anderson probably wants you to be concerned about land being taken away from you. Let's put some light on this issue.

Forty-two percent of all the land in the United States is owned by some level of government: state, local or federal. The amount owned by the federal government is approximately one-third of all the land in the U.S. — 744 million acres, according to Dr. M. Bruce Johnson, research director of the Pacific Institute for Public Policy Research, and president of the Western Economic Association. Secretary of Interior James Watt has proposed selling some federally owned lands — not all of it, just some of it. As you might have guessed, numerous environmental and conservationist groups, ranging from the Audubon Society to the Sierra Club, have come out against the proposed sale. They say that the land belongs to the people of the United States.

Well, I'm one of the people of the United States; does any of that federal land belong to me? All evidence that I have in my possession says, "No!" How do I know that? It just comes from a simple test that I use to determine whether I own something: Can I sell it? I own only what I can sell. I own things like my shirt, my car, my house. I do not own federal land in Utah.

Aside from the issue of who federally owned land belongs to, there's the issue

Walter Williams is a professor of economics at George Mason University.

of how federal control leads to gross land mismanagement. Private ownership of resources, including land, forces the owner to accountability standards. He must use the resource in a way that yields the highest return, i.e., profits. Government bureaucrats, on the other hand, have no such accountability standards; they can mismanage with virtual impunity. What do they have to lose?

Professors John Baden and Richard Stroup in their book *Bureaucracy vs. Mismanagement*, and Professor Gary D. Libecap in his book, *Locking up the Range*, detail government mismanagement of public lands. One case is the Forest Service's logging of vast areas in the Rockies. The value of the wood is far less than the cost of extracting it. The government can ignore this fact and destroy the environment because it is not disciplined by profits. It does not have to compare benefits with costs.

Environmentalists aren't the only people who support large scale federal land ownership. Cattlemen find such an arrangement in their interest, too. If you are a rancher, you can, for a fee, let your cattle graze on government land next to your ranch. The annual rent that you pay to the Bureau of Land Management is well below what it would be on the market, so much so that if your land is next to the federal land, it sells for a much higher price.

Many cattlemen would much rather deal with politicians than the market for use-rights to grazing land. It's a great arrangement. Total receipts from grazing fees to the government were \$24.9 million in 1981. Outlays by government for the grazing program were \$41.6 million. Who paid this difference? You and I, of course. We paid the ranchers to use federal lands. You would have thought they'd show their gratitude by lowering beef prices.

The best thing we can do is to support Secretary Watt in his effort to unload this federal white elephant. Without question, federally owned land should be sold to the highest bidder. The only lands that should remain under federal control are those parcels which can further legitimate federal functions, such as national defense. Private citizens can do a better job of putting our remaining land resources to their most productive use.

THE WHITE HOUSE

WASHINGTON

July 23, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: CCEA Meeting on Economic Outlook

Yesterday CCEA met to hear a presentation by Larry Kudlow on the economic outlook. It was one of the more optimistic reports we have heard. The following is a summary of Kudlow's key points:

1. Overall, the economic situation is better than the press is portraying it and better than Administration officials think it is.
2. We have never had reduction in inflation such as this in an 18-month period, including recessions, and this is directly attributable to Administration monetary and fiscal policies. If we continue this decline in inflation, nothing will be more important for sustained economic growth. A good omen is that it is customary in a post-recession recovery for inflation to be reduced even further.
3. Press and some forecasters are paying too much attention to isolated pieces of monthly data. They should instead look at the trends. For example, during a recession all signs are bad (as in 4th Q/81 and 1st Q/82); now the data is mixed, which is a customary sign that a turnaround is underway.
4. Housing will recover more gradually this time. A positive sign is that permits have been up 7 out of the past 8 months.
5. Interest rates are moving at a painfully slow rate, but the trend is still downward.
6. Capital spending will lag in this recovery just as consumer spending will lead it. Bad capital spending figures can be expected through January of 1983.
7. Same is true of unemployment. No drop can be expected till the fall. It is normal for unemployment to rise for the first several months into a recovery.
8. There may be disagreement on whether the recession has ended and if the recovery has begun, but no one now denies that the recession has bottomed out.

9. We are perhaps facing an economic "window of opportunity" where, if we sustain the reductions in inflation, we can enter a period of steady, continuous economic growth. We do not need, nor should we desire, a "boom" since that is unnatural and is usually followed by a "bust."
10. Indications are that we have seen the worst of the inventory sell-off.
11. Consumer spending will, as stated, lead the recovery. In this regard, real disposable income was up 3.1% in the 2nd Quarter. Also, we have seen the first real increase in wages sustained over the past 5 months (the decline in the 1979-81 period was uninterrupted).
12. We can look for more reduction in the prime rate in August. One indicator is that the spread is widening between the prime rate and CD/T-Bill rates.
13. Concerning the Federal Reserve, they have "pretty much done what we asked them to do, however erratically." They are now in their target range, and there is still plenty of room for monetary growth through the end of the year while still staying within those targets (thus, not re-igniting inflation). If the money supply grows at 6% through the end of the year (which is within the range) and other factors are estimated conservatively, there is room for 3 to 4% GNP growth in the next 2 or 3 quarters. If, however, the other factors perform as they have historically, we could be looking at 4 to 5% real growth.
14. Kudlow feels many forecasters are overly pessimistic because they are extrapolating previous (and some current) negative trends through the end of the year. This analysis is flawed, he feels, and argues that we have nothing to be defensive about.

As the meeting closed, Rich Williamson pointed out that the economic situation as of Labor Day begins to sink into the public consciousness in October: it is thus the situation that influences the election. Rich said we could be hurt if we paint a picture that is too optimistic now, only to fall short of the expectations we have raised by Labor Day.

cc: Richard Darman

THE WHITE HOUSE

WASHINGTON

July 22, 1982

MEMORANDUM FOR SENIOR STAFF

FROM: Jim Cicconi

SUBJECT: Senior Staff Meeting

There will be no senior staff meeting Friday, July 23, 1982.
Meetings will resume Monday, July 26.

Thank you.

THE WHITE HOUSE
WASHINGTON



July 27, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi
SUBJECT: Employment and Training Legislation

At its meeting today, the CCEA considered the subject of employment and training legislation. Donovan and Angrisani provided an update on this proposal's progress. They stated that the Quayle-Kennedy bill, which passed the Senate 95-0, is very close to our original proposal, but that they are "frightened" about the situation in the House. The vehicle is the Jeffords-Hawkins bill, and they feel it poses a direct threat to the original policy principles agreed to by the President. The various proposals can be summarized as follows:

	Old CETA	Admin. Plan	Senate Bill	House Bill
a. Wages and/or stipends	44%	none	none	50%*
b. Support Services and Administration	38%	25%	30%	15%**
c. Job Training	18%	75%	70%	35%
d. Budget Authority	---	\$2.4B	\$3.7B	\$5.4B

* Includes support services

** Administration only

The above points out the different emphasis in the important job training category. There are other points in the House bill which make it even more difficult for us to accept: one example is that the old Prime Sponsor system of disbursing the funds is retained.

The entire Cabinet Council, with the exception of Mac Baldrige, opposes the provision of wages or stipends and it seems that the House is just as strongly disposed in favor of them. It was also asserted that Bob Michel and the Republican leadership do not agree with the possible options of (a) going with a substitute bill (closer to the Senate version) on the floor, or (b) going with amendments to accomplish the same thing. If this is accepted (and it should at least be questioned more vigorously), then the options are apparently confined to going with weaker, and thus more acceptable amendments, or avoiding a fight in the House and hoping to retain most of the Senate

Memorandum for James A. Baker, III
July 27, 1982
Page 2 of 2

bill in conference. On this general subject of legislative strategy, Labor Department asked for guidance from CCEA. The CCEA seemed to agree that strong amendments, or a substitute bill, should be avoided due to low prospects of success. The Council was less clear on what should be done, though it seemed inclined toward taking no action to amend Jeffords-Hawkins and, instead, placing our hopes on success in conference.

I have suggested to Dick Darman that this subject be taken up in Legislative Strategy Group because the guidance from CCEA was less than clear, and because the discussion was largely based on legislative analysis by DOL that may be in error. On the latter, for example, we are assuming that the Senate conferees will hang tough for their bill; while this may occur, we should remember that Quayle and Kennedy are the Senate sponsors. Finally, it is important for the President to be seen as very concerned about unemployment; we cannot have a bad bill reach his desk that he cannot afford to veto.

cc: Richard Darman

X

THE WHITE HOUSE

WASHINGTON

July 28, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: LDC Financial Problems

In addition to employment training legislation (mentioned in a previous memo), yesterday's CCEA meeting also discussed financial problems in the LDC's.

The problems have been caused by the large increase in LDC borrowing in the late 1970's. This has led to an enormous buildup in debt to the point where much of present borrowing is simply to service that debt. Some specific nations were discussed:

Mexico: Has a huge external debt of over \$80B. This year they are going to the markets for \$40B; however, if market confidence in Mexico is weak, they will have to go to the IMF instead. Another devaluation is probable.

Argentina: Also has a large debt. They will probably reschedule, working with the IMF.

Sudan: Has a \$6B debt, the bulk of it owed to the Middle East. They are now trying to work out assistance measures with the IMF.

It was pointed out that rescheduling, when coupled with implementation of an IMF program, has worked in countries such as Turkey, is expected to work in Romania, and could work in the other nations now having problems. The economic adjustments required by the IMF are not only necessary for rescheduling assistance in the short term, but will also be necessary to assure the debts are paid off. LDC's are, however, reluctant to make such adjustments (as in Zaire).

Secretary Regan suggested that the more conservative approach U.S. banks are now taking toward LDC loans could actually be dangerous: if new money is not available to service older debts, the result could be defaults. Despite this, though, it was stated that there is no real prospect of a collapse in the international banking system, and that recent difficulties have in fact shown that the system is better organized than people thought.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

July 30, 1982

TO: JAB III

RE: Iowa Disaster

Jenkins says we'll have to turn down Iowa's request for a disaster declaration.

The answer if asked about it while there is that we won't know for sure for a couple more days.

JC

THE WHITE HOUSE

WASHINGTON

July 30, 1982

MEMORANDUM FOR TAD THARP

FROM: Jim Cicconi

SUBJECT: Woodrow Wilson Center Board of Trustees

Jim Billington, Director of the Wilson Center, called me today concerning the appointments to the Board of Trustees. He indicated that Bill Baroody and Bob Mosbacher, both of whom were appointed by the President to unexpired terms, desire renewal of their appointments when they expire in October of this year. He also mentioned, however, that he had heard of an approach to Donald Blinken to go on the Board. Billington feels that, given Blinken's prominence in fund-raising activity, he would be a good addition to the Board.

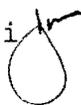
If Blinken has indeed been approached to serve on the Board, I would assume it would not be to replace Baroody or Mosbacher, but would instead be for another slot. I would appreciate it if you or someone in Personnel would let me know the status of this because Billington is interested in asking Blinken to otherwise serve on the Wilson Council, a private advisory/fund-raising adjunct of the Center.

Thank you.

THE WHITE HOUSE
WASHINGTON

July 30, 1982

MEMORANDUM FOR CRAIG FULLER

FROM: Jim Cicconi 

SUBJECT: CEQ

Ernie Minor called me yesterday about a move on the Hill by Representative Boland to zero out CEQ's budget. Though the move died in the course of the day, Ernie thinks it will come up again and would like to have some guidance on what position we would like them to take.

He recalled that the Administration had originally wanted to abolish the agency, and added that he personally agreed with doing so. However, he did not want to express any position contrary to current WH policy, whatever it might be.

THE WHITE HOUSE

WASHINGTON

August 4, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi

SUBJECT: CCEA Meeting

At its meeting yesterday, CCEA discussed the following subjects:

Thrift Industry Legislation

The Senate committee bill designed to help the thrifts will soon go into markup, and we feel it achieves most of the objectives set by the President last April. Those objectives would (a) allow federal deposit insurance agencies to purchase Income Capital Certificates from thrifts; (b) permit interstate and inter-industry mergers of failing thrifts; and (c) expand lending and investment powers of thrifts. The bill also allows banks to enter the field of mutual funds and municipal bonds provided they do so through a holding company subsidiary, and would preempt due-on-sale clause prohibitions in most situations (though CCEA still prefers to exempt state-chartered thrifts from preemption).

The main legislative problem is the danger of splits in the support coalition. For example, the securities industry is upset at allowing banks to edge into their field. An effort is being made to hold the coalition together, at least through the markup which started today.

Pension Policy

The main subject here was the pension "reform" bill (PEPPRA) being pushed by Congressman Erlenborn, which would, in short, allow federal intrusion into state employee pension plans. Though the CCEA had previously agreed that we could not support such legislation, an effort was made to work with Erlenborn to see if there was any "give" in his position. There was none.

Rich Williamson pointed out that the President has repeatedly been questioned on PEPPRA by state officials and, if federalism principles are followed, should oppose it. Harper suggested letting the issue sit on the table, but it was felt that Administration neutrality might guarantee the bill's passage. In the end, it was decided to oppose PEPPRA, but to first give Donovan a few days to conclude his negotiations with Erlenborn on the jobs training legislation.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

4 Aug 82

TO: JAB III

RE: Mandatory Retirement

You asked where this was right now
(after receiving the letter from
Bill Bowen).

It looks like Pepper and Heinz are
beginning to move toward our position
after their initial criticism, accord-
ing to Bob Carleson. You'll recall
that we would not agree to ban age
discrimination in hiring and promotion,
but only in retirement.

At least Pepper has been quiet on
this for awhile, which could mean he
is inclined to accept something less.
In any event, I think it's still too
early to tell for sure, despite Bob
Carleson's optimism. If I were Claude
Pepper, I'd keep Ronald Reagan from
being able to claim even a small
victory against age discrimination
before November. If so, then all
we're seeing is a stall while he
keeps the focus on Social Security.

JC

THE WHITE HOUSE
WASHINGTON

August 4, 1982

TO: JAB III

RE: Tuition Tax Credits

One note on follow-up to your meeting:

Bob Thompson has set up meetings today and tomorrow to discuss tuition tax credits strategy with House and Senate staffers suggested by Weyrich, et al.

All the appropriate WH staff have been invited.

JC

THE WHITE HOUSE

WASHINGTON

August 5, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi

SUBJECT: Maritime Policy

After the Cabinet meeting yesterday, the CCCT met with the President to discuss maritime policy, and to present several items for decision.

Going into the meeting, CCCT had reached a consensus on the following:

1. Subsidies: Existing contracts for both operating and construction differential subsidies should be honored, but no new subsidy contracts would be signed.
2. Cargo Preference: A Presidential statement should be issued restating the Administration's support for existing cargo preference laws and the Jones Act.
3. Civilian Manning: The Navy should do all that it can to maximize civilian non-government manning of government (in most cases, Navy-chartered) ships.

The remaining points discussed and decided by the President yesterday were as follows:

1. Ship Mortgage Guarantees: It was decided to provide around \$900M in guarantees in order to help U.S. shipyards which would be weakened by the elimination of new subsidy contracts (mentioned above). This will not have a budget impact, but would affect the credit markets; it returns guarantees to near the FY 1981 level. The President said he agreed with Stockman's philosophical arguments against this, but was more sympathetic with the need to keep the industry going.
2. Capital Construction Fund: The President decided to allow the use of CCF monies to build or acquire foreign-built vessels provided the vessels then fly the U.S. flag. Use of CCF monies are now restricted to U.S.-built vessels; a change would require legislation.
3. Bilateral Agreements: It was decided to resist pressures for bilateral shipping agreements with other countries. Such agreements generally allocate large portions of cargo

Memorandum for James A. Baker, III
August 5, 1982
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to ships of the importing and exporting countries, with only a small percentage for ships of other nations (the allocation ratio is often 40-40-20). However, if such resistance fails, the President agreed that it may be necessary for the U.S. to protect its interests by also negotiating bilaterals. An interagency group chaired by DOT (with State as vice-chair) will have responsibility for making such decisions if and when necessary. This group is viewed as a way to avoid the paralysis caused by staff arguments over free-trade versus protectionism in prior Administrations.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

5 Aug 82

TO: JAB III

RE: Tuition Tax Credits-- More
Follow-Up

For your information:

A scheduling proposal has been submitted for the President to meet with congressional leaders on tuition tax credits. The meeting would be held before markup in Dole's committee.

Also, plans are to have a letter from the President in the hands of each Finance Committee member by Monday (that is the first day a markup is possible).

Lastly, the meetings with Hill staffers recommended by Weyrich, et al were held today.

All of the above items were commitments you made in the meeting last Friday. Bob Thompson has handled most of the details of getting this done.