

WITHDRAWAL SHEET

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Cicconi
OA 10793

Date: 2/19/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to James A. Baker, III re CCEA Meeting on Jobs Proposal (p. 5-20 whole), 15p. 2-16	11/23/82	P5
2. memo	JW Cicconi to James A. Baker, III re Clean Air Act, 2p.	12/2/82	P5
3. memo	JW Cicconi to "John" [Schrote] re Clements Operation, 1p.	12/3/82	P6 B6
4. memo	JW Cicconi to JAB III re Safe Drinking Water Act, 1p.	12/8/82	P5
5. memo	JW Cicconi to James A. Baker re Safe Drinking Water Act, 1p.	12/8/82	P5 C3 10/19/00

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].
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- 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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Cicconi

OA-10793 Box 1

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THE WHITE HOUSE

WASHINGTON

November 23, 1982

MEMORANDUM FOR BUD MCFARLANE

FROM: Jim Cicconi 

SUBJECT: Brazilian Trip

For your information:

During World War II, Brazil was the only Latin American nation to send a large military unit to fight in the European theater. If memory serves me well, the Brazilian Division fought as part of the US 5th Army during the Italian Campaign (1944-45, I believe). The Brazilians are proud of this fact, and I would think some acknowledgement of it during the President's trip would be well received.

(I was not able to forward this before the draft remarks for the trip went in to the President because, frankly, it didn't occur to me at the time I read them.)

I realize it may be too late to work something like this in, but forward it for your consideration in case an appropriate opportunity arises.

THE WHITE HOUSE
WASHINGTON

23 November 1982



TO: JAB III

RE: Ellington AFB

FYI, on your behalf I signed off on the Property Review Board's recommendations re Ellington. They are in conformity with the views you expressed at the last meeting, and with my previous memo that you signed off on.

The recommendations will be adopted without a board meeting since it will be unanimous. You should know, though, that the City of Houston will not be happy (though there are no tracks to you, they still know you're on the Board).

We will now proceed to sell the excess land to the highest bidder. (To refresh you, Houston wanted 51 acres of the excess free, and offered up to \$15,000 an acre for the other 51 acres-- well below our estimate of its value).

A handwritten signature in black ink, appearing to be 'Jim', located at the bottom center of the page.

THE WHITE HOUSE
WASHINGTON

23 November 1982

TO: JAB III

RE: Mushroom Imports

For your information:

By Monday we will probably announce that the President will take no action to restrict import of canned mushrooms from China due to the ITC's finding that market disruption does not exist. We will continue to monitor the situation, though.

You may recall that (believe it or not) one of the TV network news shows did a segment on this subject not too long ago.

hi

THE WHITE HOUSE
WASHINGTON

23 November 1982

TO: JAB III

RE: Tylenol/Johnson & Johnson

As follow-up to your meeting with Messrs. Burke and Mullen of Johnson & Johnson, I checked into the subject of legislation to make tampering with drugs, food, etc. a federal crime.

Justice informs me that FBI Director Webster proposed on November 5 that such tampering as occurred in the Tylenol case be made a federal crime with felony penalties (right now it is a crime to alter food or drugs, but it is only a misdemeanor and is meant to apply more to manufacturer's negligence).

DOJ's Criminal Division began review of the proposed bill on November 15. I've asked Bob McConnell (DOJ Legislative Affairs) to keep me informed on this.

I called Mullen with Johnson & Johnson to inform him of the above. He's happy and appreciative. Obviously we'll seek the company's help if we go with the legislation.



THE WHITE HOUSE
WASHINGTON

November 23, 1982

11/29
JC:
Please show
this to MDT
Thomson
JAB III ✓

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi
SUBJECT: Number of Federal Employees

The latest information on this subject is that OPM has dramatically revised their estimate of the reduction in non-defense employees. Their earlier estimate, as I had already related to you, was that non-defense employment had been reduced by 31,000 FTE work years. Now OPM feels that the reduction has actually been 66,972.

The following answers your question regarding the net change in employment after adjusting for the increase in DOD's civilian employees:

66,972	Reduction in FTE non-defense work years
<u>- 31,424</u>	Increase in defense civilian employees
35,548	Difference
<u>+ 1,000</u>	Margin of error
36,548	Net reduction in "FTE work years"

OPM feels the actual reduction in "bodies" on the payroll is even higher, though they are still working on a reliable means of counting that can be applied to all agencies.

cc: Richard Darman

fsc memos

THE WHITE HOUSE

WASHINGTON

November 23, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jim*

SUBJECT: Black Outreach

11/29
ge
fed's talk
re this. Trans.
JAB
(No new slots.)
Done
gr

You had decided to support Elizabeth's suggestion that all black outreach be in one place and that Mel Bradley handle it. You then asked me to work out the details with Meese's office.

Elizabeth's main concern, of course, was that Thelma Duggin could not handle black outreach with her other duties. Since you decided not to give her a new slot, her preference was to transfer to Mel.

When I first raised this with Meese (through Cribb), they thought it was a good idea and agreed. Then they said they would do it if we put Mel on WH staff. I said we'd only agree if it was an even trade of slots between OPD and Meese's staff.

Harper and Meese have wanted to get Mel on WH bodycount (as opposed to OPD's) for some time. John Rogers has told them they could do this provided there was an even trade of slots with Meese's shop. That way OPD would not get a new slot because Meese would have to put one of his staff on OPD's bodycount, and overall WH bodycount would stay the same.

Bottom line is that Meese seems to have dropped the condition. He told Harper to talk with Elizabeth directly and try to work something out.

Red told me he feels the matter will quietly die for lack of agreement. Harper wants a new slot (he feels Mel is doing political, not policy work) which we won't give him. Also, Red says Mel is not really willing to do all the work involved in outreach; Mel now "does his own thing" and relies on Thelma for the serious detail work.

Red and I are discussing other ways to try to get some creative thought focused on black/minority issues, and on what steps we might take. Clearly, the present system of split responsibility will not work. As you know, we have had no real public effort in this area since the Voting Rights Act.

THE WHITE HOUSE
WASHINGTON

November 23, 1982

11/23
I Call N. Baker ✓
Clean Air. Get
commitment!

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi
SUBJECT: CCEA Meeting on Jobs Proposals

II Call Ken D.
+ Dick D.
re results of mtg.
with
Rusty.

Attached is the options paper prepared for today's CCEA discussion with the President on jobs proposals. I have highlighted and jotted remarks in it where I thought it appropriate. Since the paper did not get here till this morning, I have not had time to prepare a detailed summary. However, I would note the following on each option:

- Option 1: this is the wage subsidy idea that initially appealed to you. It is more complex now than at first, though, and I have reservations about whether it is still a good idea.
- Option 2: this appeals to me, especially as an alternative to Option 1.
- Option 3: this is also appealing since it seems to be a simple way to address the growing problem of displaced workers.
- Option 4: I see problems here-- it would be very easy to pass an extension of benefits right now, but it does nothing to put people back to work.
- Option 5: this is the summer wage differential for youth, and I see no good reason not to support it. It would create 300,000 to 600,000 summer jobs.
- Option 6: I dislike this for various reasons, including the fact that it seems to create an indirect incentive for youth to drop out of school.
- Option 7: this is a possibility, but it is clearly less well thought out than the other options. Any number of problems could be raised with this that are not addressed in the paper.
- Option 8: politics of this is very bad, and could place the President in a very bad light. This is the type of thing you do when unemployment is 6%.

THE WHITE HOUSE

WASHINGTON

November 22, 1982

CABINET COUNCIL ON ECONOMIC AFFAIRS

DATE: November 23, 1982

LOCATION: Cabinet Room

TIME: 11:15 a.m.

FROM: CRAIG L. FULLER 

I. PURPOSE

To discuss options that deal with solving the long-term unemployment problem, youth unemployment, increasing work opportunities for the mainstream unemployed and removing incentives to remain unemployed. The Cabinet Council and several working groups have been seeking appropriate options for this Administration to specifically consider. Four options are to be discussed at this meeting: 1) Establish a wage subsidy for unemployment insurance exhaustees; 2) Permit states to use unemployment insurance trust funds to provide retraining and relocation assistance; 3) Increase funding for displaced workers under the Job Training Partnership Act; 4) Extend federal supplemental compensation for six months with tighter eligibility requirements. A Presidential decision is requested. (Paper attached)

To mention those defeated Members of Congress who should be considered for positions in the Administration. Talking points are attached which list the key Members for consideration.

II. PARTICIPANTS

Cabinet Council on Economic Affairs members will be attached to the agenda.

III. PRESS PLAN

None

IV. SEQUENCE OF EVENTS

Secretary Baldrige will lead the discussion on unemployment. Talking points for the discussion on Members to be placed in the Administration are available for you.

THE WHITE HOUSE
WASHINGTON

THE CABINET COUNCIL ON ECONOMIC AFFAIRS

November 23, 1982

11:15 a.m.

Cabinet Room

AGENDA

1. Structural Unemployment (CM#303)

THE WHITE HOUSE

WASHINGTON

November 22, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON ECONOMIC AFFAIRS

FROM: ROGER B. PORTER *RBP*

SUBJECT: Structural Unemployment

This memorandum outlines a series of options that the Cabinet Council has discussed over the last three weeks. As the Council requested at our November 16 meeting, members of the Working Group, representing the Departments of Labor, Treasury, and Commerce, the Council of Economic Advisers, the Office of Management and Budget, the Office of Policy Development, and the Office of the U.S. Trade Representative, have divided these potential proposals into four groups -- assisting the long-term unemployed, addressing youth unemployment, increasing work opportunities for the mainstream unemployed, and removing incentives to remain unemployed. These proposals share a common theme -- seeking to expand opportunities and incentives for individuals to secure employment.

I. Assistance for the Long-Term Unemployed

While many of the unemployed find jobs or withdraw from the labor force relatively quickly, a sizeable fraction of unemployment is due to persons who suffer long-term joblessness. During 1983 an estimated five million persons will experience unemployment for longer than six months. It is likely that somewhat over 2.5 million people will exhaust all unemployment compensation benefits during 1983. Even after the economy recovers, long-term unemployment will continue to be a problem for a significant minority of workers. In 1979, when the overall unemployment rate was 5.8 percent, almost three million people experienced six or more months of unemployment. Long-term unemployment imposes the greatest costs on workers in terms of illness, stress, and possible personal bankruptcy. Long-term unemployment is also the most visible part of the unemployment problem and arouses the most public concern.

The Council has concentrated on four options for assisting the long-term unemployed.

Option 1: Establish a Wage Subsidy for Unemployment Insurance (UI) Exhaustees

This proposal contemplates making available special employment assistance benefits to persons who have exhausted all the unemployment insurance payments available to them. Benefits could be taken in one of two forms:

1. Thirteen weeks after exhausting all regular UI benefits or extended benefits if available, workers could receive 26 weekly vouchers which they could give to employers. Each voucher could be redeemed by the employer to subsidize part of the worker's wages for each week of full-time employment. The total value of the vouchers would be one half the amount of the worker's regular UI benefit entitlement. For workers who qualified for the 26 weeks of regular UI, each weekly voucher would thus be worth one half the worker's UI benefit amount, a subsidy on average of about \$60 a week.

Employers would turn in the vouchers to the U.S. Treasury as a credit against their tax liability. Employers could not receive a credit for employees they previously laid off. Vouchers would expire one year after the worker exhausted UI benefits.

2. Workers moving more than 100 miles to take a new job would be eligible for the vouchers without the 13-week waiting period.

a can of worms

This proposal would be advanced to replace the Federal Supplemental Compensation (FSC) which expires March 31, 1983.

Required Legislation

Federal legislation would be required. No state legislation is believed necessary, but agreement by state governors would be needed to implement.

Costs and Coverage

Costs depend on how many of the estimated 3 million unemployed eligible workers would take advantage of the program. About two-thirds of them would probably not use the subsidy because either they left the labor force, took a job before the end of the 13-week waiting period, or were unable to find employment even with the subsidy.

Assuming the remaining one million took the wage subsidy for the full 26 weeks, the cost of the program covering one year's worth of workers would be approximately \$2 billion. The program

would subsidize an average of 500,000 jobs throughout the year. The employment effect of the program would depend on employer decisions and is difficult to predict. Some of the subsidized workers would have found work without the program; some would simply displace other workers. At best, a program on this scale might raise net employment by 300,000 jobs and reduce unemployment by the same amount. At worst, assuming it kept in the labor force some of the estimated 25 percent of exhaustees who would have dropped out, the program might raise measured unemployment, if most of the subsidized jobs were jobs that would have been filled in the absence of the program.

Advantages

- o The program would be targeted at experienced workers with very serious employment problems. Only persons taking the constructive step of getting a job would receive help.
- o The program would offer a productive alternative to continuing federal supplemental benefits.
- o The program would encourage workers to move to areas with greater employment opportunities.
- o The proposal could be implemented relatively quickly since it only requires federal legislation.

Disadvantages

- o Although the subsidy will make these workers more attractive to employers, the program does nothing to help those still unable to find a job. Critics may attack it as a hollow promise pointing to a lack of jobs, even if subsidized, in high unemployment areas.
- o This would constitute another uncontrolled entitlement program. Expenditures could appreciably exceed estimates should more workers than expected get subsidized jobs. It is potentially more costly than a simple extension of the FSC program, which is estimated to cost \$1.4 - 1.7 billion for a six-month extension through September 30, 1983.
- o Administering the tax credit will increase the already heavy existing IRS workload.
- o It could result in "churning" as employers let subsidized workers go after 26 weeks and replace them with other subsidized workers.

- o Congress might well shorten the 13-week waiting period, thus increasing costs as subsidies go to workers who would have taken jobs during that period anyway.

Option 2: Permit States to use Unemployment Insurance Trust Funds to Provide Retraining and Relocation Assistance

Under current law, states can use UI trust funds only to provide cash assistance to unemployed workers. The proposal, which has been recommended by the National Productivity Advisory Committee, would permit states to use UI trust funds to provide assistance to unemployed workers in the form of retraining and relocation assistance. The proposal includes two specific provisions:

- o A limitation of 2 percent of annual state UI tax receipts would be placed on the amount of UI assistance that could be paid by the state in the form of training or relocation assistance.
- o States running a deficit in their UI programs could borrow from the U.S. Treasury to finance training and relocation assistance at a rate of interest equal to the 3-month Treasury bill rate.

Required Legislation

Both federal and state legislation would be required to implement the proposal. Because most state legislatures meet irregularly and only for a portion of the year, it is unlikely that the proposal could be adopted on a widespread basis until calendar year 1984.

Cost and Coverage

It is unclear how many, if any, states would aggressively pursue this option. If all states adopted the proposal, the maximum outlays for FY 1984 under the 2 percent limitation would be \$436 million. Assuming an average cost per individual served of \$2,500, the program would serve 174,000 individuals.

Advantages

- o Provides a means whereby states can encourage individuals who have been permanently separated from their jobs to retrain or relocate themselves.
- o States could tailor their assistance to the specific needs of long-term structurally unemployed workers.

Disadvantages

- o It is not clear that many states would adopt this option. Under current law, states can provide retraining and relocation assistance and finance such assistance in a very similar manner to that provided in the proposal. Nothing in current law prevents a state from levying a payroll tax or borrowing from the general public to finance such assistance. *less likely though*
- o The large industrial states experiencing a severe displaced worker problem are also states with large UI trust fund debts. These states are unlikely to raise state taxes to finance the program. Rather, they are likely to borrow from the trust fund, thereby raising their indebtedness. Currently, pressure is building in Congress to forgive state debts. Further indebtedness would only increase this pressure. Since the UI trust fund is part of the federal budget, any state borrowing will increase the federal deficit.

Option 3: Increase Funding for Displaced Workers Under the Job Training Partnership Act (JTPA)

The recently enacted Job Training Partnership Act (JTPA) includes a federal-state matching program to provide assistance for displaced workers. Under the Act, several kinds of assistance can be offered:

- o Private sector retraining or approved schooling;
- o Relocation allowances for workers who wish to move; or
- o Wage subsidies for firms hiring displaced workers.

Under current budget requests, the Department of Labor plans to spend \$100 million in FY 1983 and \$240 million in FY 1984. This option would increase funding for the displaced workers program by \$200 million.

this seems to be one of the simplest, yet effective options.

Required Legislation

No additional legislation is required. Only an increased budget appropriation is needed.

Cost and Coverage

The cost per person is estimated between \$2,000 and \$3,000. The additional funds would be targeted at on-the-job training in

growth industries by providing wage subsidies for experienced workers. Between 70,000 and 100,000 individuals would be assisted by the creation of these subsidized training jobs, and the number of subsidized jobs could be between 30,000 and 50,000.

Advantages

- o Since training provided under JTPA is offered through the private sector, it is job oriented and often leads to a permanent job.
- o Increased expenditures on JTPA would be limited by a budget appropriation enabling the government to anticipate and control outlays.
- o When an individual receives on-the-job training, he is no longer counted among the unemployed. Thus, any additional funds spent on JTPA will directly reduce the unemployment rate.
- o Unlike proposals requiring state legislation, additional funding for JTPA can create newly subsidized jobs immediately.

Disadvantages

- o This proposal adds to a discretionary program that has not in the past proven itself.
- o The Department of Labor has discretion over only 25 percent of the displaced worker funds under the new Jobs Act. Seventy five percent of the funds are available to the states for use by the governors who provide matching funds. Therefore, of the \$440 million proposed here, at most \$110 million could be targeted by the Department of Labor.
- o Since the Administration has requested scaling down appropriations for all JTPA programs, asking for additional displaced worker funding might be viewed as a policy reversal.
- o States are required to match the federal resources dollar-for-dollar. While this incentive could lead to better programs leveraging more resources, it could also inhibit use in states with large budget deficits.

Option 4: Extend Federal Supplemental Compensation (FSC) for 36 months with Tighter Eligibility Requirements

This proposal would accept, if necessary, extending the UI Federal Supplemental Compensation (FSC) program beyond its present expiration date of March 31, 1983, but only with amendments to tighten up eligibility. The present program provides up to 10 additional weeks of benefits in states that paid extended benefits after June 1, 1982, up to 8 additional weeks in remaining states with insured unemployment rates of over 3.5 percent and up to 6 additional weeks in all other states. Benefits are payable to those who use up all their weeks of UI and, where available, extended benefits (EB).

This proposal would tighten up FSC by:

- o Requiring that claimants have worked 30 weeks out of the 52-week period used to determine their entitlement to UI, rather than 20 weeks now required.
- o Denying FSC to those who voluntarily quit their last job.
- o Increasing the level of the insured unemployment rate necessary to trigger on the eight and ten week programs.
- o Establishing an FSC "needs test" by imposing a tax of up to 100 percent on FSC benefits received by individuals with adjusted gross incomes above \$25,000.

Required Legislation

Federal legislation would be required. No state legislation is required; governors would have to sign an agreement to implement FSC in their states. All did the last time.

Costs and Coverage

The program described above would cost considerably less than a straight extension of the present FSC program which automatically provides up to 10 weeks of FSC in the 38 states that were on EB at one time or another since June 1, 1982.

Advantages

- o This proposal provides cash benefits to the long-term unemployed with past demonstrated workforce attachment, who lost jobs through no fault of their own; the tax reduces the windfall to families with other income.

- o It provides 5 weeks of FSC in moderately high unemployment states that fall below the level now required to "trigger" on EB (5 percent insured rate), thus reducing pressure to rollback the 1981 EB trigger rate changes.
- o It targets the remaining 5 weeks of FSC on states with very high unemployment.

Disadvantages

- o Extending FSC will likely raise the measured unemployment rate. Additional weeks of cash benefits encourage beneficiaries to relax their search for work, or to remain in the labor force when they otherwise would have dropped out.
- o It provides additional weeks of benefits at unemployment rates below those now required for EB, undercutting the Administration's position on maintaining the current EB trigger rates for the long run.

- o It does nothing to put people back to work.

biggest objection to inclusion in a "jobs" package

Decision

- Option 1: _____ Establish a Wage Subsidy for UI Exhaustees
- Option 2: _____ Permit States to use Unemployment Insurance Trust Funds to Provide Retraining and Relocation Assistance
- Option 3: _____ Increase Funding for Displaced Workers Under the Job Training Partnership Act (JTPA)
- Option 4: _____ Extend Federal Supplemental Compensation (FSC) for Six months with Tighter Eligibility Requirements

II. Youth Unemployment

Youth unemployment is a serious labor market problem. Approximately thirty percent of the current unemployed are youths under 21. Increasing our ability to absorb the surge of new workers, mostly youths, that enter the labor market each year is essential. Experience suggests that youths who have difficulty in the first year or two in securing employment run a higher risk of becoming part of the long-term unemployed.

The Council has concentrated on two basic approaches -- a summertime youth differential minimum wage and tax incentives for on-the-job training of school leavers -- which are not mutually exclusive.

Option 5: Establish a Youth Differential Minimum Wage for Summer Employment

Under current law, a single Federal minimum wage of \$3.35 exists for all workers independent of their age. The proposal would establish a youth differential minimum wage with the following provisions:

- o The lower minimum would be established at 75 percent of the current minimum, i.e., at \$2.50 per hour.
- o Only youth under the age of 22 would be eligible for this lower minimum.
- o The lower minimum would be available only during the period May 1 through September 30 each year.

Background

You endorsed the concept of a youth differential several times during the 1980 campaign. On August 5, 1980, before the National Urban League, you said: "We have a special need to expand the job opportunities for young people, through enactment of a youth differential in the minimum wage...Permitting young people to work at less than the legal minimum wage would allow them to get what they need most -- a job and the work experience it provides."

The minimum wage has risen 15 times since it was first enacted in 1938. The last legislated increase in the general minimum wage took effect January 1, 1981 when the minimum rose to \$3.35 an hour. This level has increased from \$3.10 in 1980, \$2.90 in 1979, and \$2.65 in 1978. The increases from 1978 until now were specified in the 1977 amendments to the Fair Labor

Standards Act. Since these amendments did not specify any increase beyond 1981, the \$3.35 rate will remain fixed unless new amendments are enacted.

A youth minimum wage is not a new concept. A youth differential was recommended by the Nixon Administration in 1973, and the President based his veto of the minimum wage bill passed by the Congress that year in part on the failure to include a youth wage provision (the House vote to override the veto failed by 23 votes). At the time of the 1977 minimum wage revisions, an amendment was rejected by only one vote in the House (211 to 210) that would have permitted employers to pay 85 percent of the minimum to youths 18 or under for the first six months of employment.

The mayors of the two largest cities in the nation, Mayor Koch of New York and Mayor Bradley of Los Angeles, have strongly supported a youth differential minimum wage. One reason is that it would benefit many inner city youths.

Required Legislation

Modifying the minimum wage would require amending the Fair Labor Standards Act.

Cost and Coverage

No additional Federal outlays would be required. It would reduce the cost of the summer youth programs by \$75 million. It would create an estimated 300,000 to 600,000 new summer jobs.

Advantages

- o The minimum wage is particularly harmful for many youths because they lack sufficient skills and experience to earn a wage at or above the current minimum. If enacted, a youth differential minimum wage would increase teenage employment.
- o Opposition to a general youth subminimum stems from concern that employers would substitute youths for older workers. Such substitution is much less likely if the lower minimum is restricted to the summer months. Thus, congressional support is more likely for this proposal than for a general reduction in the minimum wage. The proposal is consistent with your previous commitments supporting a youth differential minimum wage.

Disadvantages

- o A youth differential minimum wage might generate pressure for an increase in the general minimum wage.
- o Organized labor vehemently opposes lowering the minimum wage. Major political opposition can be expected from those who wish to benefit from the support of organized labor.

Option 6: Create Tax Incentives for Temporary Private Sector On-The-Job Training for School Leavers

Youth who have recently dropped out of school or graduated from high school and are not attending post-secondary school would be eligible for the program.

Private sector employers would receive a tax credit for employing certified school leavers equal to 40 percent of wages, up to a total credit of \$1,600 over a six month period. For administrative simplicity, schools would certify eligibility for the program. Tax credits would be claimed through the Federal tax system.

Background

For American youth the transition from formal schooling to full-time employment is characterized by high unemployment. In periods of full employment, the unemployment rate of high school graduates not enrolled in college is about 20 percent. For high school dropouts the comparable unemployment rate is over 30 percent. During a recession these unemployment rates rise sharply. Unlike youth enrolled in school, most school leavers are in the market for full-time jobs that provide employer training. The minimum wage and the lack of entry level positions for apprentices and craft training make it difficult for youth to find jobs that provide private sector skill training and an opportunity to develop good work habits. The Federal government provides substantial direct and indirect support to individuals who enroll in some form of higher education, but provides few financial incentives for individuals to acquire and firms to provide skill training on-the-job.

Required Legislation

The proposal would require Federal legislation -- perhaps as an amendment to the Targeted Jobs Tax Credit (TJTC), which provides tax credits for employing disadvantaged youth.

Cost and Coverage

The cost of the program is difficult to estimate since the level of employer participation is very uncertain. The working group estimates that the proposal would create 100,000 new jobs at a cost of \$1 billion in 1984.

Advantages

- o The tax credit would mitigate the negative effect of the minimum wage on employment and on employer provision of job training.
- o The program attempts to improve the employability of school leavers before they experience serious labor market problems. The "preventive" approach to assisting unemployed youth may be more cost effective than the remedial approach characteristic of past training programs.
- o There may be long run benefits to the program if access to jobs with training opportunities reduces job turnover.

Disadvantages

- o Although the unemployment rates of school leavers are high, many youth who would have worked in the absence of the program will receive a subsidy.
- o The program may induce employers to substitute youth eligible for the credit for other potential workers. As a result, adults and youth not eligible for the program may experience increased unemployment.
- o This is a more expensive way of mitigating the negative effect of the minimum wage than establishing a youth differential minimum wage.

also, this gives an indirect incentive for youth to drop out of school.

Decision

Option 5: _____ Establish a Youth Differential Minimum Wage for Summer Employment

Option 6: _____ Create Tax Incentives for Temporary Private Sector On-The-Job Training for School Leavers

III. Increasing Work Opportunities for the Mainstream Unemployed

The Council has also considered structural reforms of the unemployment insurance system that would increase work opportunities for the mainstream unemployed.

Background

At the present time, in many states workers who have been laid off but take part-time jobs lose many or all of their unemployment benefits. This tends to reduce individuals' incentives to help themselves by taking part-time work. In addition, it causes employers and employees not to take advantage of part-time worksharing arrangements in times of temporary economic distress.

Option 7: ~~Mandate~~ Mandate Uniform State Standards to Encourage Part-Time Work by Unemployment Insurance Beneficiaries

This proposal involves mandating a uniform set of UI benefits for partially employed workers. The plan has two parts:

- o States would be required to establish a uniform benefit formula for unemployed individuals who are unable to find suitable full-time employment and who accept part-time work. The formula would allow workers to work (earn) up to certain threshold without losing employment benefits.
- o States would be required to adopt legislation that permits the payment of partial UI benefits to workers who take shorter weekly hours as an alternative to being laid off. The formula would make the partial UI benefits proportional to the reduction in work hours. Such arrangements already exist in California, Arizona, and Oregon.

Required Legislation

Both Federal and state legislation is required.

Cost and Coverage

- o An estimated 100,000 unemployed workers would take part-time employment if a partial-benefit structure similar to that now used by Pennsylvania (where an unemployed individual may

take a job and earn up to 40 percent of his weekly UI payment without penalty) were adopted by all states. An estimated 40,000 layoffs would be saved by establishing uniform partial UI benefits for workers who would otherwise be laid off if a plan similar to that in California were adopted (where UI benefits are in strict proportion to the reduction in work days).

- o The total cost of this program is estimated to be about \$450 million.

Advantages

- o It would encourage more stable employment in the form of worksharing in plants undergoing temporary reductions in output.
- o It encourages continued attachment to the labor force in the form of part-time jobs for workers who might otherwise refuse such employment.

JAB : I don't think this option has been thought thru as well as the others. I see a lot more problems than those listed here.

Disadvantages

- o By setting a Federal standard for state UI benefit structures this proposal may pave the way for Federal minimum UI standards.
- o This proposal expands the Federal role in unemployment insurance contrary to the general thrust of the Administration's federalism proposals.

Decision

Option 7: _____ Mandate Uniform State Standards to Encourage Part-Time Work by Unemployment Insurance Beneficiaries

IV. Removing Incentives to Remain Unemployed

The Council has also considered structural reforms of the unemployment insurance system that would remove incentives for recipients to remain unemployed.

Background

Under current law, unemployment compensation benefits are taxed only for married couples with joint incomes above \$18,000 and for single individuals with incomes above \$12,000. The not fully taxing of UI benefits makes replacement rates very high for some workers, especially married women and persons with many dependents. Many studies have shown that high benefits discourage the unemployed from returning to work and increase unemployment.

Option 8: Extend the Taxation of Unemployment Insurance Benefits

This proposal calls for lowering (possibly to zero) the income threshold above which unemployment compensation benefits are taxed. The funds raised could be earmarked to initiatives to combat unemployment.

Required Legislation

Federal legislation to reform the tax code would be required.

Costs and Coverage

The amount of the revenue raised would depend on how far the threshold was lowered. Taxing all UI benefits would raise \$1.9 billion in 1983 and 1984. A reduction in the income threshold to \$12,000 for married couples and \$8,000 for single persons would raise \$600 million per year in 1983 and 1984.

Advantages

- o Unemployment insurance benefits are a form of income and should not be favored for tax purposes over other income.
- o Funds raised by taxing UI could be used to finance programs to combat unemployment.
- o Fully taxing UI benefits would eliminate the work disincentive for persons near the income threshold.

best argument but politics of this is very bad.

- o Fully taxing UI benefits would increase incentives for persons to accept jobs rather than continuing to remain unemployed.

Disadvantages

- o Extending taxation of UI benefits might be unwise at a time when the unemployment rate is high and rising.
- o Fully taxing unemployment benefits or reducing the income threshold would impose a tax increase only on low income individuals since middle and upper income individuals currently pay taxes on UI benefits.
- o States might respond to fully taxing benefits by increasing those benefits in order to compensate. This would require increased payroll taxes by employers, possibly discouraging new hiring and encouraging layoffs.
- o Both business and organized labor have strenuously opposed taxing unemployment benefits in the past and can be expected to do so in the future.

Decision

Option 8: _____ Extend the Taxation of Unemployment Insurance Benefits

THE WHITE HOUSE

WASHINGTON

November 30, 1982

MEMORANDUM FOR BUD MCFARLANE
ROGER PORTER
DAN MURPHY

FROM: Jim Cicconi 
SUBJECT: Wilson Center Events

Attached is the calendar of Wilson Center events during December. Please note especially the Evening Dinner Dialogue scheduled for December 3.

If you or anyone on your staff would like to attend, please contact Aileen Anderson (2174), and she will make the necessary arrangements.

Calendar of Events

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS
Smithsonian Institution Building Washington D.C. 20560 202 357-2115

DECEMBER 1982

Noon Discussion
Wednesday
December 1

"Soviet Religious Policy: Political Requirements
at Home and Abroad in the 1980s"

Albert Boiter, Research Associate, Georgetown
University, Center for Strategic and International
Studies

Noon Discussion
Thursday
December 2

"Franco-American Relations in the 1980s"

Bernard Vernier-Palliez, Ambassador of France to
the United States

Colloquium
Thursday
December 2
4-6 pm

"Political Parties and the Reconstruction of Democracy
in Argentina"

Marcelo Cavarozzi, CEDES, Buenos Aires, Argentina;
former Fellow, The Wilson Center

Commentators: Peter Lange, Professor of Political Science, Duke
University

Guillermo O'Donnell, Professor of Political Science,
University of Notre Dame

Noon Discussion
Friday
December 3

"The New Shape of Japanese History"

Marius B. Jansen, Professor of History, Princeton
University

Evening Dialogue*
Friday
December 3

"The Japan Experience and American Industrial
Reorganization"

Chalmers Johnson, Professor of Political Science,
University of California, Berkeley

Noon Discussion
Monday
December 6

"Rewriting Chinese History: Lessons of the Sino-
Japanese War, 1894-95"

Samuel C. Chu, Professor of History, Ohio State
University; and Sun Yat-sen, Professor of China
Studies, Georgetown University

Colloquium
Monday
December 6
4-6 pm

"Power Changes When Decentralizing: The Case of Yugoslavia"

Eugen Pusic, Professor of Political Science and Law,
University of Zagreb; former Fellow, The Wilson Center

Commentators: Paul S. Shoup, Professor of Government and Foreign
Affairs, University of Virginia

C. Dwight Waldo, Emeritus Albert Schweitzer
Professor in the Humanities, Syracuse University;
former Fellow, The Wilson Center

Noon Discussion
Tuesday
December 7

"Japan's New Prime Minister"

Panel: Yoshihisa Komori, Correspondent, Mainichi Newspaper
Company

Thomas P. Shoesmith, Bureau of East Asian and Pacific
Affairs, Department of State

Makoto Watanabe, Political Counselor, Embassy of Japan

Noon Discussion
Wednesday
December 8

"Scholarly Exchanges with the U.S.S.R. and Eastern
Europe: Achievements, Problems, Prospects"

Allen H. Kassof, Executive Director, International
Research and Exchanges Board

Noon Discussion
Thursday
December 9

"Generating Innovative Capabilities in Science
and Technology in Developing Nations"

Michael J. Moravcsik, Professor of Physics,
Institute of Theoretical Science, University of Oregon

Dinner/Seminar*
Thursday
December 9

"Why Nations Have Developed Nuclear Weapons"

Arnold Kramish, Fellow, The Wilson Center

Evening Dialogue*
Tuesday
December 14

"The Pacific Basin Community: America's Failure
to Meet the Challenge"

Lawrence B. Krause, Senior Fellow, Brookings Institution

Hahn-Been Lee, Fellow, The Wilson Center; Chairman of
the Board, Korea Advanced Institute of Science and
Technology, Seoul

Noon Discussion
Wednesday
December 15

"Brecht's Stalin Poems"

John Fuegi, Professor of Comparative Literature and
German, University of Maryland

Colloquium
Thursday
December 16
4-6 pm

"Liberty Versus Efficiency: The Industrial Trans-
formation and American Social Thought"

Mary O. Furner, Fellow, The Wilson Center; Associate
Professor of History, Northern Illinois University

Commentators: Robert Kelley, Fellow, The Wilson Center; Professor
of History, University of California, Santa Barbara

Warren Susman, Professor of History, Rutgers University

Noon Discussion
Friday
December 17

"U.S.-Japan Economic Frictions and What Can Be Done
About Them"

C. Tait Ratcliffe, President, International Business
Information, Inc., Tokyo

Noon Discussion
Wednesday
December 22

"Prospects for Radio Free Europe/Radio Liberty"

Ben J. Wattenberg, Vice-Chairman, Board for International
Broadcasting and Radio Free Europe/Radio Liberty

Noon Discussion
Wednesday
December 29

"The Soviet Union Revisited: A New Look at Sino-
Soviet Relations"

Chun-tu Hsueh, Professor of Politics, University
of Maryland

*By invitation

It is suggested that events be confirmed on the day of the event by telephoning
Louise Platt or Cynthia Ely, 357-2115.

12/10

THE WHITE HOUSE
WASHINGTON

December 2, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *Jim*
SUBJECT: Clean Air Act

Jim:
I'd like to see us
do this in preparation
for Congt. session
beginning in Jan.
Let's discuss in a
small group of you,
Dannan, B. Gray, Ken
D. and me.

As you know, the issue of whether and how to address the acid rain problem has been one of the key factors that has bogged down revision of the Clean Air Act. Addressing the problem of acid rain is not only a legislative issue, though: it has become a public relations point. By alleging an unwillingness to deal with acid rain on the part of the Administration, the opposition hopes to kill or greatly restrict the major revisions in the Clean Air Act we are seeking. We should, therefore, seek to defuse this issue and, if possible, turn it to our advantage.

JAB III
P.S. Maybe
we should
wait until
pressure
of the lame
duck +
Comm. S.S. part.
are part.
JAB III

I would suggest we begin work quietly and at a high level on an "acid rain package" we can portray as a control strategy. There is already a bill (by Randolph) which is acceptable to EPA and which could serve as the heart of the package. We could add other elements, such as a shift of research funds, acceleration of experimental programs like lake liming and coal washing, some pressure on industry for increased private sector research, etc. Development of such a package should commence immediately since it would have to be completed by February 1. It should be prepared with the possibility of a Presidential-level announcement in mind.

This step, of course, assumes that a victory on the major revisions we seek is not likely in the lame duck session; it is, instead, preparation for another try early next year.

An acid rain package would help to re-frame the overall issue. At present, we are perceived as having no real alternative and as being unwilling to address the problem. While we should be under no illusions about the reaction of environmentalists (very critical, inevitably), we should also recognize that it is much better to have an affirmative stance on the issue--to have a program consistent with the President's position of reasonable regulation of the environment, and not one perceived as blindly anti-environment.

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

This approach, if combined with other factors under ours or EPA's control, might help chances of passing some of the Clean Air revisions we seek. If no such revisions pass, however (and this must be considered a possibility), a more forthcoming stance on acid rain would at least place the President in a better political position. It would be harder to accuse the President of trying to "gut" the Act. Also, he would have taken an action that could be portrayed as pro-environment and as an attempt to break the logjam on Clean Air in general: the sanctions and other harm that follows failure to revise the Act can then be more readily blamed on liberal Democrats.

cc: Craig Fuller
Dick Darman
Ken Duberstein

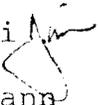
RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER ~~A~~-3 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE WHITE HOUSE
WASHINGTON

December 3, 1982

MEMORANDUM FOR JOHN SCHROTE

FROM: Jim Cicconi 
SUBJECT: Mark Heckmann

Attached is a resume for Mark Heckmann, who was Deputy Press Secretary to Governor Clements (handling speech writing chores in addition) during the time I was on staff there. Mark also handled press for the 1980 Reagan-Bush effort in Texas.

Should there be a suitable opening, I'd appreciate any consideration you might give him.

Thank you.

THE WHITE HOUSE
WASHINGTON

December 3, 1982

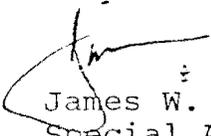
Dear Mark:

I received your letter and resume, and can only say I wish the circumstances surrounding your search for a new job were different. I followed the Texas races closely, and, needless to say, was very sorry to see Governor Clements lose.

I have forwarded a copy of your resume to the White House Personnel Office with a request that they contact you should any suitable openings come to their attention. I will also keep a copy in my office in case I hear of anything you might be interested in. I must tell you in all honesty, though, that the mid-term turnover in jobs at all levels has been surprisingly small.

In the meantime, I wish you, Susan, and the family the very best, and hope that you have a happy holiday season.

Sincerely,



James W. Cicconi
Special Assistant to the
President

Mr. Mark R. Heckmann
4000 Greenmountain Lane
Austin, Texas 78759

MARK R. HECKMANN

4000 Greenmountain Lane
Austin, Texas 78759

November 13, 1982

Mr. Jim Cicconi
The White House
Washington, D.C. 20500

Dear Jim:

Now that the tidal wave has swept over the Governor's Office, I am looking for employment in the field of public relations and/or speechwriting. Enclosed is my personal resume which details my experience since college.

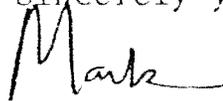
I know you are familiar with my qualifications, and I would appreciate any suggestions or advice you can give me regarding potential employers.

In addition, should you know of someone who needs an experienced public relations and/or speechwriting professional, please feel free to give them my resume.

I am interested primarily in governmental or corporate public relations, and I am willing to relocate to Washington, D.C.

Jim, I have enjoyed our friendship, and I hope our paths continue to cross. Thanks for all your help.

Sincerely yours,



Mark R. Heckmann

encl.

MARK R. HECKMANN
4000 Greenmountain Lane
Austin, Texas 78759
residence: 512/345-4775
office: 512/475-4215

PROFESSIONAL EXPERIENCE:

Office of Governor William P. Clements, Jr. - 1979 to present.
Deputy Press Secretary and Chief Speechwriter

Consult with the Governor and senior staff in analyzing issues and preparing strategies to maximize positive media coverage.

Assist with daily liaison between the Governor and the State Capitol press corps, Washington press corps, statewide and national news media.

Write speeches, press releases, articles, and position papers for the Governor. Chief speechwriter for First Lady Rita Clements.

Reagan-Bush Campaign in Texas - 1980.
Communications Director

Organized and supervised public relations staff of four persons during the general election campaign, after taking a leave of absence from Governor Clements' staff.

Responsible for daily liaison between the State Campaign Headquarters and the State Capitol press corps, Washington press corps, statewide and national news media; press releases; campaign newsletter; articles on behalf of Mr. Reagan; radio actuality system; press advance arrangements; and letters-to-the-editor program.

Advised advertising agency in preparation of brochures and other campaign materials.

Bill Clements for Governor Campaign and Transition Office - 1978.
Press Director

Supervised public relations staff of three persons during successful general election campaign to elect William P. Clements, Jr. as first Republican Governor in Texas in more than 100 years.

Responsible for daily liaison between Mr. Clements and the State Capitol press corps, Washington press corps, statewide and national news media; press releases; campaign newsletter; radio actuality system; and press advance arrangements.

Advised advertising agency in preparation of brochures, direct mail, advertising copy, and other campaign materials.

Houston Chronicle - 1974 to 1978.
Newspaper Reporter

Hired by largest newspaper in the Southwest United States within six months of graduation from college.

Covered variety of news assignments, including police reporting, courts, politics, and general news. Experience in newspaper lay-out, paste-up, and production.

Beaumont Enterprise-Journal - 1974.
Newspaper Reporter

Assigned to features and education beat. Experience in photography, newspaper lay-out, copy editing, and production.

Prior to graduation from college, worked for the State Capitol Bureau in Austin on part-time basis during senior year, and on full-time basis at home office in Beaumont during summer of 1973.

EDUCATION:

The University of Texas at Austin - 1970 to 1974.
Bachelor of Journalism

Was graduated from the University of Texas School of Communication in May, 1974. Minors in government and history.

MEMBERSHIPS:

The Wheat Ridge Foundation - 1976 to present.
Board of Directors

International, church-related, charitable organization with headquarters in Chicago, Illinois. Chairman of public relations committee.

Redeemer Lutheran Church - 1981 to present.
Board of Elders

PERSONAL:

Family: Married, one child.

Date of Birth: May 4, 1952.

THE WHITE HOUSE
WASHINGTON

December 6, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi

SUBJECT: CCMA Meeting

Reduction of federal non-defense employment was again discussed at the CCMA meeting December 1. The goal is a net reduction of 75,000 FTE work years between FY '82 and FY '84.

The target for FY '82 was 26,000. The actual result was a reduction of 66,900 non-defense FTE work years. This was principally due to the dismissal of 11,000 air traffic controllers, furloughs, unfilled vacancies, and general budget pressures. However, while we greatly exceeded the FY '82 target, Don Devine said that the overall goal might not be met by 1984 unless changes are made in agency requests for higher personnel levels over the next two years (see attached chart).

Of the reductions already made, approximately 10% were RIFs, while the remaining 90% resulted from normal attrition. This is evidence we can use to show that the Administration's approach to employment reduction has been both positive and sensitive.

On other subjects, OPM reported that it is planning a series of events in January (including a postage stamp) to recognize the 100-year anniversary of the Civil Service. The events are designed to raise the morale of federal employees in the wake of recent cuts. Also, it was reported that the Private Sector Survey's work is progressing well: of the 36 task forces, 26 are either writing their reports or have finished and are reviewing them with the agencies.

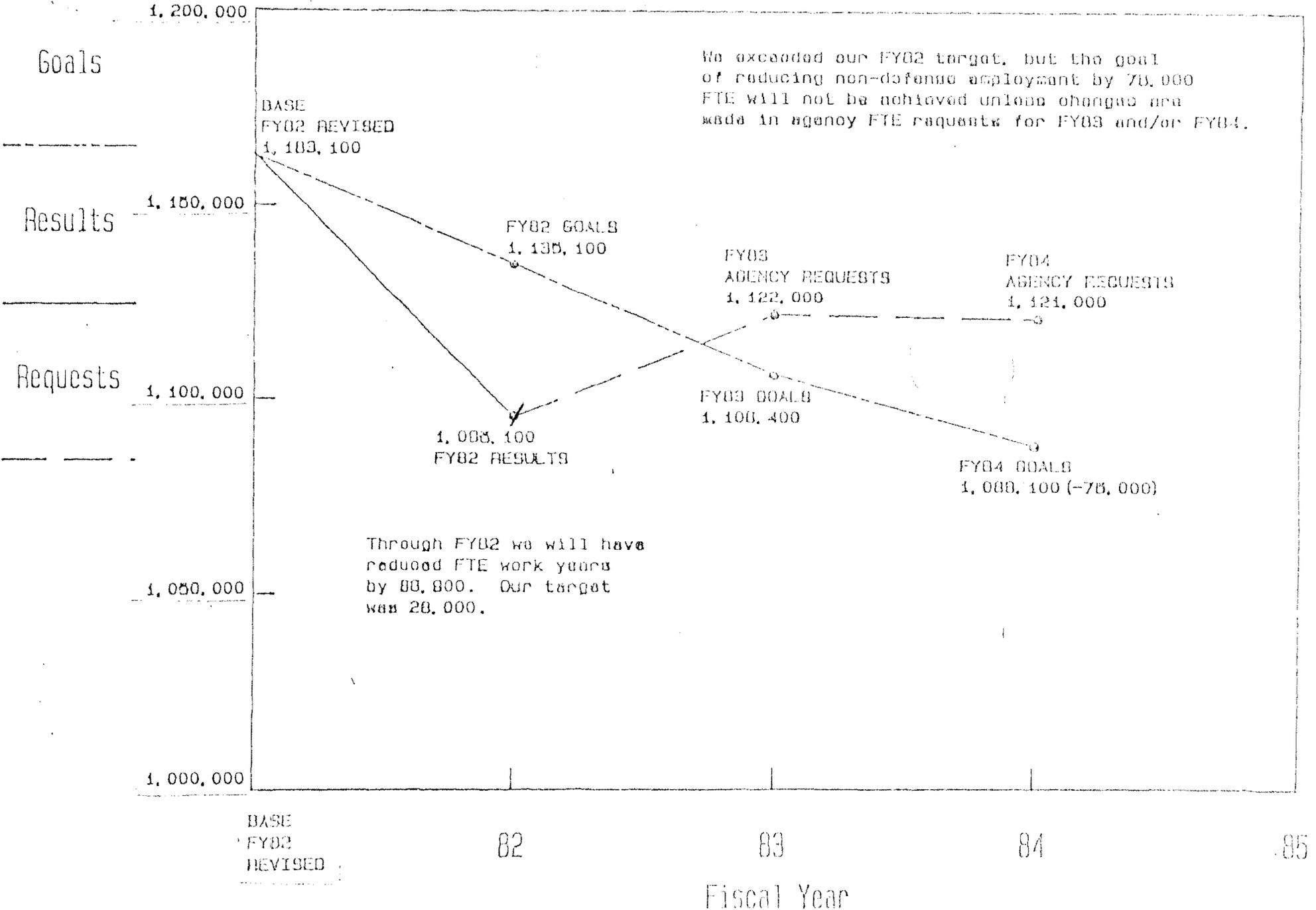
cc: Richard Darman

MOT
Please note and return to J.C. This is the print made in USN&WR article - and we have made good progress in non-defense employment reductions.
JAB

Non-Defense Employment (end of FY 1982)

Full Time Equivalent Work Years

FTE Work Years



THE WHITE HOUSE
WASHINGTON

December 6, 1982

MEMORANDUM FOR ED MEESE

FROM: James A. Baker, III *JAB III*
SUBJECT: Line Item Veto Authority

The President would like us to look into the possibility of setting up a commission to work toward obtaining line item veto authority for the chief executive. Such a commission could be chaired by Gerald Ford, and perhaps also include Richard Nixon and Jimmy Carter.

I would appreciate it if you would ask OPD to prepare a paper for us on this proposal that you and I could then discuss with the President.

Thank you.

cc: Mike Deaver
Richard Darman
Ken Duberstein
Dave Stockman

THE WHITE HOUSE
WASHINGTON

6 December 1982

TO: JAB III

RE: 4th Circuit Vacancy

DOJ will probably end up backing Ken Starr, the Counselor to the AG, for the new vacancy on the 4th Circuit.

Ken is from Virginia, and the opening is for a Virginian. They feel John Warner will support the choice.

Ken is about 37, practiced law in Bill Smith's firm, and clerked by Burger on the Supreme Court. They do not feel he'd have a problem with the ABA.

I have a high opinion of Ken, and it would be nice to have someone who'd be on the court for a long time.

Any preliminary thoughts on this?

(verbally conveyed)

JW

THE WHITE HOUSE

WASHINGTON



December 7, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM:

Jim Cicconi *Jim*

SUBJECT:

Presidential Statement on Minority Business Development

The Presidential Statement on Minority Business Development, which has been under discussion for some time, will be announced on December 15, 10:45 a.m., in the East Room. The key points in the statement are:

- The Minority Business Development Agency of the Department of Commerce and the S.B.A. will assist in the formation of at least 60,000 new minority businesses over the next 10 years.
- The Administration will assist in expansion of 60,000 current minority businesses (10% of the minority businesses already operating) over the next ten years.
- The federal government will procure an estimated \$15B in goods and services from minority businesses during FY '83, '84, '85 (this does not include indirect procurement by federal grantees, which could amount to an additional \$6-\$7B during this 3-year period). The goal for 1983 is 10% above the actual procurement during 1982 (you may recall an earlier dispute over this).
- We will make available approximately \$1.5B in credit assistance and \$300M in management and technical assistance to promote minority business development during the same 3-year period.
- The President will direct agencies to develop incentives to encourage greater subcontracting to minority businesses by federal contractors. Similar incentives will be devised to cover federal grantees.
- To increase private sector involvement in minority business development, the President will ask business leaders to help get at least 2,500 private firms to expand their business with minority enterprises.

Memorandum for James A. Baker, III
December 7, 1982
Page 2 of 2

In addition to the above, the statement will call on the President's Advisory Committee on Small and Minority Business to explore ways to reduce regulatory barriers to minority business expansion, especially into international trade. As follow-up to the statement, the President will later issue an executive order detailing specific steps to be taken, and directing the CCCT to set minority business development objectives for each agency.

cc: Richard Darman

Back to Cicconi 12/13

THE WHITE HOUSE
WASHINGTON



December 7, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*
SUBJECT: Contract Sanctity Provision

Roger Porter has outlined an additional argument that could help us regarding the contract sanctity provision in the CFTC reauthorization bill, and which Ken Duberstein may or may not be aware of. Briefly, the points are as follows:

1. The Administration is prepared to begin negotiations by next summer on a new long-term grain agreement with the Soviet Union;
2. The Durenberger language would remove any incentive for the Soviets to negotiate such an agreement because it would, in essence, allow them to enter into the U.S. market at any time they find advantageous, through a guaranteed contract, and disrupt the market to any degree they choose via the size and timing of their purchases;
3. Thus, rejection of the contract sanctity provision would operate to increase agricultural trade with the Soviet Union in a way which is not disruptive to the U.S. market by providing the Soviets an incentive to negotiate a new long-term agreement.

The above ~~agreement~~ ^{argument} may be particularly useful with certain conservative senators such as Lugar.

THE WHITE HOUSE
WASHINGTON

8 Dec 1982

JAB--

Ann Gorsuch told me in private that she feels the President would be making a real mistake to try to make any revision in the Safe Drinking Water Act.

She was sandbagged into backing some modifications by the more extreme views in CCNRE. Ann would love to see the whole idea killed by the WH.

this was in confidence.

THE WHITE HOUSE

WASHINGTON

December 8, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: Safe Drinking Water Act

This morning CCNRE discussed options regarding the Safe Drinking Water Act. Going into the meeting some agencies, including CEA and OPD, had supported an effective repeal of the Act. Others had advocated major changes designed to loosen standards and restrict the authority of the EPA Administrator. EPA did not agree with Council sentiment to modify the Act and worked to come up with a proposal that was, from their standpoint, less disagreeable. In the meantime, the OMB mark for EPA reportedly deleted all money for enforcement of the Act.

The proposal EPA worked out, in conjunction with Phil Gramm, would still greatly modify the Safe Drinking Water Act. The biggest changes would be to set a standard of "no unacceptable risk" (instead of "any adverse effect"), and a requirement that any regulation undergo a cost-benefit analysis.

It is important to note, though, that any change in the Safe Drinking Water Act would probably have little chance of passage in Congress, and would be portrayed as an attempt to "gut" or at least weaken the Act. I would anticipate that the political effect would be uniformly bad, and it is at least an even bet that private industry would leave us hanging out there by ourselves (these changes were supposedly first suggested by the water supply industry).

A memorandum with CCNRE's recommendation is being prepared for the President. While the changes it suggests may be desirable, they are not necessary, would have a slim chance of passage, and would cause further political damage to the President on the subject of the environment. I would recommend that a decision be made not to pursue any changes in the Safe Drinking Water Act. I would also suggest that the Safe Drinking Water enforcement portion of EPA's budget be examined very closely should it reach the Budget Review Board.

cc: Richard Darman

THE WHITE HOUSE
WASHINGTON

8 December 1982



TO: JAB III

RE: Cabinet Meeting

Yesterday's Cabinet meeting was largely an update session on issues you are already aware of. Briefly:

1. Bill Verity briefed on the PSI Report. It will recommend that Jay Moorhead's office be continued, a new Cabinet-level task force be created, and that a private advisory council be set up.
2. The President congratulated all spokesmen for the campaign work they did. He especially praised the VP, saying "no one in that office has ever done more".
3. The President briefly described the Latin American trip.
4. Amb. Brock briefed on the GATT, and summarized with the comment that "the trading system may be gone if political expediency (meaning the EC) continues to be imposed on economic questions." The only other item was that Jeane Kirkpatrick compared the deterioration in GATT with that in UNCTAD-- she says we need to start using foreign aid based on who votes with us in such forums. Ken Dam did not respond.

SC

THE WHITE HOUSE
WASHINGTON



JAB--

Just wanted to let you know that I called Jerry terHorst re his letter to you. You had asked that I look at it and somehow acknowledge it.

He had suggested that we hit the dollar/yen problem a bit harder, and I was able to point out how we were doing so. I also mentioned the President's emphasis for the past month on free trade issues and the need for other nations like Japan to reduce protectionist barriers.

terHorst asked me to pass on to you that Philip Caldwell, Ford Motors chairman, was very pleased with the President's recent, tougher statements on the trade issue.

Lastly, I told terHorst you were very appreciative of his letter, and basically agreed with the sentiments he expressed.

A handwritten signature is located at the bottom center of the page. It appears to be the name 'Jim' written in a cursive, flowing style. The signature starts with a large, sweeping 'J' that loops around, followed by the letters 'i' and 'm'.