

Fred McClure

copy of RR's speech
in S.A.
- to Mary Ann Knans

The U.S. Mexican Border Region: Problems
and Potential Remedies -- Study Outline

I. Introduction

Recent peso devaluations have aggravated chronic economic problems in U.S. border counties closely tied to the Mexican economy. In a Fifth of May speech in San Antonio, the President announced the establishment of a Federal task force to report in 45 days on: (1) problems of the region; (2) alternative state and local remedies currently available without Federal assistance; and (3) actions the Federal government should consider.

The working group's composition and work history (i.e. meetings, visits to border states).

Organization of the report.

II. Overview of the Border Region: People; Businesses; Governments

-- Data gathering assumptions (definition of the regions as a one-tier strip of counties running from Brownsville to San Diego).

track
Sw Bdr
Reg'l
Comm'n
data, def.

A. Characteristics of the People.

- (1) Demographics of the border counties -- populations relatively small, young, poor, undereducated, predominantly hispanic, and growing rapidly. (Census, other.)
- (2) Employment and unemployment patterns. (BLS, state employment services.)
- (3) Health (e.g., mortality, morbidity rates); housing; social and municipal services. (HHS, HUD, state and local information sources.)
- (4) Immigration patterns, problems. (INS, other.)

B. Characteristics of the Regional Economy.

- (1) Sectoral composition of border economies by state -- heavy dependence for employment/income on retailing, government. (BEA, Census.)

-- Variety across 2000 miles of border (e.g. San Diego's economy is far more diversified than McAllen's).

- (2) Dependence on economy of Northern Mexico -- relative sizes of populations/economies; effects of Mexican border development efforts; effects of currency fluctuations on U.S. retail trade in border cities. (Information from State, ITA; local studies; direct accounts; data from localities on wholesale/retail and property sales to Mexican nationals, tourism.)
- (3) Direct effects of world oil price changes on the regional economy -- oil and gas exploration since 1973. (BEA, Census, other.)
- (4) Characteristics and problems of the agricultural sector. (Agriculture.)
- (5) Economic resources of the region -- natural, man-made. (Reports of the Southwest Border Regional Commission; annual development plans by EDA regional offices.)

C. State and Local Governments.

- (1) Distributions of functional responsibilities and taxing authorities between states and localities in the border region. (ACIR, state governments, other.)
- (2) Composition of state revenues (tax structures, non-tax revenue sources, reliance on federal aid), recent fiscal health, levels of tax effort, share in the allocation of Federal revenues. Comparison with other states. (ACIR, Census, state governments, other.)
- (3) Composition of revenues in selected local jurisdictions (i.e., all SMSA cities and some rural counties), especially shares of local revenue provided by intergovernmental aid; local capacity to increase revenues through tax hikes and annexation of contiguous jurisdictions. Comparisons with remainder of state, the nation. (Census, ACIR, local governments, other.)

- D. History of U.S. and Joint U.S.-Mexican efforts to address regional problems. What has been proposed, tried; with what effect? Are there sound proposals still on the books that have not been tried? (State, ITA.)

III. Recent Experience of the Border Region: People; Businesses; Governments

A. Aggravated Problems of Individuals.

- (1) Employment and unemployment rates in recent months; UI application rates; numbers of UI exhaustees; special problems. (BLS, state employment services, other.)
- (2) Poverty rates; per capita income levels; numbers of AFDC and food stamp recipients and applicants; special problems. (Census, HHS, Agriculture, local information sources.)
- (3) Health and housing problems. (HHS, HUD, local information sources.)

B. Recent Developments in the Regional Economy.

- (1) Indices of economic performance since January 1982: (a) manufacturing shipments, sales, investment; (b) agricultural production, sales; (c) wholesale, retail trade; (d) commercial, residential construction; (e) property values; and (f) tourism. (State and local information sources, other.)
- (2) Business failure rates; special business problems -- e.g., difficulties of small and minority businesses; special problems of retailers; potential major layoffs; other trouble spots. What do border businesses really need to help them in the short term; in the long term? (MBDA, local information sources, other.)
- (3) Special problems of agriculture. (Agriculture.)

C. Added Burdens on States and Localities.

- (1) Impacts of recent developments -- e.g., peso devaluation, Federal aid reductions -- on state revenues and programs. (State information sources, other.)
- (2) Impacts of recent developments on revenues and programs of border municipalities and selected rural jurisdictions. (Local information sources, other.)
- (3) Special problems of rural jurisdictions. (Local information sources, other.)

D. Status of the Mexican Economy and Prospects for Recovery. (State, ITA.)

IV. State and Local Responses to Border Problems

- A. Standing Programs and Special Initiatives at State Level. (State information sources.)
- B. Standing Programs and Special Initiatives at Local Level. (Local information sources.)
- C. Private Sector Initiatives.

V. Federal Programs Which Address or Could Address Border Problems

-- List of programs should assume that U.S. initiatives to aid the Mexican economy are infeasible at this time and for this purpose. This section should include: (i) a catalogue of Federal programs which do or could service the border region; (ii) FY 83 and proposed FY 84 funding levels; (iii) estimates of current resource commitments to the border region; and (iv) tentative judgments on whether these commitments could be increased.

A. Commerce:

- (1) EDA: Public Works Grants; Planning and Technical Assistance Grants; Title IX Grants for Sudden and Severe Economic Dislocation; Business Loans and Guarantees.

- (2) MBDA: Minority Business Development Centers;
Federal Procurement.
- B. SBA: 7(a) Business Loans and Guarantees ("Peso Pack"); 503 Local Development Corporations; SBIC's; Management and Technical Assistance; MESBIC's; 8(a) Procurement.
- C. HUD: CDBG; UDAG; Housing Programs; U.S.-Mexican Bilateral Commission on Economic Development and Housing.
- D. Labor: CETA/JTPA Employment Training and Retraining; Special Programs for Migrant Workers.
- E. Agriculture: FmHA Loans and Guarantees; Food Stamps; from price support programs; export PIK's; agriculture per control programs.
- F. Treasury: General Revenue Sharing.
- G. HHS: AFDC; Title XX; SSI.
- H. Defense: Office of Economic Adjustment.
- I. Education: _____.

VI. Possible Federal Initiatives and WG Recommendations

- The list of possible Federal actions should assume no new spending authority, and should include options for improving the efficiency of existing programs (e.g., through improved coordination or targeting). Both short-term and long-term remedies should be considered.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

DATE: May 18, 1983

TO: Members of the Working Group on Southwest Border States

FROM: Heriberto Herrera *H. Herrera*
Deputy Administrator

SUBJECT: Southwest Border States, Background and Proposals
for Relief

The Southwest Border States (SBS) is experiencing an economic malady without precedent in this country. This condition occurred in July, 1982 with the devaluation of the Mexican Peso and certain Mexican banking restrictions.

The net effects of devaluation were felt immediately in the business communities of the SBS. The predominant flow of commerce was from south to north. When the devaluation occurred, the Mexican customers of the SBS businesses were unable to purchase goods and services with their greatly devalued currency. The pain of this loss of customers was felt overnight and was particularly acute since the primary selling season was nearing.

In August, 1982, the Small Business Administration (SBA) announced a special "Peso Pack" effort to assist the small business communities of the SBS. Special emphasis was made by giving management seminars and establishing special outreach for our loan programs. Loans were made based on ability to repay, and 348 loans, totaling \$28 million, have been approved. The immediate credit problem has been temporarily relieved.

The Peso upheaval and subsequent loss of Mexican customers has caused severe commerce disruption. It can be demonstrated that the Mexican customer will not be returning to the SBS, in predevaluation proportions, in the foreseeable future. The solution to this malady is to reorient commerce as quickly as possible.

Tools available to the Federal Government to help reorient commerce:

(1) President Reagan could place special emphasis on the SBS areas; by doing this, Federal purchases can be directed into the areas. Directed purchases are not otherwise available outside of the SBA 8(a) program.

(2) Federal purchases could be made from firms that would produce and increase employment in the SBS. This would require verbal persuasion from high levels.

Members of the Working Group
on Southwest Border States
May 18, 1983
Page 2

(3) The Corps of Engineers could accelerate building projects in the SBS.

(4) Grant-making agencies could accelerate outreach and service to stimulate new projects.

(5) The SBA 503 Development Company program could be stimulated by increased outreach and service.

(6) The Armed Forces Exchange Commissary program could be used to purchase surplus (needed) inventories from the SBS merchants.

(7) Increased utilization of SBA 8(a) firms. SBA 8(a) firms in lower Rio Grande now number 38, with 27 applications in process. The 8(a) program is a vehicle that can be used for direct and immediate infusion into the SBS. If the procuring agencies make a special effort, the 8(a) base of support could be greatly expanded. By greatly increasing the 8(a) activity, businesses can be created and expanded. This activity will cause increases in employment, and thereby, create new customers; replacing lost Mexican customers and de facto reorienting commerce.

Working Group on Southwestern Border States
Meeting May 18, at 3:00 p.m.
Herbert Hoover Building, Room 5859

Agenda

- I. Review of the Working Group's objectives and work schedule; and explanation of what DOC hopes that other participating agencies can provide.
- II. Preliminary discussion of study outline; review of specific information requested from WG members.
- III. Comments from WG members on information they have in hand or plan to supply. Questions.
- IV. Review of next steps.



How much fed money
going in there now?

Assume no new #

May Ann Kramer



UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for Economic Affairs
Washington, D.C. 20230

May 13, 1983

MEMORANDUM FOR Members of the Working Group on
Southwestern Border States

From: Robert G. Dederick, Chairman *RGD*

Subject: First Meeting of the Working Group

The Working Group on Southwestern Border States will meet for the first time on Wednesday, May 18, at 3:00 p.m. in Room 5859 of the Herbert C. Hoover Building. Please bring to the meeting any information that you have on:

- (1) Problems of individuals, state and local jurisdictions, and businesses in the border region. Our working definition of the "border region" is a one-tier strip of counties running from Brownsville to San Diego; but information with broader geographic focus is also welcome.
- (2) Programs administered by your agency which provide, or could provide, increased assistance to individuals, governments, or businesses in the border region. These may be programs which channel resources to the area automatically, programs which could supply assistance on a discretionary basis, or opportunities for reprogramming.

Enclosed is a copy of Craig Fuller's memorandum establishing the Working Group, and a list of participants. If you have questions about the Group's objectives or about the information I've asked you to bring, please contact Jeffrey Mayer (377-1727). I look forward to our first meeting on Wednesday.

Enclosures

THE WHITE HOUSE

WASHINGTON

May 4, 1983

MEMORANDUM FOR SELECTED DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER

SUBJECT: Working Group on Southwestern Border States

The President has asked that a Working Group on Southwestern Border States be established to review the current economic situation in the Southwestern region of the United States. A wide range of problems is affecting this area of the country as a result of the current situation in Mexico.

The Working Group on Southwestern Border States will be chaired by a representative from the Department of Commerce. Sub-cabinet representatives from the following departments and agencies will also serve on the Working Group: State, Treasury, Justice, Labor, Health and Human Services, Housing and Urban Development, Office of Management and Budget and the Small Business Administration. Representatives from the following White House offices will also participate: Office of the Chief of Staff, Intergovernmental Affairs, Congressional Affairs and the Office of Policy Development. Robert Carleson will serve as the executive secretary for the working group.

The Working Group on Southwestern Border States should focus on the following tasks:

- fact finding: determine what problems do exist in the region.
- alternative state and local remedies: determine what the state and local governments can do at the present time with and without the help of the federal government.
- Federal options: determine what actions the federal government should consider taking in the Southwestern Border States area.

The Working Group on Southwestern Border States should report its recommendations to the Office of Cabinet Affairs within 45 days. Recommendations will be sent to the appropriate Cabinet Council(s) for consideration.

Please provide this office with the name of the individual representing your department on the Working Group by May 6, 1983.

Working Group on Southwestern Border States

DOS - Ambassador Robert J. Ryan 632-8386
Deputy to the Assistant Secretary,
Bureau of Inter-American Affairs

Treasury - Robert W. Rafuse, Jr.
Deputy Assistant Secretary (State and Local Finance)
Room 3026, Main Treasury, 566-8661

DOJ - Michael Shepherd, 633-3643
Special Assistant, Office of Legal Policy

DOI - Garrey Carruthers, 343-2191
Assistant Secretary, Land and Water

USDA - Bill McMillan 447-4256
Assistant Secretary for Marketing and Inspection

DOC - Robert G. Dederick (Chairman), 377-3523
Under Secretary for Economic Affairs

Carlos Campbell 377-5081
Assistant Secretary for Economic Development

Mary Ann Knauss 377-3281
Deputy Assistant Secretary for Intergovernmental
Affairs

DOL - Dan K. Benjamin, 523-6181
Acting Assistant Secretary for Policy

HHS - Kay Rairdin 245-6854
Acting Deputy Under Secretary for Intergovernmental
Affairs

HUD - Benjamin Bobo, 755-6230
Acting Assistant Secretary for Policy Development
and Research

OMB - John Cogan, 395-3120
Associate Director, Health & Human Resources Division

SBA - Heriberto Herrera 653-6678
Deputy Administrator

White House - Pam Turner, 456-7054
Deputy Assistant to the President for Legislative
Affairs

White House - Jim Cicconi 456-2174
Special Asst. to the Pres. & Asst. to
Chief of Staff

THE WHITE HOUSE

WASHINGTON

May 4, 1983

MEMORANDUM FOR SELECTED DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER

SUBJECT: Working Group on Southwestern Border States

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Please provide this office with the name of the individual representing your department on the Working Group by May 6, 1983.

THE WHITE HOUSE
WASHINGTON

May 3, 1983

NOTE FOR CRAIG FULLER

FROM: RICHARD DARMAN

Attached are comments
received re Working Group
on South Texas.

cc: Jim Cicconi ←

THE WHITE HOUSE

WASHINGTON

April 29, 1983

MEMORANDUM FOR SELECTED DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER

SUBJECT: Working Group on South Texas

A Working Group on South Texas is being established to review the current economic situation in the southern region of Texas. A wide range of problems is affecting this particular area as a result of the current situation in Mexico.

The Working Group on South Texas will be chaired by a representative from the Department of Commerce. Sub-cabinet representatives from the following departments and agencies should also serve on the Task Force: State, Treasury, Justice, Health and Human Services, Housing and Urban Development, Small Business Administration and the Office of Management and Budget. Representatives from the following White House offices will also participate: Office of the Chief of Staff, Intergovernmental Affairs, Congressional Affairs and the Office of Policy Development. Robert Carleson will serve as the executive secretary for the working group.

The Working Group on South Texas should focus on the following tasks:

- fact finding: determine what problems do exist in the region.
- alternative state and local remedies: determine what the state and local governments can do at the present time with and without the help of the federal government.
- Federal options: determine what actions the federal government should consider taking in the South Texas area.

The Working Group on South Texas should report its recommendations to this office within 45 days. Recommendations will be staffed to the appropriate Cabinet Councils for consideration.

United States Senate

WASHINGTON, D.C. 20510

April 11, 1983

The Honorable James A. Baker, III
Chief of Staff and Assistant to the
President
The White House
Washington, D.C. 20500

Dear Jim:

I am deeply concerned about the economic crisis in South Texas created primarily by the devaluation of the peso. The lack of action by the Federal government in this matter should be remedied as quickly as possible.

As you may already know, estimates of unemployment in the area range from 20 to 50 percent. Retail sales and wholesale trade are down 25 to 40 percent -- 60 percent in some border communities. This sharp rise in unemployment, coupled with a fall in business activity, has caused the tax base of these communities to erode rapidly. It should be noted that this tax base erosion is occurring at the same time as the affected local governmental entities are being required to shoulder the additional burden of educating alien children in Texas public schools.

Additionally, illegal immigration is up 50 percent over last year. It is estimated that fully one-third or more of the 2 million illegal entrants in 1983 will become permanent residents of the United States, and, in my view, many of these will find their way to Texas.

I agree with the Administration's assessment that an economic recovery in Mexico would be beneficial in mitigating some of the aforementioned problems; nonetheless, South Texas and other border areas cannot afford to wait for this economic recovery to take effect. Indeed, officials at the Department of the Treasury indicate that Mexico will need two to four billion dollars in additional assistance before the end of 1983 should oil prices continue to decline. Experienced and informed individuals in the Nation's financial circles estimate that the amount is closer to \$7 billion.

In either event, because of these exacting economic pressures, private and public sector experts foresee that there will arise even added pressure on Mexico for further peso devaluation. This will serve only to exacerbate existing problems in South Texas and create new ones.

Although there is considerable merit in continuing high-level negotiations regarding Mexico's external debt, it is readily apparent to me that the acute problems of South Texas have fallen by the wayside. I have been impressed by the well-coordinated, government-wide Mexican rescue plan whereby the Departments of the Treasury, State and Agriculture acted quickly and efficiently to ward off a major crisis. Yet, to the contrary, this same degree of coordination and commitment seems lacking in government to deal with the growing economic problems of South Texas.

The Honorable James A. Baker, III
April 11, 1983
Page 2

Additionally, it should be noted that the source and nature of these difficulties in border areas are considerably broader than regional or parochial concerns. It is a problem which has reached an international status, and, in my view, it is our responsibility in government to act as quickly as possible to prevent further ruination of border communities. Rebuilding efforts are required now.

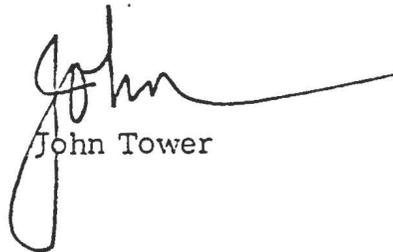
Having given this matter considerable thought, it is my view that the President should appoint an emergency economic review team or task force comprised of representatives from selected Federal departments and agencies to visit South Texas, evaluate the situation, design workable solutions which can be implemented immediately by administrative means, and report their findings within 30 days. Following this evaluation, the group should meet with Cabinet officials and senior agency staff, including Commerce, Housing, Treasury, Energy, SBA, and EDA to devise a plan of assistance for individuals and businesses which have been adversely affected by factors and circumstances beyond their control, and, most assuredly, which are not of their own making.

This situation is becoming noticeably worse as each day passes, and we cannot afford to continue ignoring the problem in hopes that it will somehow mysteriously vanish.

I strongly urge that this matter be given immediate attention. I look forward to hearing from you soon in this regard.

With best regards.

Sincerely,



John Tower

JGT/fdm



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

May 2, 1982

MEMORANDUM FOR: RICHARD DARMAN

FROM: John Cogan *JC*

SUBJECT: Thoughts on South Texas Working Group Memo

Dave Stockman asked me to convey our thoughts on Craig Fuller's memo establishing a working group on the economic problems confronting the South Texas region. I have no serious problems with the current draft. However, for two reasons you may wish to broaden the focus of the working group beyond the South Texas region. First, the two primary sources of the region's problems, the influx of illegal immigrants and the recent devaluation of the peso, are not unique to South Texas. They are the source of potential problems for other broader areas, such as the tip of Southern California, New Mexico, etc. Second, establishing a high level working group that looks solely at one small region of a State might create pressure for other such working groups to examine economic problems in other small areas, for example, South Succotash, the Bowery, or Bozeman's East-side.

Accordingly, you may wish to have the working group examine the economic impact of the dual effects of illegal immigration and the devaluation of peso on broader areas in general with, perhaps, some specific reference to the South Texas region.

cc: Dave Stockman

WHITE HOUSE STAFFING MEMORANDUM URGENT

DATE: April 29 ACTION/CONCURRENCE/COMMENT DUE BY: Monday, 5/2, c.o.b.

SUBJECT: WORKING GROUP ON SOUTH TEXAS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GROGAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Senator Tower has called for the creation of a group to study South Texas. Attached is a draft memorandum establishing such a group. Please provide any thoughts or comments by Monday, May 2nd.

Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

I have reviewed the attached and have no objection.

William P. Clark

MAY 9 2 1982

WHITE HOUSE STAFFING MEMORANDUM

DATE: April 29 ACTION/CONCURRENCE/COMMENT DUE BY: Monday, 5/2/70

SUBJECT: SOUTH TEXAS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

No objection.
Ken D.

WHITE HOUSE STAFFING MEMORANDUM

DATE: April 29 ACTION/CONCURRENCE/COMMENT DUE BY: Monday, 5/2, c.o.b.

SUBJECT: WORKING GROUP ON SOUTH TEXAS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
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FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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Thank you.

Richard G. Darman
Assistant to the President
(x2702)

*33 11-2
Sounds good to me.*

Response:

*key to success from
have strong chm
Commerce —
Dave J 5/2/82*

THE WHITE HOUSE

WASHINGTON

May 2, 1983

MEMORANDUM FOR CRAIG L. FULLER

FROM: ROGER B. PORTER *RBP*

SUBJECT: Working Group on South Texas

Attached is our edited version of your memorandum creating the Working Group on South Texas.

I leave to you whether you want to have it report to you "through Bob Carlson" as he suggests.

Boyer

THE WHITE HOUSE
WASHINGTON

April 29, 1983

MEMORANDUM FOR SELECTED DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER
SUBJECT: Working Group on South Texas

A Working Group on South Texas is being established to review the current economic situation in the southern region of Texas. A wide range of problems is affecting this particular area as a result of the current situation in Mexico.

The Working Group on South Texas will be chaired by a representative from the Department of Commerce. Sub-cabinet representatives from the following departments and agencies ~~should~~ ^{will} also serve on the ~~task force~~ ^{Working Group}: State, Treasury, Justice, Health and Human Services, Housing and Urban Development, Small Business Administration and the Office of Management and Budget. Representatives from the following White House offices will also participate: Office of the Chief of Staff, Intergovernmental Affairs, Congressional Affairs and the Office of Policy Development. Robert Carleson will serve as the executive secretary for the working group. *Please call his office (456-6630) to report the name of your representative*
The Working Group on South Texas should focus on the following tasks:

- fact finding: determine what problems do exist in the region.
- alternative state and local remedies: determine what the state and local governments can do at the present time with and without the help of the federal government.
- Federal options: determine what actions the federal government should consider taking in the South Texas area.

through Bob Carleson
The Working Group on South Texas should report its recommendations to this office within 45 days. Recommendations will be staffed to the appropriate Cabinet Councils for consideration.

WHITE HOUSE STAFFING MEMORANDUM

DATE: April 29 ACTION/CONCURRENCE/COMMENT DUE BY [REDACTED]

SUBJECT: WORKING GROUP ON SOUTH TEXAS

	ACTION	FYI		ACTION	FYI
VICE PRES'DEN1	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Senator Tower has called for the creation of a group to study South Texas. Attached is a draft memorandum establishing such a group. Please provide any thoughts or comments by Monday, May 2nd.

Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

*Good idea - JIM
5/2/83*

6850 E-1 88.

THE WHITE HOUSE
WASHINGTON

EMC

The structure of the working group is acceptable but there is a major problem -- The impetus for the formation of the working group on South Texas appears to be the letter from Senator Tower to JAB dated 4/11/83. While it makes sense to be responsive to Tower, it will be difficult politically and substantively to defend a working group that focuses only on the South Texas border and excludes consideration of NM, ARizona and California.

MENT I

Senators Wilson, Goldwater, Governor Deukmejian and Senator Domenici (and Pete is up for reelection in '84) and perhaps Congressmen from those border areas, would suggest their border problems is every bit as serious as the one in South Texas. I suggest the scope of the working group's inquiry be expanded!

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RSW (5/2/83)

FLESEN

AMSOI

JAMM

Y/SPEA

RS

n of
South Texas. Attached is a draft memorandum a group. Please provide any thoughts or comments by May 2nd.

Thank you.

Response:

ZL:76

THE WHITE HOUSE

WASHINGTON

May 2, 1983

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Working Group on South Texas

Counsel's Office has reviewed the proposal to establish a Working Group on South Texas, composed of specified representatives from various Cabinet departments and White House offices. We have no legal objection.

WHITE HOUSE STAFFING MEMORANDUM

DATE: April 29 ACTION/CONCURRENCE/COMMENT DUE BY: Monday, 5/2, c.o.b.

SUBJECT: WORKING GROUP ON SOUTH TEXAS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WHITTLESEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VON DAMM	<input type="checkbox"/>	<input type="checkbox"/>
FELDSTEIN	<input type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Senator Tower has called for the creation of a group to study South Texas. Attached is a draft memorandum establishing such a group. Please provide any thoughts or comments by Monday, May 2nd.

Thank you.

Richard G. Darman
Assistant to the President
(x2702)

Response:

THE WHITE HOUSE

WASHINGTON

April 29, 1983

MEMORANDUM FOR SELECTED DEPARTMENTS AND AGENCIES

FROM: CRAIG L. FULLER

SUBJECT: Working Group on South Texas

A Working Group on South Texas is being established to review the current economic situation in the southern region of Texas. A wide range of problems is affecting this particular area as a result of the current situation in Mexico.

The Working Group on South Texas will be chaired by a representative from the Department of Commerce. Sub-cabinet representatives from the following departments and agencies should also serve on the Task Force: State, Treasury, Justice, Health and Human Services, Housing and Urban Development, Small Business Administration and the Office of Management and Budget. Representatives from the following White House offices will also participate: Office of the Chief of Staff, Intergovernmental Affairs, Congressional Affairs and the Office of Policy Development. Robert Carleson will serve as the executive secretary for the working group.

The Working Group on South Texas should focus on the following tasks:

- fact finding: determine what problems do exist in the region.
- alternative state and local remedies: determine what the state and local governments can do at the present time with and without the help of the federal government.
- Federal options: determine what actions the federal government should consider taking in the South Texas area.

The Working Group on South Texas should report its recommendations to this office within 45 days. Recommendations will be staffed to the appropriate Cabinet Councils for consideration.

JOHN TOWER
TEXAS

COMMITTEES:
ARMED SERVICES
CHAIRMAN
BANKING, HOUSING, AND
URBAN AFFAIRS
BUDGET

United States Senate

WASHINGTON, D.C. 20510

April 11, 1983

The Honorable James A. Baker, III
Chief of Staff and Assistant to the
President
The White House
Washington, D.C. 20500

Dear Jim:

I am deeply concerned about the economic crisis in South Texas created primarily by the devaluation of the peso. The lack of action by the Federal government in this matter should be remedied as quickly as possible.

As you may already know, estimates of unemployment in the area range from 20 to 50 percent. Retail sales and wholesale trade are down 25 to 40 percent -- 60 percent in some border communities. This sharp rise in unemployment, coupled with a fall in business activity, has caused the tax base of these communities to erode rapidly. It should be noted that this tax base erosion is occurring at the same time as the affected local governmental entities are being required to shoulder the additional burden of educating alien children in Texas public schools.

Additionally, illegal immigration is up 50 percent over last year. It is estimated that fully one-third or more of the 2 million illegal entrants in 1983 will become permanent residents of the United States, and, in my view, many of these will find their way to Texas.

I agree with the Administration's assessment that an economic recovery in Mexico would be beneficial in mitigating some of the aforementioned problems; nonetheless, South Texas and other border areas cannot afford to wait for this economic recovery to take effect. Indeed, officials at the Department of the Treasury indicate that Mexico will need two to four billion dollars in additional assistance before the end of 1983 should oil prices continue to decline. Experienced and informed individuals in the Nation's financial circles estimate that the amount is closer to \$7 billion.

In either event, because of these exacting economic pressures, private and public sector experts foresee that there will arise even added pressure on Mexico for further peso devaluation. This will serve only to exacerbate existing problems in South Texas and create new ones.

Although there is considerable merit in continuing high-level negotiations regarding Mexico's external debt, it is readily apparent to me that the acute problems of South Texas have fallen by the wayside. I have been impressed by the well-coordinated, government-wide Mexican rescue plan whereby the Departments of the Treasury, State and Agriculture acted quickly and efficiently to ward off a major crisis. Yet, to the contrary, this same degree of coordination and commitment seems lacking in government to deal with the growing economic problems of South Texas.

The Honorable James A. Baker, III
April 11, 1983
Page 2

Additionally, it should be noted that the source and nature of these difficulties in border areas are considerably broader than regional or parochial concerns. It is a problem which has reached an international status, and, in my view, it is our responsibility in government to act as quickly as possible to prevent further ruination of border communities. Rebuilding efforts are required now.

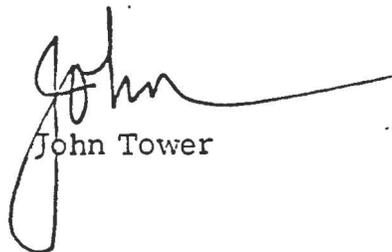
Having given this matter considerable thought, it is my view that the President should appoint an emergency economic review team or task force comprised of representatives from selected Federal departments and agencies to visit South Texas, evaluate the situation, design workable solutions which can be implemented immediately by administrative means, and report their findings within 30 days. Following this evaluation, the group should meet with Cabinet officials and senior agency staff, including Commerce, Housing, Treasury, Energy, SBA, and EDA to devise a plan of assistance for individuals and businesses which have been adversely affected by factors and circumstances beyond their control, and, most assuredly, which are not of their own making.

This situation is becoming noticeably worse as each day passes, and we cannot afford to continue ignoring the problem in hopes that it will somehow mysteriously vanish.

I strongly urge that this matter be given immediate attention. I look forward to hearing from you soon in this regard.

With best regards.

Sincerely,



John Tower

JGT/fdm