

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Cicconi, James W.: Files

Archivist: dlb/bcb

File Folder: JW Cicconi Memos, Jan - Jun 1983 [2 of 11]

Date: 2/18/98

Cicconi

~~OA 10793~~ *Box 2*

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to James A. Baker, III re Today's Cabinet Lunch: Educational Savings Proposals, 1p.	1/12/83	P5
2. memo	Connie Bowers to Ken Clarkson re Legislation Extending the Authorization of the Commission on Civile Rights, 4p.	12/14/82	P5
3. memo	JW Cicconi to James A. Baker, III re Tuition Tax Credits, 1p.	1/19/83	P5
4. memo	JW Cicconi to James A. Baker III re Rick 'Abell, 1p.	1/19/83	P5/P6 B6
5. memo	JW Cicconi to James A. Baker, III re Judge Joel Flaum, 1p.	1/19/83	P5 B6

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Cicconi, James W.: Files

Archivist: dlb/bcb

File Folder: JW Coccini Memos, Jan - Jun 1983 [2 of 11]
OA 10793

Date: 2/18/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	JW Cicconi to James A. Baker, III re Today's Cabinet Lunch: Educational Savings Proposals, 1p.	1/12/83	P5
2. memo	Connie Bowers to Ken Clarkson re Legislation Extending the Authorization of the Commission on Civile Rights, 4p.	12/14/82	P5
3. memo	JW Cicconi to James A. Baker, III re Tuition Tax Credits, 1p.	1/19/83	P5
4. memo	JW Cicconi to James A. Baker III re Rick 'Abell, 1p.	1/19/83	P5/P6
5. memo	JW Cicconi to James A. Baker, III re Judge Joel Flaum, 1p.	1/19/83	P5

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

THE WHITE HOUSE
WASHINGTON



January 12, 1983

MEMORANDUM FOR CRAIG FULLER

FROM: Jim Cicconi
SUBJECT: Child Labor Regulations

Thought you might want to see the attached from Bob Bonitati on child labor regulations. You may recall the brief controversy on this subject last year.

Since the comment period is up tomorrow, DOL may announce its position on the regs any time thereafter.

I am sure DOL will coordinate with WH before announcing anything, but wanted to be sure you were aware of this.

Thanks.

cc: Red Cavaney

JAB

This hasn't resurfaced yet, but could again be a "minor" controversy (ouch).

jc
1/12

THE WHITE HOUSE

WASHINGTON

January 12, 1983

MEMORANDUM FOR ELIZABETH H. DOLE

FROM:

BOB BONITATI 

SUBJECT:

Child Labor Regulations

As you might recall, last summer's "child labor" regulations flap was resolved when DOL extended the comment period on the regulations for 180 days.

I am told that the 180 days will be up tomorrow, January 13, and the DOL is now reviewing "where to go" with the proposal.

I would like to strongly urge that we cut our losses and withdraw the proposed regulations.

cc: Ed Rollins

THE WHITE HOUSE
WASHINGTON

January 12, 1983

JAB

FYI,

This has been held over till next meeting w/ President.

JC 1/12

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi *JC*
SUBJECT: Today's Cabinet Lunch: Educational Savings Proposals

The idea here, in short, is whether to create a type of IRA to encourage people to save for their children's higher education. The rationale is that the existence of this incentive would make it easier to cut federal loans and grants for such purposes.

The idea of such an educational savings incentive is supported by CEA, OPD, DED, DOL, DOT, and USTR. Those opposing it, and favoring tighter eligibility and lower funding for federal assistance programs, include OMB, Treasury and DOC.

This type of incentive raises a few concerns:

1. There needs to be an income limitation on contributors, yet the proposed limit is \$50,000 adjusted gross income, which could mean people making substantially more than \$50,000 would be eligible.
2. There is a question as to whether we are giving a tax break for saving to people who are already doing so.
3. The main beneficiaries of this proposal would be those who can afford to save \$1,000 a year, thus raising "fairness" arguments.

This idea would no doubt please middle-income Americans, but it might also exacerbate some political problems we already have if not properly scrubbed and presented.

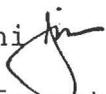
cc: Richard Darman
Ken Duberstein

THE WHITE HOUSE

WASHINGTON

January 12, 1983

MEMORANDUM FOR DAVE GERGEN

FROM: Jim Cicconi 
SUBJECT: Youth Differential Minimum Wage for Summer
Employment

As you know, the President today approved a "youth differential minimum wage for summer employment." This decision will probably be held for inclusion in the State of the Union speech.

It is important that the proposal be characterized properly if it is to have a chance of public approval, not to mention congressional passage. The suggestion is that we call it a "summer youth employment program" since it will create between 300,000 and 600,000 new summer jobs.

If we use the term with some consistency, we can put potential opponents in a more awkward position. This also positions us better to present this as a positive response to high teenage unemployment, especially among blacks.

Both Jim Baker and Ken Duberstein agree with this. Per Craig Fuller, Ed Meese also agrees.

Thanks.

THE WHITE HOUSE
WASHINGTON

14 Jan 1983

TO: JOANNA BISTANY

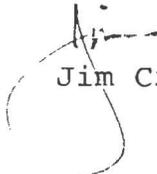
Carl Leubsdorf called at 3:00 today, and wanted to talk about whether something is "going on in the Administration"; whether the President is changing course, particularly in the budget.

He was told that myself or someone from the press office would get back to him.

(Leubsdorf is preparing to write a story on this, and mainly wants to know if he'll end up looking silly.)

Please let me know whether you will handle. Suggest someone should talk to him, though probably not me.

Thanks.


Jim Cicconi

THE WHITE HOUSE
WASHINGTON



January 14, 1983

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 
SUBJECT: Textile Negotiations

The Administration has announced that import quotas will be applied to textiles made in the People's Republic of China. This is retroactive to January 1, and has resulted from an inability to reach an agreement with China in current bilateral negotiations.

As I understand it, China sought a higher rate of increase in its textile exports to the U.S. than we could agree to. USTR acted in accordance with the President's pledge, which you restated, to relate total imports to growth in the domestic market.

This firm stand should help the President in those states like North and South Carolina where the textile industry has been particularly hard-hit by the recession.

USTR still feels that a satisfactory agreement can be worked out with China, but felt the imposition of import quotas was a necessary show of resolve. As you requested, I will continue to follow this issue.

THE WHITE HOUSE

WASHINGTON

January 14, 1983

MEMORANDUM FOR ARAM BAKSHIAN

FROM: Jim Cicconi *[Signature]*

SUBJECT: State of the Union -- Reauthorization of
the Civil Rights Commission

I would suggest that the following statement, in some form, be inserted in the civil rights section of the President's State of the Union speech:

"...we must continue to reject bigotry and injustice and any groups that take advantage of economic difficulties to resurrect the politics of hate. Our response must be to redouble our efforts to ensure that equality of rights and opportunity are a working reality in this Nation.

"In this area, the United States Commission on Civil Rights continues to do important work. To be sure, decisions of this Administration have sometimes been criticized by the Commission, just as previous Administrations have been subject to criticism. Despite some disagreements, though, we recognize the necessary and legitimate role the Commission plays. Its legal authorization expires this year, and it is vital that the Congress reauthorize it."

Attached is a memorandum from Red Cavaney that bears on this subject. I would think any reference such as the above be preceded by some brief statement regarding the Administration's civil rights enforcement record (see recent "Two Year Report" drafted by Mike Baroody's office).

cc: Michael K. Deaver *[Signature]*
Craig L. Fuller
Richard Darman

THE WHITE HOUSE

WASHINGTON

January 13, 1983

MEMORANDUM FOR JIM CICCONI

FROM:

RED CAVANEY 

SUBJECT:

Re-authorization of the Civil Rights Commission

The present expiration date of the United State Civil Rights Commission is November 29, 1983. The extension of the Commission is a priority issue for all civil rights organizations -- second only to jobs.

If the President announces his support for the re-authorization of the Civil Rights Commission in the State of the Union message, it will be received very positively in the civil rights community. This action would also put us on the offense rather than the defense. If you will remember during the whole debate on the Voting Rights Act, even though the President signed it, he never received the proper credit because he was perceived as getting on board after the "train left the station".

Under the draft legislation that will be introduced, the Civil Rights Commission would be extended for 15 years. Additionally, it would create six-year staggered terms for its members rather than the open-ended terms that now exist. It would also expand the Commission's authority to subpoena documents.

If the President does not announce his support in the State of the Union message, Congressman Dan Edwards will introduce the legislation and the Democrats will take credit for it and we will again be put in a defensive position.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 14 1982

MEMORANDUM FOR: Ken Clarkson

FROM: Connie Bowers, VA Branch/Maurice White, LRD

SUBJECT: Legislation extending the authorization of the Commission on Civil Rights

The statutory authorization of the Commission on Civil Rights expires November 29, 1983. It will, therefore, be necessary to transmit legislation extending the Commission's authorization concurrently with the FY 1984 budget. The Commission proposes several amendments to its enabling statute. We believe that three of the proposed amendments raise significant policy issues, and seek your guidance in determining what instructions we should give the Agency regarding their proposals.

Background. The six-member Commission was established as an independent, bipartisan, temporary agency in 1957. Commission members serve at the pleasure of the President. The only constraint is that not more than three of the members shall be of the same political party. President Reagan nominated replacements for all six members; however, only two -- Chairman Pendleton and Vice Chairman Smith -- have been confirmed.

Extension periods since enactment 25 years ago have gradually increased from 2 to 5 years. The Commission's current authority, enacted in 1978, expires November 29, 1983.

Proposed Changes. The Commission has proposed amendments which would provide for (1) six year staggered terms for commissioners, (2) extension of the Commission's basic authority for 15 years, through November 29, 1998, and (3) an expansion of the Commission's authority to subpoena documents.

The Commission's proposed amendments were reviewed by the Department of Justice, OMB staff, and Mike Uhlmann of the Office of Policy Development. Justice's views are included in the discussion which follows. Mike Uhlmann has expressed concern over the length of the extension of the Commission's basic authority, but has not provided final comments. Informally, LRD has been advised by Mike Uhlmann that a statement about the Commission may be included in the President's State of the Union message. Accordingly, we recommend that you check with him before making final decisions on the issues that follow.

- 1. Should the 6 members of the Commission serve six-year staggered terms, instead of serving for indefinite periods at the pleasure of the President, as is now the case?

Since the creation of the Commission, members have served at the pleasure of the President for periods ranging from 1 to 15 years. Once a commissioner is appointed, his term lasts until he resigns or is replaced by a new Presidential appointee. The Reagan Administration has forwarded six new nominations to Congress for confirmation. For a variety of reasons, only two have been confirmed. As a result, four of the commissioners proposed for replacement are still sitting on the Commission. Congress refused to act further because it views replacement of all six Commission members at once as an unprecedented revamping of the Commission. Congress believes that if it allows this wholesale replacement of commissioners, similar actions would be taken by each new Administration, detracting from the continuity in the Commission's work.

In response to the Congressional reaction, the Commission proposes staggered fixed terms of 6 years (initially pairs of members would be appointed for 2, 4 and 6 year terms respectively). The Commission believes such changes would result in continuity in policy-making, promote the independence of the Commission, and limit the President's power to remove commissioners from office at will.

LRD has been informally advised by Justice that in order to limit the President's power to remove commissioners from office at will, the Commission's draft bill would have to be modified to specifically limit the President's authority so that he could remove a commissioner only for cause. The Department of Justice objects, however, to limiting the President's present complete control over commissioner appointments and removals. On constitutional grounds, Justice has always opposed attempts to create independent officials or units in the Executive branch. Justice therefore supports retention of the President's current authority to appoint and remove these commissioners at will, but would not object to the proposed staggered fixed terms. This option -- staggered fixed terms but still serving at the pleasure of the President -- would, however, make the Commission more independent than it is now in that it would be more difficult politically to remove a commissioner prior to the expiration of his term.

The broader issue posed by the proposed amendment is whether the arguments for the bill relating to stability, independence from political control and elimination of the resignation issue are outweighed by the limitation on the President's now-complete control over the length of appointments.

Although we appreciate the Commission's reasons for proposing this amendment, we perceive no advantage, from the Administration's perspective, in limiting the President's appointment authority. While there must be certain assurances of the Commission's autonomy, the political and sometimes controversial nature of this particular body dictates that, as a practical matter, the ultimate prerogative in the appointment of commissioners should remain with the President. Specific actions each Administration chooses to take pursuant to its broad appointment power will affect the stability and independence of the Commission, and lend continuity to the degree deemed appropriate by each President. We, therefore, recommend that commissioners continue to serve for indefinite periods at the pleasure of the President.

_____ Support staggered fixed term (CCR; Justice would not object)

_____ Support status quo (commissioners serve for indefinite periods at the pleasure of the President) (LVE, LRD)

2. Should the Commission's basic authority be extended for a term of 15 years thereby giving the Commission greater permanence?

As indicated, the Commission was established on a temporary basis and has subsequently been extended for periods ranging from 2 to 5 years. The Commission believes a 15 year extension, through 1998, of its basic authority would symbolize the deep commitment in this country to achieve equality. We believe such a lengthy extension would be a radical and unnecessary departure from current practice. If the Administration supports staggered six-year terms, we would recommend extending the Commission for 6-years. Our preferred recommendation, however, is a 5-year extension as was done the last time the Commission was extended.

- _____ Support 6-year extension
- _____ Support 5-year extension (LRD, LVE)
- _____ Support 15-year extension (CCR)

3. Should the Commission's subpoena powers be broadened to authorize it to obtain access to documents without regard to geographical distance?

The Commission's proposal authorizing it to subpoena documents necessary for examination at a public hearing without regard to geographical distance would substantially facilitate its fact finding process. Currently, a major part of the Commission's workload involves sponsoring public hearings pursuant to its fact finding process. The Commission's current authority to subpoena documents for this purpose is generally restricted to the State in which the Commission is holding a hearing. If the request is for documents across a state line, it may be no further than fifty miles from the hearing site. Consequently, the Commission is hampered by its inability to obtain documentation from the states in order to reach conclusions with nationwide implications.

We believe this proposed expansion of subpoena powers is both reasonable and necessary if the Commission's fact finding process pursuant to public hearings is to be conclusive. Moreover, it might provide the added advantage of eliminating the need for duplicate hearings in different geographical areas. The Commission's subpoena authority with respect to persons would not be affected by this amendment. No objections have been raised to this proposal by those who have commented.

- _____ Broaden subpoena powers (CCR, LVE, LRD)
- _____ Retain the present geographical limitation on the Commission's subpoena powers (Not recommended)

Attachments

- cc:
- | | |
|-------------------------|--------------|
| Official File-VA Branch | Mr. Horowitz |
| Mr. Clarkson | Mr. Martin |
| Mr. Murr | VA Chron |
| Mr. Frey | |

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D. C. 20425



STAFF DIRECTOR

January 14, 1983 3:41

1-10-83

E6-2183.1
(new)
Jeth

RE UNIT
Mr. David A. Stockman
Director
Office of Management & Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Stockman:

In accordance with Circular A-19 and OMB Bulletin No. 79-5, I am submitting for your consideration and advice the enclosed legislation to establish an authorization for appropriation level for the U. S. Commission on Civil Rights.

As you know, Public Law 95-444 extended the life of the Commission for 5 years - through the end of FY 1983 - and expanded our jurisdiction to include discrimination based on age and handicap. Earlier this year, the Commission submitted, in accordance with OMB directives, a draft proposal to extend the Commission for a 15 year period commencing in FY '84. The enclosed proposal seeks an open-ended authorization consistent with our extension submittal and is compatible with Bulletin 79-5 and the Congressional Budget Act.

Pursuant to Circular A-19, copies of the proposed legislation are being forwarded to the Office of the Assistant Director for Legislative Reference. Should you or your staff have any questions regarding this submission, do not hesitate to contact me at 254-8130 or Carol A. Bonosaro, Assistant Staff Director for Congressional & Public Affairs at 254-8090.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Hope III".

JOHN HOPE III
Acting Staff Director

Enclosures

98th Congress
1st Session

H.R.

IN THE HOUSE OF REPRESENTATIVES FOR THE UNITED STATES

A BILL

To amend section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e) to raise the limitation on appropriations for the U. S. Commission on Civil Rights.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That this Act may be cited as the Civil Rights Commission Authorization Act of 1983.

Sec. 2. Section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e), as amended is further amended to read as follows:

"Sec. 106. For the purposes of carrying out this Act, there is hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

98th Congress
1st Session

S.

IN THE SENATE FOR THE UNITED STATES

A BILL

To amend section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e) to raise the limitation on appropriations for the U. S. Commission on Civil Rights.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That this Act may be cited as the Civil Rights Commission Authorization Act of 1983.

Sec. 2. Section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e), as amended is further amended to read as follows:

"Sec. 106. For the purposes of carrying out this Act, there is hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

Justification

The enclosed bill is an authorization request by the U. S. Commission on Civil Rights for an open-ended authorization consistent with our proposed 15 year extension submittal.

There are two important reasons for seeking an open-ended authorization on the Commission's annual appropriations. First, statutory ceilings are the exception rather than the rule; most Federal agency operating budgets, as opposed to grant programs, have open-ended authorization provisions. As a practical matter, every annual appropriation request is subjected to a thorough review by the Office of Management and Budget and by the Congress. Further, the Commission's authorization limitation has been raised seven times since it was first passed in 1967 in order to cover increased costs, and to provide for small increases in the "real" budget of the Commission. An open-ended authorization would facilitate long-range program planning as well as permit the funding of Commission activities in a manner which allows for increased costs without forcing a reduction in operations. This is especially true in light of the additional jurisdictional responsibilities concerning discrimination on the basis of age and handicap added by P.L. 95-444.

We believe that this authorization request takes into account not only the many demands on this agency's resources but also the President's commitment to reduce Federal spending.

UNITED STATES COMMISSION ON CIVIL RIGHTS
WASHINGTON, D. C. 20425

E 6-211822

(M)



STAFF DIRECTOR

RECEIVED

White

82 MAR 22 A 8:20

DIRECTOR'S
CORRESPONDENCE UNIT

March 18, 1982

Honorable David A. Stockman
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Stockman:

In accordance with Circular A-19, and OMB Bulletin No. 79-5, I am submitting for your consideration and advice the enclosed legislation to amend certain sections of the Civil Rights Act of 1957 which pertain to the United States Commission on Civil Rights.

The proposed legislation would create six-year staggered terms for members of the Commission, rather than the open-ended terms for which the statute presently provides. The legislation would extend the existence of the Commission for a period of fifteen years beyond its present expiration date of November 29, 1983.

In addition, the proposal would expand the Commission's authority to subpoena documents. The present subpoena authority of the Commission is limited to the State in which the Commission is holding a hearing, or across a State line, but no farther than 50 miles from the hearing site. The proposal would extend the subpoena authority for documents nationwide, but would not extend the authority with respect to persons.

Pursuant to Circular A-19, copies of the proposed legislation are being forwarded to the Office of the Assistant Director for Legislative Reference. Should you or your staff have any questions regarding this submission, please do not hesitate to contact me at 254-8130 or Carol A. Bonosaro, Assistant Staff Director for Congressional and Public Affairs, at 254-8090.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Hope III".
JOHN HOPE III
Acting

97th CONGRESS

First Session

H.R.

IN THE HOUSE OF REPRESENTATIVES
OF THE UNITED STATES

A BILL

To amend Sections 101, 102 and 106 of the Civil Rights Act of 1957 as amended (42 U.S.C. 1975, 1975a, 1975e), to provide terms of office for members of the United States Commission on Civil Rights and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled.

That this Act may be cited as the Civil Rights Commission Amendments Act of 1982.

Sec. 2. Section 101 of the Civil Rights Act of 1957 (42 U.S.C. 1975) is amended to read as follows:

Sec. 101 (a) There is created in the executive branch of the Government a Commission on Civil Rights (hereinafter called the "Commission.")

(b) The Commission shall be composed of six members who shall be appointed by the President by and with the advice and consent of the Senate. Not more than three of the members shall at any one time be of the same political party.

(c) The President shall designate one of the members of the Commission as Chairman and one as Vice Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office.

(d) Members of the Commission shall serve for terms of six years except that of the members first appointed pursuant to this Act:

(i) Two of the members, not affiliated with the same political party, shall be appointed for terms ending two years from the date of their appointments;

(ii) Two of the members, not affiliated with the same political party, shall be appointed for terms ending four years from the date of their appointments; and

(iii) Two of the members, not affiliated with the same political party, shall be appointed for terms ending six years from the date of their appointments.

Provided: Those members of the Commission who, on the effective date of this Act, are serving as members pursuant to appointments made under prior authority shall continue to serve until successors are nominated by the President and confirmed by the Senate.

(e)(i) Members of the Commission may serve on the Commission after the expiration of their term until their successor has taken office as a member of the Commission.

(ii) Persons appointed to fill vacancies occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member they succeed.

(f) Any vacancy in the Commission shall not affect its powers and shall be filled in the same manner, and subject to the same limitation with respect to party affiliations as the original appointment was made.

(g) Four members of the Commission shall constitute a quorum.

Section 3 Section 102(k) is amended to read as follows:

[(k) The Commission shall not issue any
[subpena for the attendance and testimony of
[witnesses or for the production of written or
[other matter which would require the presence of
[the party subpoenaed at a hearing to be held outside
[of the State wherein the witness is found or
[resides or is domiciled or transacts business,
[or has appointed an agent for receipt of service
[of process except that, in any event, the
[Commission may issue subpoenas for the attendance
[and testimony of witnesses and the production
[of written or other matter at a hearing held within
[fifty miles of the place where the witness is found
[or resides or is domiciled or transacts business or
[has appointed an agent for receipt of service of
[process.]

(K) (i) The Commission shall not issue any subpoena for the attendance and testimony of witnesses which would require the presence of the party subpoenaed at a hearing to be held outside of the State wherein the witness is found or resides or is domiciled or transacts business, or has appointed an agent for receipt of service of process except that, in any event, the Commission may issue subpoenas for the attendance and testimony of witnesses at a hearing held within fifty miles of the place where the witness is found or resides or is domiciled or transacts business or has appointed an agent for receipt of service of process.

(ii) The Commission may subpoena documents or other tangible evidence located in any place within the jurisdiction of the United States.

ec. 4 Section 104(c) is amended to read as follows:

[(c) The Commission shall submit interim reports
[to the President and to the Congress at such times as the
[Commission, the Congress, or the President shall deem
[desirable, and shall submit to the President and to the
[Congress a final report of its activities, findings, and
[recommendations not later than the last day of the fiscal
[year ending September 30, 1983.]

*(c) The Commission shall submit interim reports to
the President and to the Congress at such times as the
Commission, the Congress, or the President shall deem
desirable, and shall submit to the President and to the
Congress a final report of its activities, findings, and
recommendations not later than the last day of the fiscal
year ending September 30, 1998.*

JUSTIFICATIONS

- I. The proposed amendments to Section 101 of the United States Commission on Civil Rights enabling Act would provide for fixed six-year terms for members of the Commission. Since its creation by Congress in 1957, members of the Commission have served for various periods of time. Some members have served for periods as short as one year, others have served for as long as fifteen years. All members have served at the pleasure of the President.

It would appear to be appropriate as an aspect of the extension of the Commission's life, to regularize the period of time for which Commissioners will serve. By having fixed terms for the Commissioners, continuity of policymaking will be preserved, while at the same time, each President will have an opportunity to appoint members to the Commission. Thus, the fixed term provision will ensure the continued independence of the Commission from complete control by whichever Administration may be in authority at any particular time in the future. It is only through such independence that the Commission can objectively perform its factfinding, reporting and recommending responsibilities.

When Congress established the Commission it clearly intended that the Commission be independent both of itself and of the Presidency. Establishing fixed terms for the Commissioners will contribute to preserving that independence.

- II. The proposed amendment to Section 102(k) of the Act would authorize the Commission to subpoena documents necessary for examination at a public hearing without regard to geographical distance. This would enable the Commission to obtain information vital to its factfinding process from whatever source might be appropriate.

For example, the Commission might be holding a hearing which would involve possible employment discrimination by an installation of a major nationwide corporation. Under present authority, unless the headquarters of the corporation were to be within the State in which the hearing was held (or within 50 miles of the site of the hearing), the Commission could not subpoena statistical documentation from the headquarters of the corporation. Similarly, the Commission might hold a hearing involving public education issues. It would be useful for the Commission to have the authority to subpoena documents relating to the issues from a number of States in order to reach conclusions with nationwide implications.

Under the proposed amendment, the Commission would have authority to subpoena such documentation from wherever it might be found. The amendment will not, however, extend the geographical range of the Commission's subpoena with respect to persons.

III. The proposed amendment to Section 104(c) of the Act will extend the existence of the Commission for a period of fifteen years beyond the end of Fiscal Year 1983, until the end of Fiscal Year 1998.

The Commission was originally established by Congress in 1957 for a term of two years. Prior to the end of the first two-year period, the Congress determined that the issues which the Commission was to address were of such magnitude that its work could not possibly be concluded during a term of such short duration. Subsequently, Congress extended the life of the Commission for terms of various duration throughout the 1960s. Beginning in the late 1960s, the Commission's extensions have been for terms of five years.

At this point in the history of the nation, it would appear appropriate that the Commission, while not being made permanent, be extended for a period greater than five years. An extension for fifteen years will symbolize to the nation and to the world that there is a deep and abiding commitment in the United States to achieving equality for all of its people.

THE WHITE HOUSE

WASHINGTON

January 17, 1983

MEMORANDUM FOR ARAM BAKSHIAN

FROM: Jim Cicconi 
SUBJECT: State of the Union Speech--Farm Foreclosures

Attached is some draft language on the subject of farm foreclosures prepared at Dave Gergen's request.

It is important for the President to express concern over this problem, which has gained increasing media attention. There is general agreement that any type of moratorium on foreclosures would be far too costly. Instead, the President can point out some of the steps USDA has taken, and urge the private sector (which makes the vast majority of farm loans) to follow our example. This is, at heart, a populist approach that should prevent the President from being blamed whenever a private bank forecloses on a farmer.

This statement should be portrayed as "treating the symptoms" in combination with our efforts to treat the main cause--low prices (which the blended credit and PIK programs are aimed at).

cc: James A. Baker, III 
Mike Deaver
Dave Gergen
Ed Harper

(In advance of mentioning PIK program, exports, etc.)

Current economic problems are also hurting America's farmers. Low prices and high costs are causing some to face the agonizing prospect of foreclosure and the loss of their farms because they cannot keep up with their loan payments. Our farmers, who feed this country and much of the world, should not have to live in fear of losing everything they have worked for. Last year, the Secretary of Agriculture adopted a policy that will allow the Farmers Home Administration to continue to finance those farmers who, through no fault of their own, fall behind in their loan payments because of current economic conditions. I have instructed the Secretary to continue and expand these efforts, utilizing other means at his disposal, including deferral and rescheduling, to help FmHA borrowers on a case by case basis who might otherwise be in danger of losing their farms.

Such policies, though, will apply only to farm loans which are underwritten by the government: the vast majority of farm loans are made by private creditors. I would urge them to take similar steps, and exercise similar patience, to help America's farmers through this difficult period.

THE WHITE HOUSE

WASHINGTON

January 18, 1983

MEMORANDUM FOR SENIOR STAFF

FROM:

Jim Cicconi *JJC*

SUBJECT:

Senior Staff Meeting

Please note that the senior staff meeting scheduled for this Thursday, January 20, will begin at 9:00 a.m. instead of 8:00 a.m.

Thank you.

THE WHITE HOUSE
WASHINGTON

TO: JIM CICCONI

FROM: **MIKE BAROODY**
Director of Public Affairs

This was put together by Helen
Ammen and the Library Staff.
I hope this is helpful. Let
me know what you think.

54 **¶ The President Signs Farm Relief Bill, Including Agricultural Adjustment; and Urges Delay in Foreclosures. May 12, 1933**

I HAVE just signed the Farm Relief Bill, which includes the refinancing of farm debts.

The Act extends relief not only to farmer borrowers, but to mortgage creditors as well.

Holders of farm mortgages will have the privilege of exchanging them for Federal Land Bank bonds, the interest payments upon which are to be guaranteed by the Treasury of the United States.

Farmers whose mortgages are to be exchanged for these bonds will reap the benefit of lower interest rates and more liberal terms of payment.

It is to the interest of all the people of the United States that the benefits of this Act should be extended to all who are in need of them and that none should be deprived of them through ignorance or precipitate action.

For this reason, I appeal particularly to mortgage creditors and

Farm Relief

all others who have money claims against farmers. Every effort will be made to administer the Act promptly, considerately and justly.

All preparation that could be made in advance by officers of the Federal Land Bank system has been made. However, applications cannot be acted upon instantly. Time for examination, appraisal and perfection of records will be necessary.

I urge upon mortgage creditors, therefore, until full opportunity has been given to make effective the provisions of the mortgage refinancing sections of the Farm Relief Act, that they abstain from bringing foreclosure proceedings and making any effort to dispossess farmers who are in debt to them. I invite their cooperation with the officers of the land banks, the agents of the Farm Loan Commissioner and their farmer debtors to effect agreements which will make foreclosures unnecessary.

This is in line both with public duty and private interest.

NOTE: Title I of the statute mentioned in the foregoing statement (Pub. No. 10, 73d Congress; 48 Stat. 31) has to do with farm crop adjustment and the raising of agricultural purchasing power, and is known as the "Agricultural Adjustment Act." Title II deals with easing the farm mortgage burden of farmers, and is known as the "Emergency Farm Mortgage Act of 1933."

The reasons for the adoption of the Agricultural Adjustment Act and the circumstances leading up to it are discussed in Item 20 of this volume.

The policy of Title I of the Act as declared in Section 2 was to establish and maintain such balance between the production and consumption of farm commodities, and such marketing conditions therefor, as

would reestablish prices to farmers at a level that would give agricultural commodities a purchasing power with respect to articles that farmers buy, equal to the purchasing power of all agricultural commodities in the "base period." The "base period" in the case of all agricultural commodities except tobacco was fixed as the pre-war period, viz., August, 1909-July, 1914. In the case of tobacco the base period was fixed as the post-war period, viz., August, 1919-July, 1929. The reason for the difference made for tobacco was the fact that the tobacco-consuming habits of the entire world had so changed since the War that the pre-war conditions of production and demand no longer represented accurately the 1933 conditions of the tobacco industry.

Farm Relief

This policy did not mean that farm prices should be raised to the same level necessarily in dollars as they were before the War, but rather that a farmer selling a certain volume of farm products in 1933 should be able, with the price he received for them, to buy the same volume of manufactured goods that he was able to buy with the same volume of farm products in the period 1909-1914. The aim was to place the farmer on the same comparable economic level with business and industry as existed during the pre-war period, to return to him his normal fair share of the national income, and, incidentally, to make him as good a customer for non-agricultural business as he was before the War.

The Act also declared the policy of approaching such equality of purchasing power by a gradual rather than a precipitous correction of the existing inequalities, with due regard to current demand for consumption in domestic and foreign markets. It was clear that no parity could be brought about in many of the commodities whose carryover stocks were several times normal, until the huge surpluses had been reduced or eliminated. It was also evident that if the price of certain farm products were to be pushed up suddenly without adequate control of the amount of production of those commodities, the result would only be to bring in new and additional production which would create further burdensome sur-

pluses. A precipitous increase of price might even cause reduced consumption of farm commodities to a degree which would result in more harm than good to the farmers.

The Act further declared the policy of protecting consumers' interests by readjusting farm production to such a level as would not increase the percentage of consumers' retail expenditures for farm products received by the farmer to a level above the percentage received in the pre-war period. In this way the Act sought to maintain for the consumer also the same proportionate price relationships as existed before the War.

In order to effectuate these various policies and purposes, the Congress granted two principal groups of powers to the Secretary of Agriculture: one dealing with voluntary production adjustment through contracts and benefit payments to farmers; and the other dealing with marketing agreements and licenses.

The first group of powers enabled the United States Government to help farmers adjust their production in a way which would have been impossible for them acting as individuals without Government assistance. The Secretary of Agriculture, who functioned in this respect through the Agricultural Adjustment Administration, was authorized to give financial assistance by means of rental and benefit payments, by agreement or by any other voluntary method, to those farmers who would consent to adjust the

Farm Relief

amount of their crops. The methods to be used were to be voluntary and not otherwise. Only the farmers who agreed voluntarily to adjust their production would receive the benefit payments. In this way the non-cooperative farmer, who had always been the obstacle to attempts by farmers in the past to control the amount of their total crops, was prevented from obtaining any advantage from refusal to cooperate.

The Act originally provided for benefit payments for only seven basic agricultural commodities: wheat, cotton, corn, hogs, rice, tobacco, and milk and its products. These products were selected because the United States produced an exportable surplus of nearly all of them, and also because changes in their price strongly influence all commodities. Another reason for choosing these products was that each of them goes through some form of manufacturing process before it is ready for human consumption, with the result that their production and distribution could be more easily regulated during the course of processing than could those products which do not go through such a process.

The second group of powers enumerated in the Agricultural Adjustment Act permitting the Secretary of Agriculture to enter into marketing agreements with processors, farmers' associations, and others engaged in the handling of farm products, was also directed toward giving the farmer a more equal share

of the national income. Marketing agreements were permitted for all agricultural products, and not merely for the seven basic ones; and the agreements were exempted from the provisions of the anti-trust laws of the United States. The agreements, with this exemption, could regulate trade practices, production quotas, prices, supply areas, and the many relationships among various branches of trade. They were intended not only to bring about a better price for the farmer but to assist the various branches of the farming industry in general to increase their efficiency in production, processing, and marketing, so that better prices for the farmer, would mean only a relatively small increase of cost to the consumer. To make effective the terms of marketing agreements, the Act authorized the Secretary of Agriculture to grant licenses to processors and distributors and others handling agricultural products or any competing commodities, and to revoke such licenses in the event of violation of the terms of the licenses.

In order to obtain the funds with which to pay benefits to the farmers who cooperated in adjusting the size of their crops, the Act provided for processing taxes to be levied upon the first domestic processing of the product. The rate of the processing tax was to be fixed by the Secretary of Agriculture at the difference between the current average farm price for the particular commodity and the fair exchange

Farm Relief

value of the commodity. To prevent the tax being so high, however, as to cause reduced consumption of the commodity which would bring further surpluses, the Secretary was given discretion, after investigation and an opportunity for hearing, to fix the tax at a lower rate.

To protect the basic commodities from undue competition with competing commodities, the Act provided that if the payment of the processing tax was found to be causing consumers to buy competing commodities, a so-called compensating tax could be levied, after due hearing, upon the first domestic processing of the competing commodity. Another form of compensating tax, in order to maintain previously existing competitive relationships, was levied upon imported articles which are made from a farm commodity on which a processing tax has been domestically imposed. To prevent firms from laying in a large stock of supplies in anticipation of a processing tax, the Act provided for levying a tax on all floor stocks of articles, held at the time the processing tax was imposed on such articles.

The processing tax was therefore the means of providing revenue for financing the steps intended to help farmers reach parity of purchasing power.

With the funds derived from the tax, benefit payments could be made by the Government to farmers who were willing to cooperate in the

program of adjusting production. In this way they received benefit payments *plus* the increased market price, while the non-cooperators received only the increased market price. The machinery of government was used to assist farmers who could not individually assist themselves. The Act sought to prevent the small non-cooperating minority from doing any harm to the cooperating majority.

The benefit payments made a direct and continuing contribution to the farmers' income. It was a recognition of the principle that this large economic group, performing an essential function for society, is entitled to a fair share in the national income.

The Agricultural Adjustment Administration has operated with a decentralized machinery. It has used the extension service and the county extension agents of the Department of Agriculture. The 2,200 county agents were used to make direct contacts with farmers and county associations of farmers in getting the work of setting up county production control associations under way.

With respect to cotton, special steps were taken because the 1933 crop had already been planted and special emergency measures were necessary (see Item 83, this volume). With respect to the other basic commodities, plans were also adopted as quickly as possible by the Secretary of Agriculture after conference with farm leaders and others, to carry out the purposes of the Act.

Farm Relief

The various plans differed in detail, but the essentials were the same, viz., (1) a voluntary agreement on the part of the farmer to adjust his production in accordance with individual allotments, (2) payment of benefits by the Government to those who signed such agreements, (3) the levying of a tax on the first processing to the particular product to raise funds for the payment of these benefits, (4) decentralization of administration, (5) determination of the amounts to be allotted to each county, locality, or individual farmer to be made in cooperation with local, county or district production control associations and local allotment committees.

* * *

The Emergency Farm Mortgage Act of 1933, which was Title II of the statute mentioned in the foregoing statement (48 Stat. 31, 41), carried out the recommendations of my message to the Congress dated April 3, 1933 (see Item 29, this volume).

It would naturally take some time after the passage of the Act to set up the necessary machinery for extensive mortgage refinancing. Until that could be done, I urged mortgage creditors, in the foregoing statement, to delay foreclosure action until such time as the many applications from farmers for refinancing their mortgages could be acted upon.

Efforts were made in all directions to inform farmers of this legis-

lation which had been passed to help them, so that those who needed assistance could apply for it at once. In my radio address of October 22, 1933 (see Item 146, this volume), I urged farmers and home owners who were about to suffer foreclosure to telegraph to the Farm Credit Administration for relief. Long before that time, a definite program had been launched to inform farmers of this opportunity to refinance their burdensome mortgage debts. Letters and telegrams asking relief from threatened foreclosures flooded the Washington office. At the peak of the activities more than 2,200 letters and telegrams were received in Washington in one week from farmers with foreclosures pending.

The instrumentalities for refinancing farm debts were chiefly the Federal Land Banks and the Land Bank Commissioner.

Owing to the unfavorable conditions of the money market during the period of 1933-1934, and the large volume of bonds necessary for the farm banks to issue to provide funds with which to meet the demand for farm refinancing, it became necessary to organize the Federal Farm Mortgage Corporation to help finance the program. Its operations are described in Item 6 of Vol. III.

Federal Land Bank loans were supplemented by so-called Land Bank Commissioner loans as authorized by the Emergency Farm Mortgage Act of 1933. The Reconstruction Finance Corporation was

Farm Relief

directed to make available for the purposes of these Commissioner loans, \$200,000,000. These funds were later supplemented by the funds obtained from the sale of bonds of the Federal Mortgage Corporation.

The Emergency Farm Mortgage Act of 1933 provided that the proceeds of Commissioner loans could be used to refinance indebtedness, to provide working capital for farm operations, and to enable farmers to redeem or repurchase property lost through foreclosure after July 1, 1931. Subsequent amendatory legislation permitted the making of Commissioner loans for any purpose for which Federal Land Bank loans might be made, including the purchase of land.

Commissioner loans could be made on either a first or second mortgage secured on real or personal property, in such an amount that the Commissioner loan plus all prior liens would not exceed 75 percent of the appraised normal value of the mortgaged property, with a maximum of \$5,000, later increased to \$7,500 to any one farmer.

In general the procedure was for the Federal Land Bank to make a first mortgage loan on the usual basis, and for the Commissioner to make second mortgage loans in such amounts that the first and second mortgages did not exceed 75 percent of the appraised normal value of the farm. The normal value has been interpreted to be the value that can be sustained by earning

power with normal prices. The estimates of normal prices have centered around prices that existed during the five pre-war years, 1910-1914, adjusted in the case of certain farm products for shifts in production.

Interest on Commissioner loans was charged at 5 percent. Until the spring of 1935, Federal land bank loans were also made at 5 percent. In April, 1935, as a result of the general decline in interest rates, the rate was reduced to 4½ percent and later to 4¼ percent; on June 24, 1935, it was reduced to 4 percent. Since July 1, 1935, borrowers have been paying only 3½ percent interest regardless of the contract rate, by reason of the interest reduction authorized by the Congress.

The majority of the mortgage loans as refinanced by the Federal land banks averaged about thirty years, varying between twenty and thirty-five years. The majority of the second mortgage Commissioner loans were for thirteen years.

The amount of relief extended by these long-term refinancing operations becomes obvious when we remember that the common practice in the United States has been to make mortgage loans on farm property for a period of from three to five years. While these short-term private loans were ordinarily renewed, during the agricultural depression they were being called at times when it was impossible for farmers to meet them.

Farm Relief

During the period from May 1, 1933, to September 30, 1937, Federal land bank and Land Bank Commissioner loans were made on about 540,000 farms for a total of approximately \$2,207,000,000. This was the equivalent of a loan on one farm out of every thirteen in the United States. As of September 30, 1937, Federal land banks and the Land Bank Commissioner held over 37 percent of the estimated farm mortgage debt of the entire country.

The bulk of the money loaned on farm mortgages was of course used to pay off old mortgage debts. In fact, about 90 percent of the money was used to pay existing debts to the commercial banks, life insurance companies, taxing agencies and other creditors.

The farm debt refinancing program in this way provided assistance in the whole recovery program in two ways: first, farmers rearranged their debts on a long-term low-interest-rate basis so that they were enabled to meet their obligations as their farm income improved; and secondly, by paying off existing creditors this vast amount of money was released into circulation as increased purchasing power.

It is estimated that the saving in annual interest rates by the refinancing of farm mortgages as a result of this statute is about \$42,000,000. In addition there has been an annual interest saving of many millions as a result of the temporary interest reductions in Federal land bank loans which are item-

ized above. The total saving, including the permanent lower interest rates and the temporary reductions of interest, is more than \$70,000,000 per year to borrowers from the Federal land banks and Land Bank Commissioners.

In addition, many private lending agencies, as conditions improved, have reduced their rates to meet the competition of the Farm Credit Administration agencies, resulting in further interest savings to farmers who have borrowed from outside the system.

The effect of the statute was also to scale down the amount of mortgage debts in the following manner: Under the statute, the total Land Bank Commissioner and Federal land bank loans to any one farmer could not exceed 75 percent of the appraised value of the farm. If the farmer's debts did exceed 75 percent of this normal value, his creditors could not be paid off unless they were willing to cut the amount of their claims to 75 percent of the value. If they did not wish to do so, their alternative was either to foreclose or to continue to carry the obligation. In view of the fact that it was obviously to the advantage of creditors to cut down the amount of their obligation in order to be paid off, the result was a scaling downward of the amount of the debt in about one-fifth of all cases, such scale-downs averaging roughly one-third of the prior debt. It is estimated that the scale-downs in connection with loans refinanced

Unemployment Relief

through the Farm Credit Administration have exceeded \$200,000,000.

The emergency period of refinancing tapered very rapidly after 1935. During 1936, only 7,000 applications for loans were received each month as compared with 77,000 applications received during October, 1933, which was the peak month. During 1936, the loans totaled only \$186,400,000, as compared with \$1,283,500,000 in 1934. With the decrease of loans from the Farm Credit Administration, loans by private lenders increased.

The use of the money borrowed

from the Farm Credit Administration during 1936 shows also that the need for emergency refinancing had largely passed by that time. Only 78.6 percent was used to pay existing debts as compared with 90 percent in 1934. The difference has been used to purchase land, erect buildings, make improvements and for other general agricultural purposes.

Farm mortgage foreclosures during the year ended March 15, 1936, were only 20 per thousand as compared with 39 per thousand in the spring of 1933.

74 ◀ The Home Owners Loan Act Is Signed — The President Urges Delay in Foreclosures.

June 13, 1933

IN SIGNING the "Home Owners Loan Act of 1933," I feel that we have taken another important step toward the ending of deflation which was rapidly depriving many millions of farm and home owners from the title and equity to their property.

The Act extends the same principle of relief to home owners as we have already extended to farm owners. Furthermore, the Act extends this relief not only to people who have borrowed money on their homes but also to their mortgage creditors.

It will, of course, take a little while to set up the machinery necessary to carry the principles of the Act into effect. In the meantime, I appeal to mortgage creditors and all others who have claims against home owners and ask them, until full opportunity has been given to make effective the refinancing provisions of the Home Mortgage Act, that they abstain from bringing foreclosure proceedings and that they abstain from seeking to dispossess the home owners who are in debt to them.

Cooperation between the officials of the Home Owners Loan Corporation, the mortgagor and the mortgagees during the next few months will make many foreclosures unnecessary and will do substantial justice to all parties concerned.

NOTE: Pursuant to my message of April 13, 1933 (see Item 39, this volume), the Congress passed the Home Owners Loan Corporation Act (48 Stat. 128, Public No. 43, 73d Congress, popularly known as HOLC), which was approved by me on June 13, 1933, with the foregoing statement. Its object was to extend credit to three types of distressed home owners: First, those who had been in involuntary default on the date of the passage of the Act; second, those

233

Public Papers and Addresses of Franklin D.

Roosevelt, 1933

Home Owners Loan Act Signed

who had lost their homes through foreclosure, forced sale or voluntary surrender after January 1, 1930; third, those who, while holding property free and clear, could not procure from other sources funds to pay past-due taxes or assessments and to provide for necessary repairs.

All competition by the Corporation with private lending institutions was prevented by the provision of the Act (as amended) excluding applicants from receiving HOLC loans who could secure the necessary financial assistance elsewhere.

The Corporation was capitalized with a \$200,000,000 subscription by the Treasury to its stock, and was authorized to issue bonds to the total amount of \$2,000,000,000 in exchange for first mortgages on urban homes. On June 27, 1934, this authorization was increased to \$3,000,000,000, by the passage of the National Housing Act, and on May 28, 1935, was extended to \$4,750,000,000, of which \$400,000,000 could be used for repair and reconditioning of homes. Further stabilization of home financing institutions having membership in the Federal Home Loan Bank System or non-member institutions having insurance in the Federal Savings and Loan Insurance Corporation was made possible by a provision that \$300,000,000 could be invested in them or in the bonds, debentures or notes of Federal Home Loan Banks.

What the Corporation did to ac-

complish its emergency task was to buy the mortgages of distressed home owners from those institutions and individuals who held them and were unwilling or unable to grant further extensions and concessions to the mortgagor.

A large proportion of these mortgages were written on a short-term basis for one, two, or five years; and when the Corporation assumed them, many were subject to steadily accumulating delinquencies. Indeed, a very considerable number had run beyond the term of years for which they were written and were overdue as to principal as well as interest. Interest rates on both short-term and long-term loans were high, and great numbers of them were weighted with premiums, commissions, service charges and extra fees of various kinds which added to the load borne by the borrower.

The Corporation rewrote all of the loans at a 5 percent interest rate and allowed a period of fifteen years for repayment. All of the initial charges such as appraisal, title fees, etc., and all delinquent taxes and assessments were paid by HOLC, and consolidated with the principal of the loan.

A large percentage of the houses involved were in need of repair, and in order that they be put in livable condition, and the owner's equity as well as the Corporation's investment be thus protected, necessary repairs were made in every case under close supervision and with a high standard of specifications, materials

Home Owners Loan Act Signed

and workmanship at the lowest possible cost to the owner. These costs were not thrust immediately upon the borrower, but were paid by the Corporation and made part of the loan.

The total amount loaned by the Corporation on each home was to be repaid on the basis of \$7.91 per month, including principal and interest, for every \$1,000 of the principal. Since the average loan amounted to \$3,028, the average payment per month is only about \$24. Through such easy payments, in many cases lower than rents which would have to be paid on the properties, the home owners will own their houses free of all debt at the end of the fifteen-year period.

Eighty percent of the appraised value was established as the maximum which could be loaned on any one home, and "homes" were defined as dwellings occupied by one to four families. Since HOLC was not intended to assist wealthy owners of elaborate homes, the total amount which it could lend on any property was limited to \$14,000.

Applications for HOLC loans reached their peak during the spring of 1934 when they were being received at the rate of 35,000 a week. In spite of this tremendous burden, and the limited time in which to complete its lending, HOLC made its loans on a much sounder business basis than had previously been the custom with many private lending institutions. It carefully developed a thorough and accurate ap-

praisal practice. While it had no authority under the law to lend to persons who were in no real difficulty, and while it was intended for the benefit of debtors in distress, it did not have power to lend to persons unable to meet their obligations. Its character and credit investigations were detailed and thorough, with the result that the great majority of HOLC borrowers may be relied upon for full repayment of their loans.

In cooperation with the Reconstruction Finance Corporation, HOLC was able to place nearly half a billion dollars in circulation to the benefit of small depositors by exchanging its bonds for that amount of frozen mortgage assets in closed banks of the country. The Corporation not only kept the home owners in their homes, but protected the depositors in these closed institutions and stabilized the collapsing home financing structure of the Nation. Funds amounting to hundreds of millions of dollars were released for further investment in new mortgages for building or purchasing of homes, or to meet the demands of investors who sought to withdraw their funds immediately.

Of the fund of more than \$3,000,000,000 in cash and bonds disbursed by HOLC, approximately 34 percent went to banks and trust companies, 28 percent to building and loan associations, 21 percent to individuals and the balance to mortgage companies, life insurance companies, estates, etc. \$400,000,000 in

Home Owners Loan Act Signed

cash was distributed approximately as follows: 60 percent for various Federal, State or municipal taxes; 20 percent for insurance and professional services of real estate appraisers, attorneys, title and abstract companies, credit investigators and local recording officers, and 20 percent for repairs and reconditioning.

The primary result of HOLC operations was a general restoration of morale among the distressed home owners and the investors in mortgage-lending institutions. With the knowledge that rational methods were being established upon a sound economic basis, new confidence entered the mortgage financing field.

The generous terms upon which the Corporation assumed mortgages gave the borrower tangible relief by enabling his meager funds to be used for necessities of life rather than for large monthly payments on his home.

Exchange of HOLC Government-guaranteed bonds for frozen assets of building and loan associations, savings banks and other banks, and mortgage lending institutions, reassured investors of the safety of their savings, and mortgage-lending institutions are now in a better cash position than at any time since 1930. Institutions in process of liquidation or reorganization were strengthened.

Trends toward foreclosure, forced sales, and deflation of real estate values were not only immediately retarded, but were soon reversed. By

the spring of 1936, foreclosures on all types of real estate reached the lowest level for any similar period since 1931, and foreclosures on urban property were down 28 percent from the spring of 1935. At the same time, the volume of residential construction had risen 93 percent over 1935 and 134 percent above 1934.

Almost one-quarter of a billion dollars in delinquent taxes were paid to State and municipal governments by HOLC on behalf of its borrowers. The taxes paid had an important influence in reviving the market and restoring the prices for municipal bonds. Through these disbursements many communities have been helped to maintain intact over a desperate period their schools and other essential public services, have been able to operate with less borrowed money, and, in some cases, have been saved from defaulting on their own maturing bond issues.

HOLC assumed one-sixth of the estimated present urban home mortgage debt in the United States. This means that one of every eleven owned homes in the average American city has been refinanced by HOLC. Over a million homes which would have been lost without the intervention of HOLC were saved for their owners, and after reducing the total indebtedness of its borrowers by \$200,000,000, the Corporation further eased their burdens by the granting of a three-year moratorium on principal payments.

HOLC's three years of lending

Remarks to Relief Administrators

will influence every future home mortgage loan made in the United States. Never before in our history were loans made upon such liberal terms, which yet guaranteed a return to the Corporation, and may make it possible for the Corporation to complete its work of liquidation without any net loss or any cost to the taxpayer.

HOLC has popularized a direct-reduction loan plan with many institutions which had never considered such loans, and fosters establishment of a similar standard by private lenders. This modernized kind of credit encourages the elimination of the short-term mortgages, fines and forfeitures, the hazardous second mortgage, and all the various bonus charges, special fees, etc., which in the past have penalized home owners in this country.

As recovery has advanced along the entire economic front, private lending institutions have come back

into the field and, largely under the influence of HOLC, have revised and improved their lending practices. An encouragingly large proportion of the home loans by savings banks, savings and loan associations and others are being made on a long-term basis at interest rates generally lower than previously charged.

During the course of its lending, which under the law expired June 12, 1936, HOLC made a total of 1,021,587 loans to the total amount of \$3,093,288,213. Through September 30, 1937, 23,503 of these loans amounting to \$52,849,610 had been repaid in full. Of the total interest and principal installments due up to September 30, 85.5 percent had been paid and \$117,654,000 or 14.5 percent had not been paid. The Corporation had acquired 58,189 properties, of which 3,818 had been sold and 40,295 were rented.

Home Owners Loan Bonds

32 (A Recommendation for Legislation to
Guarantee Principal on Home Owners Loan
Bonds. March 1, 1934

To the Congress:

ON JANUARY 10th I recommended to the Congress the passage of legislation guaranteeing the principal as well as the interest of the \$2,000,000,000 of bonds authorized for the refinancing of agricultural indebtedness.

I now recommend that the Home Owners Loan Act be similarly amended. The purpose of such legislation, as in the case of farm financing, will be to assure the continued progress on a self-sustaining basis of the making of loans for the purpose of refinancing home mortgages without interruption. There is the same reason for acknowledging publicly what already amounts to a moral obligation in respect to these bonds as there was in the case of bonds authorized to be issued through the Farm Credit Administration.

By making provision for an exchange of the new type of bonds guaranteed as to principal as well as interest for those already issued, those mortgagees who have shown their willingness to cooperate with the Government's program by accepting the original bonds will be placed on an equal footing with mortgagees who will hereafter obtain the fully guaranteed obligations proposed by this legislation.

Out of the funds which may be made available as a result of the proposed guarantee of principal of these bonds, the Home Owners Loan Corporation should be enabled to extend further assistance for the modernization of homes as well as for the making of repairs. Authority should also be given to the Home Owners Loan Corporation to purchase bonds of the Federal Home Loan Banks, thus enabling the Corporation to make funds available to those banks and to Building and Loan Associations which are in need of financing in order to encourage private building.

Reciprocal Trade Agreements

NOTE: The recommendations and 74 of Volume II) were adopted which I made in the foregoing message for legislation to guarantee principal on Home Owners Loan Corporation bonds (see Items 39 by an act approved April 27, 1934 (Public No. 178, 73d Congress; 48 Stat. 643).

29 (A Message Asking for Legislation
Farm Mortgages from Foreclosure. April 3, 1933

To the Congress:

As AN integral part of the broad plan to end the forced liquidation of property, to increase purchasing power and to broaden the credit structure for the benefit of both the producing and

100

Public Papers and Addresses of Franklin D.
Roosevelt, 1933

Legislation to Save Mortgaged Farms

consuming elements in our population, I ask the Congress for specific legislation relating to the mortgages and other forms of indebtedness of the farmers of the Nation. That many thousands of farmers in all parts of the country are unable to meet indebtedness incurred when their crop prices had a very different money value is well known to all of you. The legislation now pending, which seeks to raise agricultural commodity prices, is a definite step to enable farm debtors to pay their indebtedness in commodity terms more closely approximating those in which the indebtedness was incurred; but that is not enough.

In addition the Federal Government should provide for the refinancing of mortgage and other indebtedness so as to secure a more equitable readjustment of the principal of the debt and a reduction of interest rates, which in many instances are so unconscionably high as to be contrary to a sound public policy, and, by a temporary readjustment of amortization, to give sufficient time to farmers to restore to them the hope of ultimate free ownership of their own land. I seek an end to the threatened loss of homes and productive capacity now faced by hundreds of thousands of American farm families.

The legislation I suggest will not impose a heavy burden upon the national Treasury. It will instead provide a means by which, through existing agencies of the Government, the farm owners of the Nation will be enabled to refinance themselves on reasonable terms; it will lighten their harassing burdens and give them a fair opportunity to return to sound conditions.

I shall presently ask for additional legislation as a part of the broad program, extending this wholesome principle to the small home owners of the Nation, likewise faced with this threat.

Also, I shall ask the Congress for legislation enabling us to initiate practical reciprocal tariff agreements to break through trade barriers and establish foreign markets for farm and industrial products.

NOTE: I have already outlined the purchasing power of the agricultural community had diminished. extent to which the prices of farm commodities had fallen and the (See Item 20, this volume.)

Legislation to Save Mortgaged Farms

As a result of this dwindling income it became increasingly difficult for the farmers to meet the interest and principal of their mortgages. Foreclosures had increased so that the rate had become almost 39 for each 1,000 farms, as compared with the normal rate from 1926 to 1930 of 17 for each 1,000 farms. Agricultural credit had almost completely shut down, so that credit at any cost was practically unavailable in a great many areas. The resentment of many individual farmers against this state of affairs which was in no way due to their own fault, culminated in some States in mob action to prevent foreclosures, with actual violence and intimidation of courts and sheriffs.

The Democratic National Platform of 1932 contained a plank stating: "We favor . . . better financing of farm mortgages through recognized farm bank agencies at low rates of interest on an amortization plan, giving preference to credits for the redemption of farms and homes sold under foreclosure." The foregoing message and the resulting legislation were the fulfillment of that platform pledge.

I had already, by Executive Order No. 6084 of March 27, 1933, reorganized the various farm credit agencies into one Farm Credit Administration for the purpose of more effective operation.

On April 3d, the foregoing message was sent setting forth our program for relieving farmers of a part of the unbearable burden of their

mortgages. The message states the essence of the program, namely, that the Federal Government should provide funds for refinancing the mortgages, so as to reduce the interest rate and the principal payments and give additional and sufficient time to the farmers to meet these mortgage debts. At the same time other steps were being taken (see Items 20 and 54 of this volume) to raise farm prices and increase the purchasing power of the farmers.

As a result of the foregoing message the Emergency Farm Mortgage Act of 1933, approved May 12, 1933, was passed (Title II of Pub. No. 10, 73d Congress; 48 Stat. 31). This title, among other things, provided for: (1) the refinancing of farmers' debts so as to reduce the interest rate and to extend the period of amortization and principal by means of Federal land bank loans and Land Bank Commissioner loans; (2) authority until July 11, 1938, to grant extensions of time to Federal Land Bank borrowers who were unable through no fault of their own to meet the payments on their loans; (3) a reduction until July 11, 1938, in the interest rate on Federal land bank loans through national farm loan associations to 4½ percent regardless of the contract rate. (By later amendments this rate was reduced to 3½ percent for the fiscal years 1936, 1937, and 1938, and to 4 percent for 1939.)

The signing of this Act was accompanied by a statement by me printed as Item 54 of this volume.

44 (A Request for Credit Facilities for Small
Industries. March 19, 1934

Dear Senator:

MAY I suggest to your Committee legislation to create twelve Credit Banks for Industry.

I have been deeply concerned with the situation in our small industries. In numberless cases their working capital has been lost or seriously depleted. This condition should be remedied.

We have afforded much aid in the recovery of agriculture, commerce, our larger industries and our financial institutions, and our improved condition nationally furnishes full justification for these efforts. We must continue in behalf of the medium-size man in industry and commerce.

With this purpose in mind I have discussed with the Treasury, the Federal Reserve Board, and the Reconstruction Finance Corporation a comprehensive study of the situation in the smaller industries and the presentation of a plan which would show their condition and furnish relief for it.

A nationwide survey has been made by them. Information has been obtained from 4,958 banks and 1,066 Chambers of Commerce covering three points: first, the probable amount of work-

Credit Facilities for Small Industries

ing capital required now by smaller industries; second, the number of employees who would be retained by these industries if working capital is afforded them; and third, the number of new employees that can be taken on by them through such supply of working capital.

Estimates based on this survey indicate that approximately \$700,000,000 of such working capital is required; that such working capital may continue in employment some 346,000 employees and may furnish new employment to some 378,000 men and women.

While these estimates in their nature cannot be definite and must be considered as estimates only, they indicate the urgent need of these small industries for working capital.

The Administration will be glad to furnish you such information and assistance as you may desire in order to set up the machinery to supply this need.

The details will be presented to you, but I desire to call attention to two prominent features: first, the matter of caring for the small or medium-size industrialist; second, the control of the proposed banks by directorates, a majority of which will themselves be industrialists.

I shall appreciate early consideration by your Committee and by the Congress, as I feel that the situation disclosed calls for immediate relief and that such situations as can be relieved through the medium of working capital should have our earnest support.

Very sincerely yours,

Senator Henry P. Fletcher
Chairman, Senate Banking and Currency Committee
Washington, D. C.

NOTE: On March 19, 1934, I addressed the foregoing letter to the Banking and Currency Committees of both Houses in the Congress, pointing out that in numerous cases the working capital of small industries had been lost or seriously depleted, and that the absence of adequate credit facilities for such enterprises called for some remedial action. It was almost impossible for that type of business to obtain its

Credit Facilities for Small Industries

requirements of working capital through the open capital market; and commercial banks and other financial institutions, in many cases, refused to undertake the risks involved in making relatively long-time loans for working-capital purposes. I was interested, as appears from the foregoing letter, not only in helping the owners of such business but also in providing employment in them for thousands of people.

By an Act of Congress approved on June 19, 1934 (Pub. No. 417, 73d Congress; 48 Stat. 1105) the Federal Reserve Banks and the Reconstruction Finance Corporation were authorized, within prescribed limitations, to make credit available for the purpose of supplying working capital to established industrial and commercial business. Federal Reserve Banks were given broad powers to enable them to make advances for such working capital, through the medium of financing institutions, provided the financing institution obligated itself for at least 20 percent of any loss sustained. It was also provided that direct loans could be made by the Federal Reserve Banks in exceptional circumstances, when credit was not obtainable on a reasonable basis from the usual sources, and if the loan were made on a reasonable and sound basis.

The law required that the purpose of the loans should be the supplying of working capital to then-established industrial or commer-

cial business, and that the loans mature in not exceeding five years.

The law also provided for the appointment of an industrial advisory committee in each of the twelve Federal Reserve districts. Members of these advisory committees were selected by the third week in July, 1934, and the consideration of applications by the committees and by the Reserve Banks began immediately. The first loan was made as early as August 1, 1934.

The volume of the advances outstanding by the Federal Reserve Banks under this statute reached a peak of approximately \$33,000,000 in October and November, 1935, but by December 1, 1937, they had been reduced to \$20,000,000. In addition, the Reserve Banks were under commitment for about \$13,000,000 of advances made by other financing institutions on December 1, 1937 compared with \$28,000,000 in November, 1935. In the entire period, through November, 1937, the Reserve Banks acted upon 8,600 applications for advances or commitments involving \$360,000,000. Over 2,350 applications were approved, with or without conditions, amounting to a total of \$148,000,000. Most of the other loans applied for were either ineligible under the conditions imposed by the Act or were without a satisfactory credit base.

Industrial advances by the Reconstruction Finance Corporation were made directly or in coopera-

The Railway Wage Dispute

tion with the Federal Reserve Banks and other banks or lending agencies, subject to much the same conditions as those made by the Federal Reserve Banks, except that originally no loan could have a maturity of more than five years or exceed \$500,000. On January 31, 1935, the Act was amended permitting the Corporation to make advances with maturities extending to January 31, 1945; and the \$500,000 limitation on the amount of loans to any one borrower was removed, as was the provision that the industrial or commercial business be established prior to January 1, 1934. Loans approved by the Reconstruction Finance Corporation were about equal in number to those approved by the Federal Reserve

Banks, but somewhat larger in amount. During the period, June 19, 1934, through November, 1937, the Reconstruction Finance Corporation under this Act authorized over 2,500 loans (including commitments and participations with banks in loans) amounting to a total of about \$175,000,000. Of this amount approximately \$54,700,000 has been withdrawn or canceled, substantially due to the fact that local banks were willing to advance the credit after the corporation authorized the loans.

The total number of loans approved under the statute by the Reconstruction Finance Corporation and the Federal Reserve Banks was about 4,800, amounting to approximately \$323,000,000.

8

THE WHITE HOUSE

WASHINGTON

January 19, 1983

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 
SUBJECT: Tuition Tax Credits

As I understand it, Senator Dole has indicated a desire to introduce tuition tax credits legislation next Tuesday. He has suggested doing so without a presidential message, which could lead to a conclusion that it is "Dole's bill," and not the President's.

Though I have not had a chance to talk to Ken Duberstein's office about this, there are very good political reasons for not allowing it to happen. First and foremost is the fact that Dole, and not the President, would get credit both for introducing the bill and for any success it had. This could occur despite our claims to the contrary because the Catholic bishops and others would prefer to see anyone but the President receive the credit. Second, if this were viewed as Dole's bill, various coalition groups would tend to deal with him rather than us on specifics of the legislation. This could put us in the position of being blamed for concessions some groups (including the conservatives) might object to, without any control over such decisions.

I would suggest that this be very carefully considered before we agree to any such action on Dole's part.

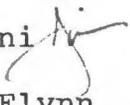
RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 4-5 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE WHITE HOUSE
WASHINGTON

January 19, 1983

MEMORANDUM FOR CHRIS HICKS

FROM: Jim Cicconi 
SUBJECT: Patricia Flynn

I am forwarding the attached resume for Patricia Flynn, along with Michael Butler's transmittal letter, for your information. I know nothing of Ms. Flynn or her political background, though we are looking for female appointees and her credentials in the financial area are impressive.

Michael Butler is a former law partner of Jim Baker's.

Thank you.

*Butler's letter & Flynn's resume filed in JC/gc
under Butler*

THE WHITE HOUSE
WASHINGTON

20 January 1983

TO: JOHN SCHROTE

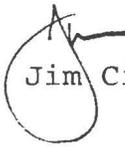
RE: USDA

The attached was given to Jim Baker during the Chicago trip by party officials there.

Since this is a political endorsement, I thought it would be appropriate to pass it on thru Personnel.

Baker asks that we at least see that Sharif is being considered by Block, and that the political support evidenced in this letter is conveyed.

Thanks.


Jim Cicconi

To Sec
-Block

ENDORSEMENT

From the Republican Party of the State of Michigan
To the Secretary of Agriculture, Mr. John R. Block

Endorsing
Rasool S. Sharif, D.V.M., M.Sc.
9264 Port Sheldon Rd.
Zeeland MI 49464
(616) 875 7222

To the position of:
Deputy Administrator of
International Programs of
Food Safety and Inspection Service

Dear Mr. Block,

We would like to bring to your attention the superior abilities of
Dr. Rasool S. Sharif in the field of meat and poultry export.

He is currently in FSIS, MPI as a Supervisory Veterinary Medical Officer,
and has also worked with the United Nations, in this field. He has very
favorably impressed the meat and poultry industry.

The poultry industry, through Senator Charles H. Percy's office, has
endorsed him as a candidate for the position of Deputy Administrator of
International Programs of Food Safety and Inspection Service.

We feel his unique capabilities will make the needed difference in
our International Programs, to place a positive thrust on the people and
economy. Creating new jobs through export is his goal and we feel he is
the impetus to impregnate innovative input to American export.

signed
_____ date _____

Mr. Thomas O. McPree
Republican party
Holland, Michigan

signed
_____ date _____

Mr. Melvin Larsen
Chairman of the
Republican State Committee

THE WHITE HOUSE
WASHINGTON

20 January 1983

TO: MIKE DEEVER

RE: Vietnam Memorial

Just a short note to let you know that Red Cavaney and I have both been contacted by veterans groups on the "flag problem", and have informed Craig Fuller by memo.

Red feels he has a possible compromise worked out. It should be passed along to Craig by noon today. He can then call Watt and impress upon him the logic of getting this issue behind us.


Jim Cicconi