

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection:** Cicconi, James W.: Files  
**OA/Box:** Box ~~22~~ 23  
**File Folder:** Consumer Affairs (3)

**Archivist:** kdb  
**FOIA ID:** F1997-066/~~6~~<sup>7</sup>, D. Cohen  
**Date:** 08/17/2004

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Virginia Knauer to Cicconi re transition implementation, 2p	6/21/83	B6
2. report	<del>re establishment of an SES position in HHS, 1p [Item is still under review under the provisions of EO 13233]</del>	<del>n.d.</del>	
3. memo	<del>Knauer to Margaret Tutwiler re White House consumer position, 2p [Item is still under review under the provisions of EO 13233]</del>	<del>5/16/83</del>	

### RESTRICTIONS

- B-1 National security classified information [(b)(1) of the FOIA].
- B-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- B-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
- B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA].
- B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
- B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
- B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
- B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

**RONALD W. REAGAN LIBRARY**

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1 LISTED ON THE  
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

## CONSIDERATIONS CONCERNING EXECUTIVE OFFICE BUILDING PASSES

A request has been received from John Roger's office that all EOB passes issued to U.S. Office of Consumer Affairs employees be turned in. Currently there are seven EOB passes outstanding; two for support clerical staff formally located at EOB, two for public affairs staff whose responsibilities included staffing White House OPL meetings and events, one for an OCA detailee to OPL as a Deputy Special Assistant to the President working on women's issues, one for Mrs. Knauer's deputy and one for an U.S.OCA messenger.

With U.S.OCA's changing role, vis-a-vis the White House, clearly some of these passes are no longer necessary; however, at least three of these passes need to remain authorized. This action creates no new expense for the White House.

Along with the prerogatives of the Special Adviser to the President for Consumer Affairs is the use of White House complex facilities for meetings and certain ceremonial functions and the receipt of mail. Additionally, there is an obligation for managerial reporting and the receipt of instructions from the Office of the Chief of Staff.

Associated with the meeting function is scheduling, clearance lists, room advance and set-up, clearing attendees at the door, escorting guests and principals in the complex, and remaining with the attendees throughout the full course of the meeting (or briefing). It is unreasonable to expect the Special Adviser to take personal responsibility for all these functions. The deputy or personal secretary are suited for these types of duties, but would be unable to perform them without an EOB pass.

The same type of circumstances arise in the occurrence of administrative liaison with certain ceremonial functions such as south lawn events and pick-up and delivery. In fact, since the Special Adviser no longer is physically located in the complex, the need to elevate the deputy's clearance to White House level is evident. Certain functions such as management reporting, Roosevelt Room meetings, and special VIP 7:00 p.m. tours important to the responsibilities and prerogatives acceded to in the new organizational framework of the Special Adviser, will become exceedingly difficult even with the deputy holding an EOB pass.

The three passes to be retained are those for the deputy, the Special Adviser's personal secretary and the U.S.OCA messenger.

There is no expense to the White House in approving this action. Should there be future costs (e.g., changing personnel), as with other costs previously incurred, they will be assumed through U.S.OCA's separate appropriation.

CONSIDERATIONS IN THE ESTABLISHMENT OF AN SES POSITION IN HHS

HHS Assistant Secretary for Personnel Administration, Thomas S. McFee advised the USOCA administrative staff officer on June 20, 1983 that he was instructed by John Rogers of the White House Office to establish a position of Director, United States Office of Consumer Affairs in HHS at the SES-1 level.

According to the FY 1984 budget, there are 628 SES positions in the Department -- 548 of these are above the rank of SES-1 and would be perceived to have a higher degree of responsibility than the Director, USOCA. Federal government-wide there are 7,861 SES positions, of which 7,318 are above the SES-1 level. This would strongly suggest a non-substantive role of consumers in the Administration.

The following is an example of the position levels within the Office of the Secretary, HHS.

Chief of Staff	SES-6
Executive Secretary	SES-3
Assistant Secretary for Personnel Administration	SES-5
Assistant Secretary for Management and Budget	SES-5
Deputy Assistant Secretary, Budget	SES-4
Director, Division of Budget Policy Management	SES-2
Director, Office of Civil Rights	SES-5
Deputy Director, Office of Civil Rights	SES-4
Deputy Director, Office of Civil Rights	SES-3
Deputy Director, Office of Civil Rights	SES-3
Assistant Secretary for Legislation	EL-IV
Associate General Counsel	SES-4
Deputy Assistant Secretary, Legislation	SES-4
Deputy Assistant Secretary, Legislation	SES-2
Director for Technical Analysis	SES-3
Deputy Director, USOCA	SES-1

Since the creation of USOCA in 1971, the Director has been on the White House payroll, but the Deputy Directors have always been at the SES level. Four USOCA Division Directors at the GS-15 level have salaries in excess of the SES-1 level.

An appointment to the White House staff carries its own badge of authority in and outside government. On the other hand, within Federal agencies grade levels are the indicia of position, rank and authority and the importance of programs.

For the above reasons, it is recommended that the position of Director, USOCA be at the SES-4 level.

CONSIDERATIONS FOR RETENTION OF  
WHITE HOUSE SWITCHBOARD AND 456 EXCHANGE ACCESS

The Office of the Special Adviser to the President for Consumer Affairs has been relocated from OEOB to a private building two blocks from the White House complex. There is a need and a precedent for the Special Adviser to retain White House switchboard and 456 exchange access, thereby necessitating a reassessment of the current telephone arrangement.

When calling the Special Adviser's former 456 exchange number, a recording informs callers that they have "reached a non-working number at the White House" and suggests calling the switchboard if assistance is desired. This is creating unnecessary confusion.

For example, many women's groups and organizations representing the elderly with which close working and personal relationships have developed, and to whom the Special Adviser counts on for the implementation of the Administration's programs for consumers, have begun to doubt the relationship with the White House. Additionally, since the primary audience that acts as the catalyst for accomplishing Administration goals are typically knowledgeable and sophisticated officials in both the private and public sectors, the ability of the Special Adviser to convey the importance of a Presidential program will be greatly hampered, if not dismissed.

This is not a problem for individual consumer inquiries as they are typically unaware of the connotation and nuances of the 456 exchange. They are satisfied in dealing with the U.S.OCA staff expert that can address their need.

The 634 exchange currently assigned the Special Adviser is also the exchange for ACTION, further hampering Washington insiders' perceptions.

The establishment of one (1) 456 line to the Special Adviser's office is technically possible and with considerable precedent in this and previous Administrations. This would be accomplished without cost to the White House, as U.S.OCA would assume all charges (as was previously done at the Special Adviser's EOB office) through its separate appropriation.

Consumer Issues  
X G.C.

THE WHITE HOUSE

WASHINGTON

June 8, 1983

Mr. James W. Cicconi  
Special Assistant to the President  
Assistant to the Chief of Staff  
The White House  
Washington, D. C. 20500

Dear Jim:

Following our meeting this morning, I briefed my Deputy, Robert Steeves on our conversation. We share your concern about how my transition will be perceived by the public, and the consequential effect on the President and the Administration. We believe it possible to structure the transition in such a way as to generate a positive impact. Three significant issues critical to our success need to be addressed immediately: a public announcement, the nature of my appointment, and telephone communication.

1. Public Announcement

If we want the public and the press to perceive this as a routine upgrading of my consumer responsibilities, then we ought to follow the pattern of other significant personnel announcements by the President. A draft press release is attached. To not issue such a release would suggest our attempt to obscure the action and would then place us in a reactive rather than a positive posture.

2. Hatch Act Implications

As I mentioned this morning, my appointment to HHS as a non-career SES employee would make me subject to the Hatch Act. This would preclude continuation of political outreach activities during the forthcoming campaign. If you are unable to arrange an un-Hatched position at HHS, may I suggest as a possible alternative that I continue on the White House staff and that funds equal to my salary and a Schedule C personnel slot be provided from the OCA appropriation to meet your other staff needs. This would also blunt press criticism of any diminution of my policy role.

3. Telephone Communication

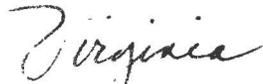
As you know, a key measure of public perception of linkage to the White House is the telephone. The OCA Premier Building staff telephone exchange is 634+. Using this exchange would be perceived

by the public, the press and the government as being outside the White House policy line. This can be avoided by allowing a 456+ line in the nearby Premier Building which would automatically link the White House switchboard. Cost would be covered by OCA.

Decisions on these recommendations could enable us to relocate from the OEOB by June 15.

I strongly recommend your favorable consideration. Please call me or, in my absence, Robert Steeves if you want further details.

Sincerely,



Virginia H. Knauer  
Special Adviser to the President  
for Consumer Affairs

Enclosure

DRAFT PRESS RELEASE

The President today announced the appointment of Virginia H. Knauer as the Special Adviser to the President for Consumer Affairs. In her new position, Mrs. Knauer will be responsible for directing an augmented Administration focus on consumer issues and programs.

She will report to the President through the Office of the White House Chief of Staff and continues to serve as USOCA Director and Chairperson of the Consumer Affairs Counsel. To facilitate greater interaction with consumers, her office will be located with the United States Office of Consumer Affairs (USOCA).

In her previous position as Special Assistant to the President for Public Liaison, Mrs. Knauer had responsibility for consumers, the handicapped, the elderly, and health care.

DRAFT PRESS RELEASE

The President today announced the appointment of Virginia H. Knauer as the Special Adviser to the President for Consumer Affairs. In her new position, Mrs. Knauer will be responsible for directing a ~~an~~ <sup>concentrated</sup> ~~augmented~~ Administration ~~focus~~ <sup>effort</sup> on consumer issues and programs.

She will ~~report to the President through the Office of the White House Chief of Staff and~~ continues to serve as USOCA Director and Chairperson of the Consumer Affairs Council. To facilitate greater interaction with consumers, her office will be located with the United States Office of Consumer Affairs (USOCA).

In her previous position as Special Assistant to the President for Public Liaison, Mrs. Knauer had responsibility for ~~con-~~ <sup>Liaison</sup> ~~sumers~~ <sup>with</sup> the handicapped, the elderly, and health care ~~organizations~~ <sup>organizations</sup>, in addition to her consumer responsibilities.

THE WHITE HOUSE

WASHINGTON

June 8, 1983

MEMORANDUM FOR JOHN F.W. ROGERS

FROM: Jim Cicconi   
SUBJECT: Virginia Knauer's Transfer

As you know, Virginia Knauer will shortly be relocating to HHS in order to be closer to the staff of the U.S. Office of Consumer Affairs, which she directs.

JAB would appreciate your assistance in ironing out the details of her transfer from the WH payroll to a slot at HHS at a comparable salary (he has already cleared this with Secretary Heckler). Also, since Virginia will retain the title of Special Adviser to the President for Consumer Affairs (copy of President's letter attached), JAB has told her she can keep her WH pass, mess privileges, and access to WH/EOB meeting rooms.

One other point: on JAB's behalf, I asked Virginia for her full cooperation in vacating her offices as soon as possible. She said she would, and that it was simply a matter of getting the movers scheduled.

Thanks.

THE WHITE HOUSE

WASHINGTON

May 31, 1983

Dear Virginia:

I want to thank you for your help to me and to everyone in the White House during your service here as Special Assistant to the President for Public Liaison.

The plight of the consumer has been eased by your strong leadership in increasing awareness of risks in the marketplace and the potential for fraud. I especially appreciate the leadership role you have played in bringing my Administration's accomplishments in this area to the public's attention. Many of those accomplishments are the result of your patient and effective labors, and you deserve great credit for them.

I shall continue to rely upon your wise counsel and designate you as a Special Adviser to the President for Consumer Affairs. Please accept my best wishes for every future success and happiness.

Sincerely,

A handwritten signature in cursive script that reads "Ronald Reagan". The signature is written in dark ink and is centered below the typed name.

The Honorable Virginia H. Knauer  
Special Assistant to the President  
for Public Liaison  
The White House  
Washington, D.C. 20500

THE WHITE HOUSE

WASHINGTON

June 2, 1983

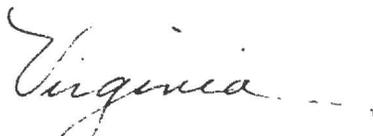
Dear Jim:

As you know, I received a very warm and gracious letter from the President naming me as Special Adviser to the President for Consumer Affairs. Enclosed is my response which I hope you will transmit to the President. I propose to use my letter as the basis for my reply to outside inquiries.

Privately speaking, the new appointment leaves a number of organizational, political, and administrative details which should be addressed internally as quickly as possible to assure a smooth and orderly transition. Failure to do so quickly will give critics the opportunity to misrepresent this action and cause unneeded public embarrassment to the Administration. Therefore, I would appreciate an early meeting with you or someone on your personal staff.

You can count on my continuing support and cooperation.

Sincerely,



Virginia H. Knauer  
Special Adviser to the President  
for Consumer Affairs

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

THE WHITE HOUSE

WASHINGTON

June 2, 1983

Dear Mr. President:

I am deeply honored and appreciative of your May 31 letter and the complimentary things you said about my tenure as your Special Assistant for Public Liaison. I welcome the opportunity to continue to serve you and your Administration as Special Adviser to the President on Consumer Affairs. I assure you that I will undertake my new assignment with enthusiasm and continued confidence in the bold course you have set for this Nation.

Under your leadership, the consumers of this Nation have won a number of very important victories. We have won the battle over inflation, record-high interest rates have been cut in half, and we are on our way to a sustainable prosperity.

We will face many grave challenges. Among other issues, I share your concern about crime and fraud against elderly consumers, and if your free trade policies are reversed by protectionists, there will be an adverse impact on the quality and prices of consumer goods.

As your Special Adviser for Consumer Affairs, I shall marshal the resources and responsibilities that are provided in my capacities as Director of the U.S. Office of Consumer Affairs and Chairperson of the Consumer Affairs Council to complement and enhance our ability to serve the public interest. I will remain constantly sensitive to consumers' needs and continue to bring to your attention important emerging consumer trends.

Sincerely,

*Virginia H. Knauer*  
Virginia H. Knauer  
Special Adviser to the President  
for Consumer Affairs

The President  
The White House  
Washington, DC 20500

THE WHITE HOUSE

WASHINGTON

May 31, 1983

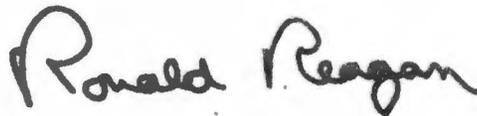
Dear Virginia:

I want to thank you for your help to me and to everyone in the White House during your service here as Special Assistant to the President for Public Liaison.

The plight of the consumer has been eased by your strong leadership in increasing awareness of risks in the marketplace and the potential for fraud. I especially appreciate the leadership role you have played in bringing my Administration's accomplishments in this area to the public's attention. Many of those accomplishments are the result of your patient and effective labors, and you deserve great credit for them.

I shall continue to rely upon your wise counsel and designate you as a Special Adviser to the President for Consumer Affairs. Please accept my best wishes for every future success and happiness.

Sincerely,

A handwritten signature in dark ink that reads "Ronald Reagan". The signature is written in a cursive style with a large, prominent "R" at the beginning.

The Honorable Virginia H. Knauer  
Special Assistant to the President  
for Public Liaison  
The White House  
Washington, D.C. 20500

THE WHITE HOUSE  
WASHINGTON

6/2

To Margaret Tutwiler  
From Virginia Knauer

Here is my reply to the  
President's letter of May 31<sup>st</sup>  
which arrived this morning  
and my note to Mr. Baker.

I hope you will support  
an early meeting with him.  
Many thanks!

THE WHITE HOUSE

WASHINGTON

June 2, 1983

Dear Jim:

As you know, I received a very warm and gracious letter from the President naming me as Special Adviser to the President for Consumer Affairs. Enclosed is my response which I hope you will transmit to the President. I propose to use my letter as the basis for my reply to outside inquiries.

Privately speaking, the new appointment leaves a number of organizational, political, and administrative details which should be addressed internally as quickly as possible to assure a smooth and orderly transition. Failure to do so quickly will give critics the opportunity to misrepresent this action and cause unneeded public embarrassment to the Administration. Therefore, I would appreciate an early meeting with you or someone on your personal staff.

You can count on my continuing support and cooperation.

Sincerely,



Virginia H. Knauer  
Special Adviser to the President  
for Consumer Affairs

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

THE WHITE HOUSE

WASHINGTON

June 2, 1983

Dear Mr. President:

I am deeply honored and appreciative of your May 31 letter and the complimentary things you said about my tenure as your Special Assistant for Public Liaison. I welcome the opportunity to continue to serve you and your Administration as Special Adviser to the President on Consumer Affairs. I assure you that I will undertake my new assignment with enthusiasm and continued confidence in the bold course you have set for this Nation.

Under your leadership, the consumers of this Nation have won a number of very important victories. We have won the battle over inflation, record-high interest rates have been cut in half, and we are on our way to a sustainable prosperity.

We will face many grave challenges. Among other issues, I share your concern about crime and fraud against elderly consumers, and if your free trade policies are reversed by protectionists, there will be an adverse impact on the quality and prices of consumer goods.

As your Special Adviser for Consumer Affairs, I shall marshal the resources and responsibilities that are provided in my capacities as Director of the U.S. Office of Consumer Affairs and Chairperson of the Consumer Affairs Council to complement and enhance our ability to serve the public interest. I will remain constantly sensitive to consumers' needs and continue to bring to your attention important emerging consumer trends.

Sincerely,

Virginia H. Knauer  
Special Adviser to the President  
for Consumer Affairs

The President  
The White House  
Washington, DC 20500

THE WHITE HOUSE

WASHINGTON

May 31, 1983

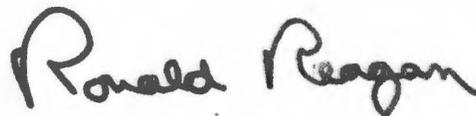
Dear Virginia:

I want to thank you for your help to me and to everyone in the White House during your service here as Special Assistant to the President for Public Liaison.

The plight of the consumer has been eased by your strong leadership in increasing awareness of risks in the marketplace and the potential for fraud. I especially appreciate the leadership role you have played in bringing my Administration's accomplishments in this area to the public's attention. Many of those accomplishments are the result of your patient and effective labors, and you deserve great credit for them.

I shall continue to rely upon your wise counsel and designate you as a Special Adviser to the President for Consumer Affairs. Please accept my best wishes for every future success and happiness.

Sincerely,

A handwritten signature in black ink that reads "Ronald Reagan". The signature is written in a cursive, slightly slanted style.

The Honorable Virginia H. Knauer  
Special Assistant to the President  
for Public Liaison  
The White House  
Washington, D.C. 20500

# Aide Tells Countians

## 'Reaganomics Works'

Lancaster 5/11/83

By Eugene Kraybill  
Intelligencer Journal Staff

Inflation is broken, interest rates are down, employment is up and an economy sickened by former government spendthrifts is finally improving.

That was the "good news" Ronald Reagan's top consumer affairs adviser delivered in Lancaster Tuesday night in a speech before the county's Consumer Protection Commission.

Presidential special assistant Virginia H. Knauer declared that the economy is "on the road to lasting recovery" and, with public support for Reaganomics, a "full economic recovery" should occur within a year.

"This recovery is not a topsyturvy roller coaster ride associated with government meddling in the marketplace," the veteran consumer affairs chief said.

Noting that an upturn in the economy "is the best news for consumers that I could bring you," Mrs. Knauer cited a variety of figures to support her view that the president's policies have all but eliminated the recession.

She noted that the consumer price index is now increasing at an annual rate of less than four percent.

"We had to break the cycle of inflation — and we have done just that," said Mrs. Knauer, 68, a Philadelphia native who has served as consumer affairs adviser to three Republican presidents.

She called attention to a drop in mortgage rates, increased housing starts and construction spending, a rise in car production and the lowest prime interest rate in over three years.

In March, she said, the consumer confidence rating rose to 76.5 percent, recording its highest monthly gain in nearly a decade.

Unemployment is "still too high," she conceded, but new jobs have multiplied and most employers believe they will be able to expand their work force in the near future, she said.

"The recovery will take time, but it will take place — and this recovery is real," she said.

Mrs. Knauer delivered her pep talk for Reaganomics to about 80 people assembled for the 11th anniversary dinner of the local consumer commission.

She recalled her appearance before the commission in 1972, a few months after the group was formed by former district attorney Henry Rutherford.



VIRGINIA KNAUER

The commission, funded by the county but staffed mostly by volunteers, was described as the first of its kind in the nation, and on Tuesday, Mrs. Knauer praised the local group for being active long before anyone started talking about private sector initiative.

She also praised the commission for its efforts in mediation on behalf of the consumer. Executive director Thomas J. Sheaffer later reported the commission figures it has saved consumers \$1 million since its formation.

Recalling a warning by Chief Justice Warren Burger, Mrs. Knauer said the nation's courts are swamped with often frivolous lawsuits that could be better resolved through alternative systems such as those operated by the local consumer commission.

In March, press reports said Mrs. Knauer was among six of President Reagan's special assistants who were being dismissed by Faith Ryan Whittlesey, White House chief of public liaison. But Mrs. Knauer survived the shake-up, and a White House press spokesman said Tuesday there was never any change in her status or position.

## Consumer education is bigger than ever

Virginia Knauer, special assistant to the president and director of the U.S. Office of Consumer Affairs, says consumerism has changed. She talked about it in a recent interview at her office in Washington's Old Executive Office Building next to the White House.

"We have a larger constituency than during the late '60s and early '70s, (but) confrontational politics are out of step with the times," she said.

"Inflation is the No. 1 concern of consumers."

*Consumerism in the '80s*, a recent study done for Atlantic Richfield Corp. by Louis Harris & Associates, confirms Knauer's position.

"When the economy is depressed, people are buying quality (goods) with the hope they will last longer," she said.

"An educated consumer is

the best offense in the marketplace."

Knauer, 67, represents the administration on consumer, aging, disability, health care and safety issues. She held similar positions in the Nixon and Ford administrations.

Consumer education, rather than advocacy, is the focus of her office.

Last October it published the second edition of its *Consumer Resource Handbook*, a directory of government and private organizations that help solve consumer problems.

The book also contains 19 pages of corporate contacts who specialize in fielding complaints.

Between her stints as a public spokeswoman on consumer issues, Knauer, through her consulting firm, Knauer & Associates, advised corporations on handling consumer problems.



**KNAUER:** In the 1980s, the No. 1 issue is inflation.

When working in private business, Knauer was a member of several corporate boards, trying to get industry to bring unit pricing to grocery shelves, improve labeling on cosmetics and voluntarily label the salt content of foods.

Before moving to Washington, Knauer, a Republican, was a member of the Philadelphia City Council and headed the first Pennsylvania Council of Consumer Affairs.

DEC 3 -- 82



**Virginia H. Knauer**  
Consumer Affairs director

# Knauer Defends Reagan Policy

By **WALLY HITCHCOCK**  
State Staff Writer

## AIKEN

An adviser to President Reagan told an Aiken audience Thursday that Reagan is a "strong supporter" of the handicapped and is seeking more involvement by business and industry in meeting the needs of disabled people.

Virginia H. Knauer, special assistant to the president and director of the U.S. Office of Consumer Affairs, told of Reagan's concerns during a "Salute to Industry and Business" banquet.

"The president wants a partnership with the private sector and greater involvement by business and industry in meeting the handicapped needs that for decades have been viewed as part of the federal domain," Mrs. Knauer said.

Mrs. Knauer, who advises Reagan on aging, disabled, health care and safety matters, was introduced by

Nancy Thurmond, wife of Sen. Strom Thurmond, R-S.C.

In an interview prior to the banquet, Mrs. Knauer said American consumers once complained to her office about inflation and high interest rates but added that those complaints have slacked off since interest rates have dropped to 11.5 percent and inflation is down to 5 percent.

She said Americans now realize that an average family with an annual income of \$24,000 has \$2,000 more spending power than in 1980 because of lower inflation and interest rates.

Mrs. Knauer said Reagan's cutbacks on the Consumer Product Safety Commission and the Federal Trade Commission have had no adverse effect on the services provided American consumers.

"The agencies merely tightened up their acts," she said.

In the banquet speech, Mrs. Knauer praised the vocational re-

habilitation program in South Carolina as a model for the nation.

She noted that the S.C. Vocational Rehabilitation Department, under the leadership of Commissioner Joe Dusenbury, for the past eight years has led the nation in the number of rehabilitants per 10,000 population.

She also noted that South Carolina accomplished this record at the lowest cost in the nation.

Area businesses and industries were saluted at the banquet for cooperating in programs that help the handicapped find paying jobs. The banquet was sponsored by the advisory board of Aiken Rehabilitation Center.

Mrs. Knauer was a special adviser to Presidents Nixon and Ford. She left the government during the Carter administration and was a consumer consultant in the private sector.

"I charged for advice that I offered free in the White House," she said.

*By Halley*

DEC 27 1982

# Supreme Court Justice O'Connor Featured at Consumer Conference

**CHICAGO** Supreme Court Justice Sandra Day O'Connor will join spokesmen for consumers, industry, mediation and arbitration at a two-day National Consumer Alternatives Dispute Resolution Conference.

The conference on exploring alternatives to filing suits over consumer complaints will be January 17 and 18 in the L'Enfant Plaza Hotel, Washington, D.C. It is sponsored jointly by the American Bar Association Special Committee on Dispute Resolution, the U.S. Office of Consumer Affairs and the National Association of Consumer Agency Administrators.

Participants will address issues of where consumers do and should take their complaints, what are the most effective and fair mechanisms to solve those complaints, and how the legal profession, government and business can inform consumers about the availability of media-

The two-day program will feature professional actors demonstrating such dispute resolution alternatives as mediation, arbitration and conciliation, and a series of 10-minute presentations by the organizers of about a dozen successful dispute resolution programs from around the country. The remainder of the program will be rounded out with panel discussions on identifying problems, evaluating potential dispute solution systems from the standpoint of consumers and businessmen, legal issues related to dispute resolution, negotiating techniques, establishing and managing resolution programs, issues of competition, and resolution of disputes in the automobile industry.

Other participants in the program will be Federal Trade Commission Chairman James C. Miller III and Virginia Knauer, Special Assistant to President Reagan for Consumer Affairs.

tor of the Center for Community Justice in Washington, D.C.; Clair Villano, president of the National Association of Consumer Agency Administrators, Washington, D.C., and Arthur Best, a New York Law School professor and author of the book, *Why Consumers Complain*. Among commercial representatives will be Dean Dettmer, director of the Council of Better Business Bureaus in Washington, D.C.

Justice O'Connor will speak preceding a reception the evening of January 17. Introducing the conference program that morning will be Morris Harrell of Dallas, president of the ABA, Ms. Knauer and Ms. Villano. Also participating will be Wallace Riley of Detroit, president-elect of the ABA, and Ronald Olson of Los Angeles, chairperson of the ABA Special Committee on Dispute Resolution.

Information on conference registration is available from

DAILY WASHINGTON  
LAW REPORTER  
WASHINGTON, D.C.  
DAILY

DEC 22 1982

*By Halley*

## Justice O'Connor, Administration Leaders, Lead Program for ABA Consumer Dispute Resolution Conference

Supreme Court Justice Sandra Day O'Connor will join spokesmen for consumers, industry, mediation and arbitration at a two-day Consumer Alternatives Dispute Resolution Conference.

The conference on exploring alternatives to filing suits over consumer complaints will be January 17 and 18 in the L'Enfant Plaza Hotel, Washington, D.C. It is sponsored jointly by the American Bar Association Special Committee on Dispute Resolution, the U.S. Office of Consumer Affairs and the National Association of Consumer Agency Administrators.

Participants will address issues of where consumers do and should take their complaints, what are the most effective and fair mechanisms to solve those complaints, and how the legal profession, government and business can inform consumers about the availability of mediation and arbitration to solve their complaints.

The two-day program will feature professional actors demonstrating such dispute resolution alternatives as mediation, arbitration and conciliation, and a series of 10-minute presentations by the organizers of about a dozen successful dispute resolution programs from around the country. The remainder of the program will be rounded out with panel discussions on identifying problems, evaluating potential dispute solu-

# Consumers Can Be Confident

*Lancaster New Era 5/11/83*  
**Presidential Aide Says Economic Recovery Is 'Best News' for Consumers**

By RUSSELL E. ESHLEMAN JR.  
New Era Family Editor

**T**HE nation's economic recovery is well under way, which can only mean a better future for consumers, President Reagan's top consumer adviser said here Tuesday night.

Virginia Knauer, addressing the 11th annual dinner of the Lancaster County Consumer Protection Commission, said the Reagan administration's refusal to meddle in the affairs of business has reduced inflation, lowered interest rates, spurred production and — even though 10.2 percent of the nation's work force is unemployed — created jobs.

"Figures point to good things for our recovery and consequently consumers and workers," Mrs. Knauer said. "This recovery is not a topsy-turvy, roller coaster thing.

She said 650,000 jobs have been created since December, and employers are promising to increase their work forces as the economy continues to improve.

Mrs. Knauer, who is a special assistant to the president and director of the U.S. Office of Consumer Affairs, used statistics to back up her claims. She said today's 10.5 percent prime rate is the lowest in 3½ years. It's especially significant, she said, since the prime jumped from 6.25 to 21.5 percent during the Carter administration.

"We had to break the cycle of inflation, and we've done that," she said.

The Consumer Price Index is increasing at less than 4 percent annually, mortgage rates are down, housing starts are up, construction spending is up and car production is up — all signals, Mrs. Knauer insisted, that the economy is "now on the road to a healthy recovery."

Turning to consumer issues, Mrs. Knauer said consumer confidence in March was measured at 76.25 percent, which was the best monthly figure in nine years.

She cited a recent Lou Harris survey that showed consumers have mixed feelings about whether they are being treated better or worse by business than they were 10 years ago.

Seventy percent of Harris's respondents said they have better shopping skills than they had a



New Era Photo by James Gerberich

Virginia Knauer

"economy on road to healthy recovery"

decade ago, and 62 percent said they believe product safety has improved.

But 54 percent said consumers get a worse deal from business than they did 10 years ago, and 59 percent said that the quality of products and services has decreased.

Twenty-five percent of those who answered Harris's poll said companies have improved handling customer complaints. Thirty-nine percent said complaints are handled more poorly.

Mrs. Knauer, 68, who was named the first director of the Pennsylvania Bureau of Consumer Protection in 1968, is a former member of the Philadelphia City Council. Before her appoint-

ment by Reagan in 1981, she was president of her own Washington, D.C.-based consulting firm, which specialized in consumer issues.

As Reagan's chief consumer adviser, Mrs. Knauer tours the nation, speaking on issues that affect not only consumers, but also the elderly and disabled. She focuses on health care and safety, as well as business issues.

She said consumers want businesses to be more responsive to their complaints. And consumers believe more regulation is necessary in the areas of false advertising, mislabeled warranties and dangerous products.

Tuesday night's speech by Mrs. Knauer marked the second time she has addressed the Consumer Protection Commission. She promoted the group's formation in Lancaster in 1972.

In fact, she said the Lancaster County Consumer Protection Commission, a county-funded agency that is staffed by volunteers who investigate and attempt to resolve consumer complaints, is just the kind of organization that is needed to help stimulate an economic recovery.

She said whenever a consumer-business problem can be resolved without going to court, both the consumer and the business save money.

"Panels can and do resolve complaints satisfactorily," she said. "This appears to be a constructive way of getting government out of consumer problems and getting the private sector involved."

A good example of avoiding litigation is the work done by the county Consumer Protection Commission, she said. Of the 450 complaints received each month by the commission, only 20 to 40 normally have to go to mediation proceedings and just two have to proceed to arbitration. The rest are worked out on a first contact between the commission and business or consumer.

Mrs. Knauer said federal courts are bogged down by 200,000 civil suits a year. Many of those, she said, are ridiculous cases, such one in which parents of a 9-year-old girl who didn't get the customary prize in a box of Cracker Jacks sued the company.

"We're looking at alternatives for costly and time-consuming litigation," she said.

Mrs. Knauer spoke to about 80 Consumer Protection Commission members in the cafeteria of Conestoga View.

THE WHITE HOUSE

WASHINGTON

May 16, 1983

MEMORANDUM FOR MARGARET TUTWILER  
Executive Assistant to the  
Chief of Staff

FROM: VIRGINIA H. KNAUER *Virginia Knauer*  
Special Assistant to the President  
Office of Public Liaison

SUBJECT: Background on White House Consumer Position

I understand that Mr. Baker has under reconsideration the re-  
location of the consumer affairs unit within the Administra-  
tion. A brief summary of some of the contributions of the  
existing system is attached and a copy of the "Consumer Re-  
source Handbook" (800,000 have been distributed since October,  
1982).

Unfortunately, the public misperception of the President and this Administration is that we are insensitive to the needs and concerns of those who are not wealthy, famous, or powerful. In my view, any action which appeared to submerge or dilute the White House presence of the spokesperson of the consumer constituency -- that is, those with economic concerns among low-income and average workers, the aged, the disabled, and minorities -- will simply give the Administration opponents an issue to exploit and will provide a future rallying point to give their distortions credibility. We all remember the political hay the opposition made out of the Social Security issue in the 1982 election.

The exact reporting structure or location within the White House complex for my office is not important so long as there is no physical separation. From a budgetary standpoint, aside from my salary, non-White House funds pay all other expenses -- rent in OEOB, travel, phones, etc., and all staff expenses.

I am, as a team player, ready and willing to serve the President wherever it is determined that my contributions are most effective. However, my severance from the White House would effectively remove the efforts of 35 members of the U.S. Office of

Consumer Affairs staff, including the three full-time White House details, and its resources from the direct Presidential support mission that the office has served for about 12 years. The political fallout of appearing to have severed from the White House the chief consumer spokesperson for the constituencies of this Administration will dog us unfairly during the coming campaign and in the press.

In almost 400 speeches and interviews I have given in the past two years, I have vigorously promoted the President's programs or initiatives. A few clippings support this effort.

I would like to discuss these points in further detail with Mr. Baker and hope that I will have that opportunity before a final decision is made.

SUMMARY OF OBJECTIVES AND ACTIVITIES

A primary objective of the Special Assistant to the President and Director of the United States Office of Consumer Affairs is to explain Presidential and Administration policies to the public and to relevant constituent groups. Such activities included the following:

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>Total</u>
Meetings with constituents:	195	96	37	328
Speeches	68	84	29	181
Interviews (print, radio, TV)	110	92	15	217

Every speech and interview contained positive references to the President and his policies and are on file. In addition, ongoing publications such as Consumer News and Consumer Resource Handbook consistently explain the President's programs.

Another key objective is to recommend events for Presidential participation. The President's visit to Dale City, Arizona was one such recommendation as well as the celebration of Bob Hope's birthday.

The Special Assistant to the President and the Office of Consumer Affairs undertake problem-solving programs in cooperation with the private sector that reflect favorably on the President and the Administration. In 1983, such activities included the following:

Consumer Dispute Resolution: Exploring the Alternatives.

A conference evaluating non-legal methods of solving consumer problems. Co-sponsored by the American Bar Association and the National Association of Consumer Agency Administrators. Supreme Court Justice Sandra Day O'Connor participated. Extensive favorable coverage.

Building Partnerships. Two energy/aging conferences aimed at developing solutions to the energy problems of older Americans. Co-sponsored by the Aging and Energy Consortium, consisting of 50 major private and public interest organizations, including the Edison Electric Institute and the American Petroleum Institute. Extensive favorable coverage.

Consumer Action Panels. These are privately-sponsored consumer complaint resolution mechanisms. The Special Assistant to the President and the U.S.O.C.A. have helped the automobile, appliance, furniture and funeral industries develop these programs. They work and work well for the public and industry.

National Consumers Week. The President's proclamation in 1982 and 1983 led to thousands of events in Washington and around the country showing the importance of the consumer in the nation's economy and the necessity for consumer education. The benefits to consumers from free trade was highlighted.

A program now in the developmental stage affects automobile mechanics dealing with consumer problems of the unemployed which, if successful, can have an enormous positive influence on the President's blue collar constituency.

Finally, where appropriate, the Special Assistant to the President works with the Executive Branch to insure passage or defeat of appropriate legislation and regulation. Examples include efforts on domestic content legislation, sodium labeling, penalties against product tampering, drug labeling information and elimination or reduction of restrictive regulation at FTC and FDA.

The Special Assistant and the U.S.O.C.A. hold annual Congressional briefings and exhibits to show where and how to handle constituent complaints. Over 1,500 attended the demonstration in 1982 and again in 1983.