

WITHDRAWAL SHEET

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File Folder: JW Cicconi Memos to Mr. Baker, Jan-Jun 1984[1 of 3]

Date: 2/17/98

~~OA 10792~~ **Box 4**

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. minutes	Cabinet Council on Economic Affairs, (p.2), 1p..	12/20/83	P5
2. memo	J.W.Cicconi to James A. Baker III re Cabinet Council on Management and Administration, 1p.	2/10/84	P5
3. memo	Cicconi to Baker re Regulatory Reform Effort, 2p.	2/14/84	P5 CBS 10/18/00

RESTRICTION CODES

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

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

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

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

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THE WHITE HOUSE
WASHINGTON
January 3, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*
SUBJECT: Securities and Exchange Commission

For your information:

Very shortly there will be two Democratic vacancies on the SEC since Barbara Thomas and Bevis Longstreth will be leaving the seats they now occupy.

I have spoken with White House Personnel about a woman named Ilana Peters as a possibility for one of the two vacancies. She is a black attorney with Gibson, Dunn and Crutcher and is reportedly very experienced in securities litigation. I am told that the Attorney General is acquainted with Ms. Peters and is quite high on her.

JAB

I've since been told that Personnel has interviewed Peters and was impressed w/ her, so she's very much in the running.

JWC
1/3

THE WHITE HOUSE

WASHINGTON
January 3, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JW*
SUBJECT: Youssef Akbar

For your information:

After receiving Youssef Akbar's resume, I sent it on to Personnel with the attached cover memo. Joe Salgado subsequently talked with VOA, and I have been told that Mr. Akbar has already been interviewed. He is due to come in again soon for a broadcast test.

I was told that VOA was impressed with Mr. Akbar. If he checks out as a broadcaster, he would have to be employed on a contract basis due to his nationality.

JAB
You'd asked about this...
jc

THE WHITE HOUSE

WASHINGTON

December 9, 1983

MEMORANDUM FOR JOE SALGADO

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Resume of Youssef Akbar

Attached is the resume of Youssef Akbar, about whom we have spoken previously.

Jim Baker would appreciate it if you could arrange an interview for Mr. Akbar at the Voice of America. He is interested in helping with VOA broadcasts to Iran, and Mr. Baker feels he could be quite helpful in that regard. I would appreciate it if you could let me know the outcome of this.

Thanks.

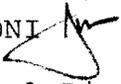
THE WHITE HOUSE

WASHINGTON

January 4, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Report on School Discipline

The recently completed report of the Working Group on School Violence/Discipline was discussed briefly with the President at yesterday's CCHR meeting. The report concluded that discipline was a growing problem, especially in secondary schools, and that it impedes directly our efforts to improve the quality of education. It cited some interesting examples of inner city "problem" schools where attendance and test scores improved dramatically after the imposition of strict disciplinary codes.

The report's key recommendation was that the President exert leadership by calling attention to the problem, mainly through speeches and opportunities for education-oriented remarks. The President was very supportive of the report and indicated his willingness to speak out on the problem.

cc: Richard G. Darman

THE WHITE HOUSE

WASHINGTON

January 5, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*
SUBJECT: Organ Transplant Policy

At the recent CCHR meeting with the President, discussion centered on the need to develop a policy regarding organ transplants in general, and liver transplants in particular. The latter has become a safer, more common procedure (at least on a relative basis), though it remains quite expensive. You will recall, of course, that the President has had some personal involvement in publicizing the liver transplant issue.

On general points, Secretary Heckler recommended that:

1. A presidential commission be formed to study and recommend a federal policy on transplants. Such a group would include people eminent in medicine, economics, etc.
2. The Administration should take a strong position against the sale of organs, a possibility which could develop as transplants become more common. The AMA concurs with this. Legislation has been introduced that would place a federal ban on the sale of nonrenewable organs, and it has strong congressional support.
3. The voluntary, private clearinghouse system for organ procurement should be maintained. Though some members of Congress support creation of a federal procurement clearinghouse, HHS feels the present private system is doing a good job and should be strengthened.

The more specific liver transplant issue involves the degree of Medicare coverage which the Administration should support. The question is significant because it will set a precedent for other, similar surgery, including heart transplants. It was decided that HHS would work with OMB and OPD to develop a consensus recommendation. (There already seems to be agreement to cover biliary atresia, a disease which largely affects children such as those with whom the President was involved. Transplants in cases of biliary atresia are considered safer and have a higher degree of success than in other cases.)

cc: Richard G. Darman

THE WHITE HOUSE
WASHINGTON

Jan 6, 1984

TO: JAB III

FYI, Mike Deaver has approved the request for a Presidential videotape for the One Hundred Club banquet in Houston honoring USSS agent Tim McCarthy.

This was the subject George Bolin called and asked that you arrange. Am working out details in conjunction with him.

JC

THE WHITE HOUSE

WASHINGTON

January 6, 1983



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*
SUBJECT: CCMA Meeting with the President

Yesterday, the Cabinet Council on Management and Administration met with the President to discuss the following subjects:

1. Paperwork Reduction: Chris DeMuth reported that the Administration has substantially surpassed the reduction goals set in the Paperwork Reduction Act, eliminating over 32% of the 1980 federal paperwork burden. The FY83 reduction of 11% eliminated over 140 million hours of paperwork burden. The FY 1984 reduction goal has been set at 6.5%.
2. Border Inspection: Border inspection is a responsibility now divided between INS, Customs, and others. The present system of divided responsibility is duplicative and causes unnecessary delays for the passenger who, in many cases must face two different inspections. Since 1948, various studies have recommended that the function be consolidated. The Grace Commission also urged consolidation, and recently a number of congressional committees with jurisdiction in the area have done likewise. A working group has agreed on a consolidation plan that would give Customs primary responsibility for passenger inspections at air and sea terminals, and INS primary responsibility at land ports of entry. This plan would result in a slight FTE shift to INS, and would have a negligible budget impact overall. We will need legislation to implement this plan and have not yet determined whether to seek a general reorganization authority or to simply make the changes by specific statute. Public employee unions can be expected to oppose any change in the status quo, and will fight this plan on the Hill.

3. Position Management: It was mentioned that the federal government has over the past 10 years experienced a grade level "creep" of employees into higher salary grades. OPM and OMB have proposed a goal of 8% reduction in GS-11 to GS-15 positions by the end of FY88. This would be accomplished through attrition, without RIFs, and would be assigned to the agencies in the form of equivalent budget cuts (not FTE's). Secretary Weinberger said he concurred provided there is flexibility in the application of reductions since certain agencies, such as DOD and HHS, have a higher percentage of technical occupations (e.g. doctors in the Health Service).
4. Publications Reduction: Joe Wright reported that over 16,000 government publications have been eliminated since the President took office. Last year 3,800 were eliminated, and another 3,100 were reduced. (One of Joe's favorites was "A Tour of Trees at Fort Levenworth": it listed location of all trees and their height, but had to be reprinted every year because the trees insisted on growing.)
5. Inspectors General Report: The President was updated on the money saved by the organized Inspectors General effort. Since the program was started, over \$31 billion has been saved, including \$8.4 billion in the last six months. There has been a marked increase in "hot line" reports of waste and fraud, investigations conducted, and the number of successful prosecutions.

cc: Richard G. Darman

THE WHITE HOUSE
WASHINGTON



Jan 10, 1984

TO: JAB III

Harold Chamberlain of Houston was calling you about an American employee of Aramco who has been jailed by the Saudis for manufacture and sale of alcohol. Chamberlain's law firm is representing the man, who has been sentenced to 2 years in jail and 200 lashes by a Saudi court.

I checked with the State Dept, who told me there was very little they could do given the severity of the crime under Islamic law. They also mentioned that the 200 lashes is not life-threatening, and is "done with the intent of humiliating and not to cause physical harm."

I conveyed to Chamberlain that State was aware of the case, but that there was really nothing we could do to help.

JC

JAMES W. CICONI
Office of James A. Baker, III
456-2174

THE WHITE HOUSE

WASHINGTON
January 12, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JW*
SUBJECT: International Conference on Population

Several months ago we met with former Ambassador Marshall Green and General William Westmoreland regarding world population problems and their organization's efforts. As that time, they requested your support for Bill Draper to head the U.S. delegation to the International Conference on Population to be held this August in Mexico City. A major reason was the fact that Bill Draper's father helped found the Population Crisis Committee, an organization in which Bill remains quite involved (Green and Westmoreland are also members).

After pursuing the matter, I was advised that anti-abortion groups claim the Population Crisis Committee supports abortion in Third World countries. Under these circumstances, Personnel felt it unwise to push Draper as delegation head. I agreed with this conclusion, since their contention would cause controversy without regard to the truth of the situation. However, I asked that Draper be included as a high-ranking member of the delegation, and was given assurances to that effect.

THE WHITE HOUSE

WASHINGTON

January 12, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Monetary Policy

During today's CCEA meeting, the President was briefed on monetary policy. The relevant charts are attached.

The short discussion centered on Milton Friedman's prediction that a dramatic economic slowdown will develop early this year as a result of a significant drop in the growth of M1 since July of last year. Even though growth has picked up slightly, Friedman argued that a new slowdown, perhaps even a recession, is now "baked in the cake." Feldstein, Regan, and most of the other economists who met with the President yesterday disputed Friedman's analysis. Feldstein in particular argued that economic growth should continue provided that M1 growth assumes a more normal pace (as it shows every sign of doing).

Marty went on to say that the most significant point in the attached charts is that the Fed is now within its target ranges on all three money stock measures. He predicted that the new M1 growth target range will be between 4% and 8% (starting from near the September 1983 base).

cc: Richard G. Darman

all 3 now w/in ranges

Fed. Res. has set for them;

most imp. pt,

- MF does not share view of Friedman and others that dramatic slowdown

\$ Billions is "baked in the cake" for early this yr.

Behavior of M1 in 1983

GROWTH RATES

Short-Term (3-mos.) ending:

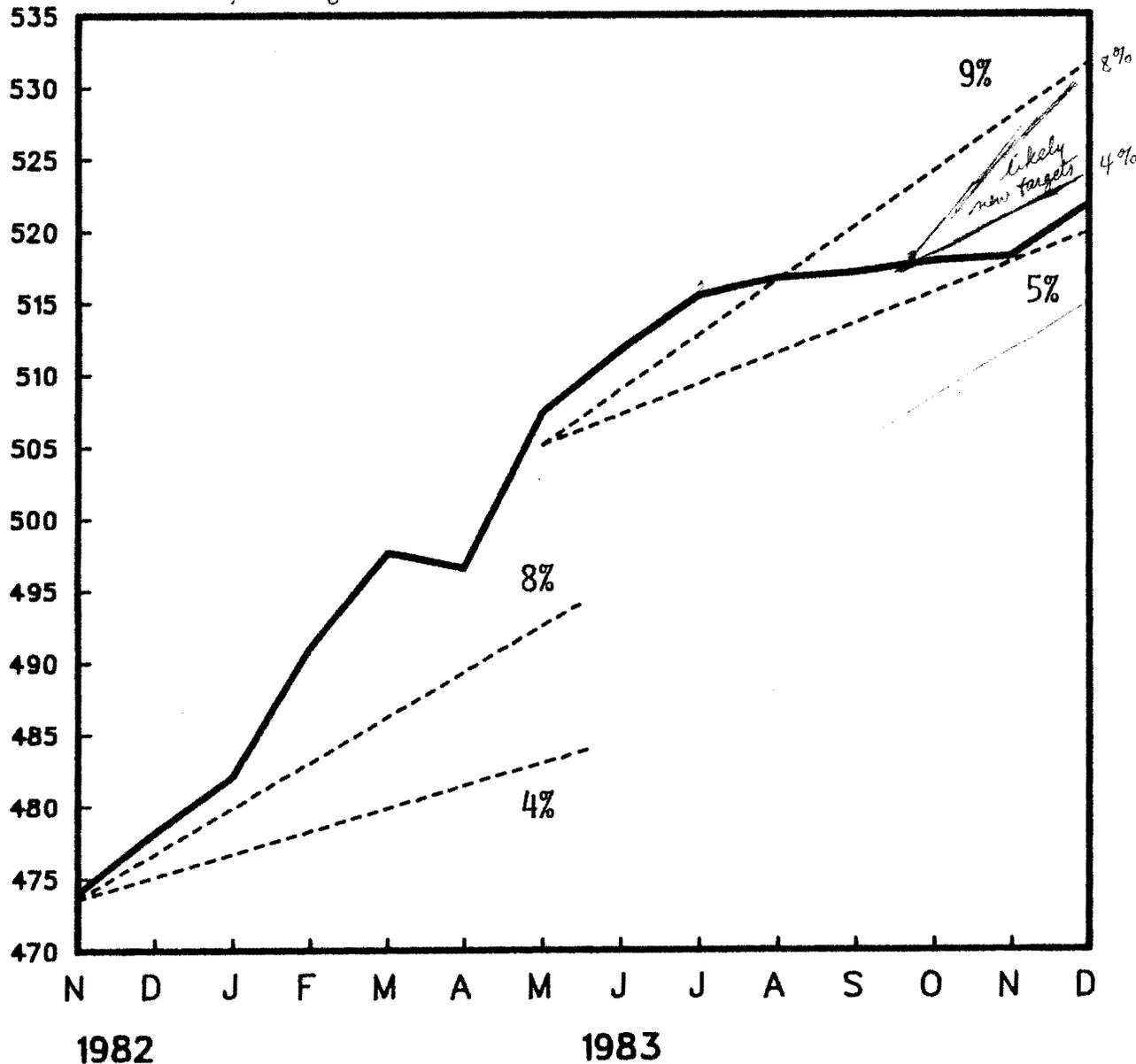
1983: Jan.	11.9
Feb.	14.7
Mar.	18.0
Apr.	12.9
May	12.2
June	13.5
July	15.6
Aug.	7.7
Sept.	4.1
Oct.	1.8
Nov.	1.2
Dec. e	3.4

Medium-Term (6-mos.) ending:

1983: Jan.	13.0
Feb.	14.1
Mar.	15.0
Apr.	13.6
May	14.3
June	14.5
July	13.8
Aug.	11.5
Sept.	9.5
Oct.	7.8
Nov.	3.9
Dec. e	3.1

Long-Term (12-mos.) ending:

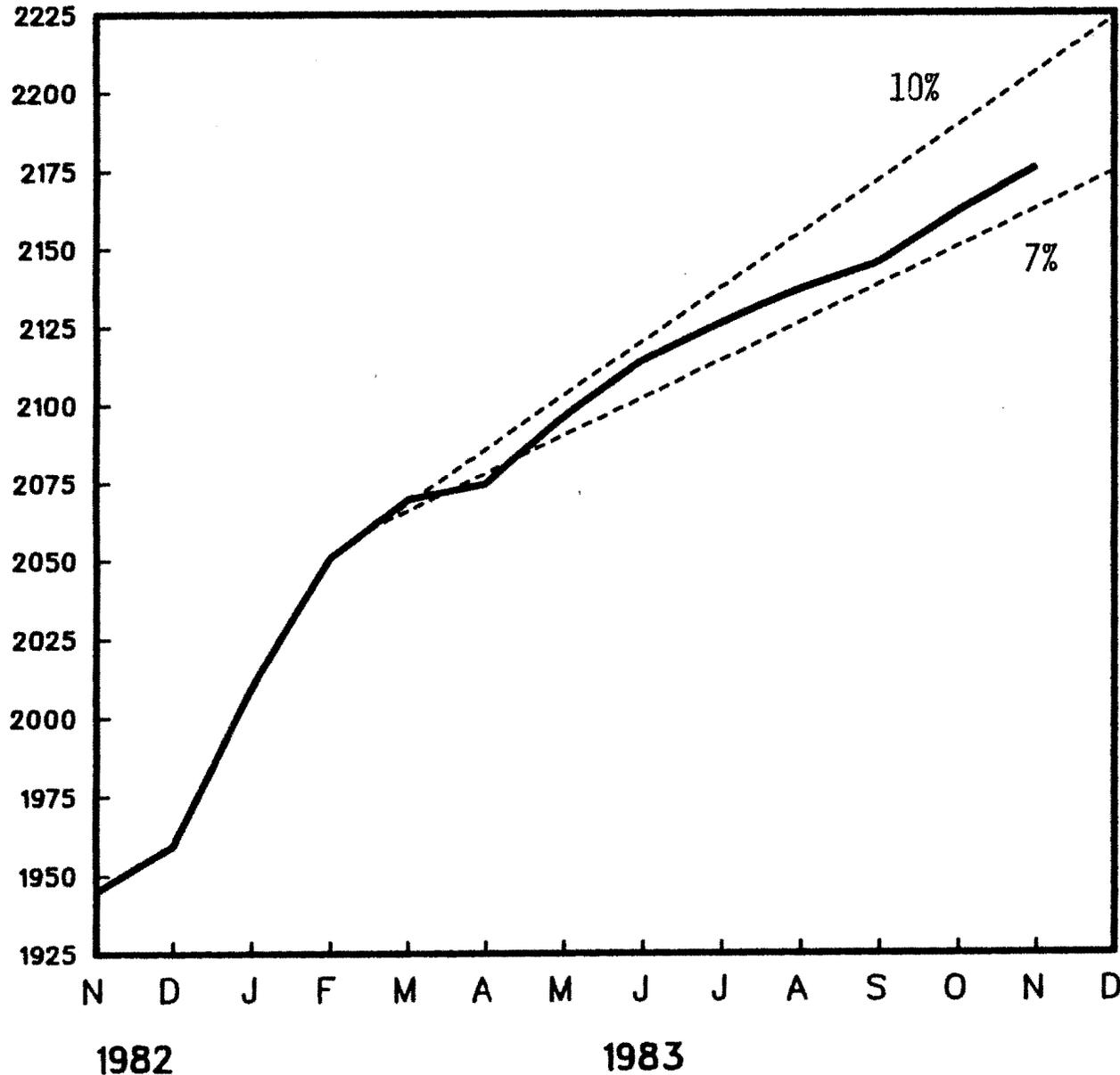
1983: Jan.	8.0
Feb.	9.6
Mar.	11.0
Apr.	11.7
May	12.7
June	13.5
July	13.9
Aug.	13.5
Sept.	12.6
Oct.	11.5
Nov.	10.2
Dec. e	9.0



Source: Federal Reserve

Behavior of M2 in 1983

\$ Billions



GROWTH RATES

Short-Term (3-mos.) ending:

1983: Jan.	16.8
Feb.	24.8
Mar.	24.8
Apr.	13.4
May	8.5
June	9.3
July	10.4
Aug.	7.9
Sept.	6.0
Oct.	6.6
Nov.	7.7

Medium-Term (6-mos.) ending:

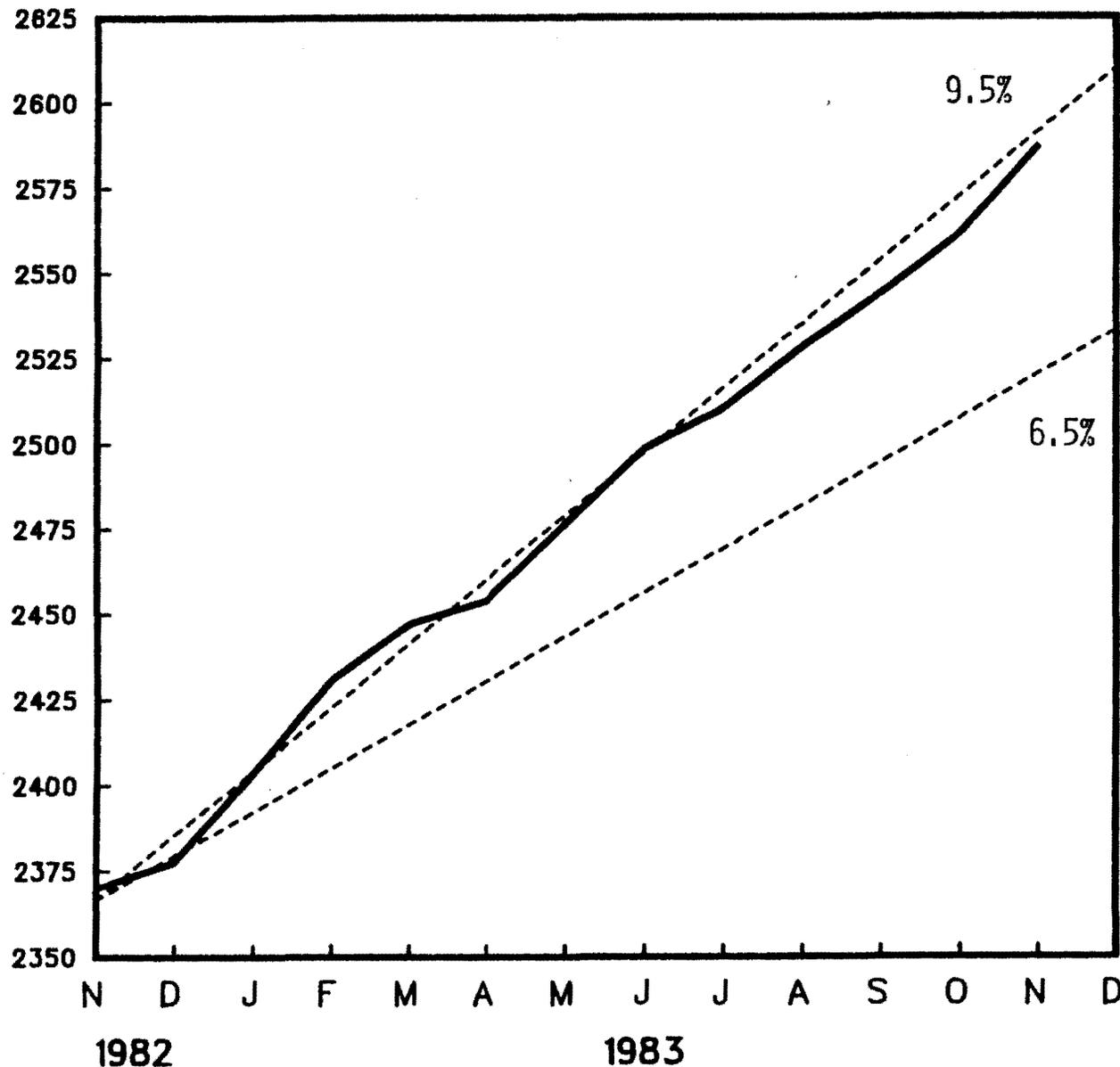
1983: Jan.	12.3
Feb.	15.4
Mar.	17.9
Apr.	18.1
May	17.1
June	14.9
July	10.9
Aug.	8.8
Sept.	8.1
Oct.	8.0
Nov.	7.3

Long-Term (12-mos.) ending:

1983: Jan.	10.4
Feb.	11.9
Mar.	13.0
Apr.	13.7
May	14.1
June	14.3
July	14.1
Aug.	13.7
Sept.	13.1
Oct.	12.3
Nov.	11.3

Behavior of M3 in 1983

\$ Billions



Source: Federal Reserve

GROWTH RATE

Short-Term (3 mos.) ending:

1983: Jan.	8.5
Feb.	10.9
Mar.	12.4
Apr.	8.7
May	7.3
June	9.0
July	9.7
Aug.	8.4
Sept.	7.6
Oct.	8.3
Nov.	9.5

Medium-Term (6 mos.) ending:

1983: Jan.	9.9
Feb.	9.5
Mar.	10.0
Apr.	9.6
May	9.5
June	9.8
July	8.8
Aug.	8.4
Sept.	8.5
Oct.	8.7
Nov.	8.7

Long-Term (12 mos.) ending:

1983: Jan.	10.7
Feb.	10.9
Mar.	10.9
Apr.	10.7
May	10.4
June	10.1
July	9.6
Aug.	9.2
Sept.	9.1
Oct.	9.0
Nov.	9.0

DEFINITION OF MONEY STOCK MEASURES

- M1 -- sum of currency, travelers checks, demand deposits and other checkable deposits
- M2 -- M1 plus overnight RPs and Eurodollars, MMMF balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits
- M3 -- M2 plus large time deposits, term RPs and institution-only MMMF balances

TARGET RANGES

- M1 -- (a) 4% to 8% growth from the Q-IV '82 average level. Target used until June '83.
- (b) 5% to 9% growth from the Q-II '83 average level. Target used since June '83.
- (c) 4% to 8% growth from a Q-IV '83 average level is the tentative target for 1984.
- M2 -- 7% to 10% growth from the February-March average level.
- M3 -- 6.5% to 9.5% growth from the Q-IV '82 average level.

THE WHITE HOUSE

WASHINGTON

January 12, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

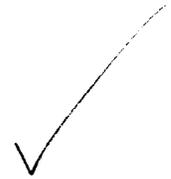
SUBJECT: Federal Credit Policy

The CCEA has forwarded to the President the following general recommendations on federal credit policy:

1. Support Congressional efforts to move off-budget lending onto the unified budget. This would not effect the FY85 budget, but in future years would make the on-budget deficit appear larger by \$5 to \$10 billion.
2. Urge Congress to include the federal credit budget in its budget resolution process. The Administration already develops a credit budget with its formal budget submission, but Congress does not include it in the budget resolution process. Thus, it is not given the same degree of oversight as other budget issues.
3. Issue a statement of Administration credit policy. This would, for example, require new legislative proposals to contain information regarding any subsidies in loan programs; require that interest rates on direct loans be related to market rates and not fixed at a specific level (which can later become outmoded); and would mandate loan guarantees of less than the usual 100% in order to encourage risk sharing by the private sector.

The President will probably issue his decisions soon on the above recommendations.

THE WHITE HOUSE
WASHINGTON
January 12, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JW*
SUBJECT: Tsongas Announcement

Lee Verstandig called me and asked that I pass on the following:

Senator Tsongas is expected to announce that he is stepping down at a 2:00 press conference today. The speculation in Massachusetts is that he cut a deal with Governor Dukakis, who will appoint himself to fill the vacant Senate seat. The press is also speculating that likely Republican candidates include Margaret Heckler, Elliott Richardson, and Andy Card (of the IGA staff).

Janice Burton
cong Hal Dand in
for 10 minutes -
re make war -

THE WHITE HOUSE
WASHINGTON

13 January 1984

TO: JAB III

Attached is material summarizing the Cabinet Council discussion regarding whether to expand Gov. DuPont's program into a national effort.

After the meeting, I tried to explore some other options for setting up such a program with several of the principals, but struck out. (My thoughts were pointed toward doing it as an experimental program in some key areas-- very low cost, yet still gives us the political benefits a la enterprise zones.)

I am not aware of any further discussion of this since the December 20th meeting.

JC

MINUTES
CABINET COUNCIL ON ECONOMIC AFFAIRS

December 20, 1983
8:45 a.m.
Roosevelt Room

Attendees: Messrs. Regan, Bell, Brock, Feldstein, Porter, Ford, Jones, Lyng, Simmons, Barody, Benjamin, Cicconi, Cogan, Gibson, McAllister, Neal, Platt, and Li, and Ms. Whittlesey and Ms. Risque.

1. Report of the Working Group on Unemployment and Unemployment Compensation

Mr. Cogan presented a report of the Working Group on Unemployment and Unemployment Compensation which conducted economic policy study number 7: Reaching Full Employment. The Working Group report focused on youth unemployment, reviewing the history of Federal youth employment and training programs, discussing the effects of the Federal minimum wage on youth employment, and presenting for Cabinet Council decision two issues: (1) a proposal to establish a national school-to-work transition program; and (2) extension of the Targeted Jobs Tax Credit program.

Mr. Cogan noted that despite the plethora of Federal programs over the years designed to reduce youth unemployment, including public service employment, tax credits, and job skill training programs, youth unemployment remains stubbornly high. In fact, the youth unemployment rate today is approximately as high as it was immediately after World War II.

The Reagan Administration's major effort to reduce youth unemployment is embodied in the Job Training Partnership Act (JTPA) of 1982. Mr. Cogan estimated that a total of about \$2.4 billion is being spent in FY1984 on youth employment and training programs, including JTPA block grants, the Summer Youth Employment Program, Job Corps, and available funds from the Employment Service.

National School-to-Work Transition Program

The first issue presented for Cabinet Council discussion was a proposal to establish a national school-to-work transition program modeled after a demonstration started in Delaware by Governor du Pont and now replicated in seven other States as the Jobs for America's Graduates (JAG) program. The JAG model

is designed to serve high school seniors not planning to pursue post-secondary school education and who are likely to experience difficulty finding a job after graduation. The program places counselors and job specialists in local high schools to provide participating seniors with job search assistance.

Mr. Cogan pointed out several problems with the evaluations and field reviews of JAG and its predecessor, Jobs for Delaware Graduates (JDG). The 88 percent JDG placement rate includes participants who attend post-secondary school and enlist in the military. Adjusting for those factors results in a 42 percent placement rate, which is still much better than the rate under the Comprehensive Employment and Training Act of 1973. However, a field review revealed that many of the participants considered placed in jobs were people working in the same job they held during school or in the previous summer.

The Working Group presented two options:

- (1) Proposing or supporting separate legislation to authorize a national school-to-work transition program at \$300 million in FY1985, increasing to \$1 billion in FY1988; or
- (2) Encouraging States and localities to use existing authority and flexibility to establish school-to-work transition programs modeled after JAG.

The discussion noted the creativity of Governor du Pont in developing the JAG program, and several considerations in whether to recommend a federal national program:

- these were the major reasons*
- (1) The program would require large budget resources at a time when the need to reduce federal budget deficits is acute.
 - (2) Congress would likely expand the scope and cost of the program.
 - (3) The program would not address the needs of the 26-27 percent of students entering the 9th grade who eventually do not graduate from high school.
 - (4) There already exists substantial flexibility in JTPA and the Wagner-Peyser Act, as amended, for States and localities to establish school-to-work transition programs modeled after JAG if they choose.

I'm not aware of any steps to do so, however.

The Council recommended that the Administration encourage States and localities to use existing authority to establish school-to-work transition programs. The Council also recommended that the Administration strongly press for its proposals for a job voucher and youth employment opportunity wage in the State of the Union Address and in the upcoming session of Congress.

THE WHITE HOUSE

WASHINGTON

January 17, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JW*

SUBJECT: President's Advisory Committee on
Mediation and Conciliation

For your information:

The President will soon receive a memorandum proposing that he create, by executive order, a "President's Advisory Committee on Mediation and Conciliation." This group would consist of twelve members appointed by the President; the director of the Federal Mediation and Conciliation Service (FMCS) would be designated as chairman.

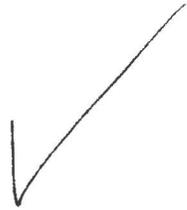
This committee would advise on "methods of improving the efficiency of arbitration of disputes which arise under collective bargaining agreements," and on ways of strengthening the effectiveness of bilateral dispute-resolution mechanisms. The committee would also be charged with reviewing FMCS regulations on arbitration and mediation procedures, making recommendations to the President within nine months. This group would not advise on particular labor disputes.

On its face, creation of this committee poses no serious problems. However, organized labor may develop concerns about possible recommendations in areas which are quite sensitive to them. The development of such concerns could easily be avoided if labor is well represented on the committee.

THE WHITE HOUSE

WASHINGTON

February 3, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JW*

SUBJECT: Intergovernmental Affairs Activities

For your information:

1. Budget: IGA will soon mail out copies of the budget to state and local officials. This has been done for the last three years, and is a "courtesy contact" that Lee feels is important. There is some question about who pays the costs, but Lee is attempting to work that out with John Rogers.
2. Line-Item Veto: Lee is working with various governors and state legislative leaders to secure resolutions urging their congressional delegations to support granting the President line-item veto authority.
3. Notice of Presidential Visits: Governor Thompson apparently asked if it would be possible to give him a bit more advance notice when the President is going to be in his state. He complained that this time he read it first in the newspaper. (Lee was asked to hold off telling him until Friday for a Tuesday visit.) Thompson's schedule was apparently quite heavy and required a great deal of readjustment. Lee took care of Thompson in this instance, but says such complaints have occurred previously. I suggested he talk with Bill Henkel or Mike McManus to see if more notice can be given.
4. 50 States Project: Lee has had several "advice" sessions with Faith Whittlesey to discuss this project. In turn, I have met with Lee, and also with his assistants who analyzed the projects, to hear their views on Trudi Morrison's work and her proposals for this year. I will have a memo on the 50 States Project for you shortly.

THE WHITE HOUSE
WASHINGTON

Feb. 8, 1984

TO: JAB III

For your information:

Two weeks ago the footwear industry filed a petition with the ITC asking for a "temporary, five-year period of quotas on nonrubber footwear from all foreign sources."

This industry is directly blaming the Administration for the surge in imports, which they say has reached 54% since 1981 (when the President terminated the import relief program set up in 1977 as a result of an earlier ITC ruling).

This is one of many protectionist issues we will face this year.

The group filing the petition includes two AFL-CIO footwear unions. Sen. Cohen and Cong. Bill Alexander are the main congressional torchbearers on this.

JC

no action
JAB notes

THE WHITE HOUSE
WASHINGTON

10 Feb 1984

TO: JAB III

RE: Cabinet Council on Management
and Administration (CCMA)

I know that Don Devine has spoken
with you about chairing the CCMA.

I think you ought to give thought
to two other options, though:

1. Ask Ed Meese to retain the CCMA
chairmanship. EM has a real
interest in this area, and has
done a lot. His interest should
not diminish at Justice, and it
would be a nice gesture.
2. Ask OMB to assume the chair.
In practical terms, this will
mean that Joe Wright would
chair CCMA. OMB has a strong
claim because, by law, they
are charged with efforts to
coordinate management within the
executive branch.

2/10
JC:

I think either is preferable to the
Devine option, but frankly think the
best idea is to leave things as they
are with Ed Meese as chairman.

agree
w/ this
approach
Remind
me to
speak to
EM &
Fuller.
Thom
JAB
JC

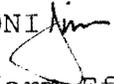
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THE WHITE HOUSE

WASHINGTON

February 14, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Regulatory Reform Effort

The CCEA has recently been discussing the future of the regulatory reform effort now that the Vice President's Task Force has been disbanded. There was agreement that some sort of Cabinet or White House level oversight is desirable, and Chris DeMuth was asked to make recommendations.

In short, Chris' plan is as follows:

1. Each regulatory agency would prepare a document setting forth their regulatory policy plans for the coming year;
2. OMB would review the agency plans;
3. Agency regulatory plans would then be reviewed and approved by both CCEA and the President; and
4. Final agency regulatory plans would be compiled into a single Administration policy document that would be published and distributed. This would be similar to the annual budget document: it would set forth regulatory themes and initiatives, and would contain a detailed appendix of regulatory plans.

Points #1 and #2 are done at present, and their continuation would probably be unopposed. The other points pose problems though. I indicated some concern, for example, about the need for the President to review regulatory plans. This would either involve him in needless detail, or would be so general as to be useless. Also, step #4 is probably unwise. Publishing the regulatory plans each year would set up targets for special interest pressure well in advance of normal notice-and-comment periods. We would be subject to criticism of any controversial plans, even if we never follow through with proposed regulations; if we do follow through, we will be hit a second time by lobbies which have had ample time to mobilize. Also, a published document virtually invites congressional oversight hearings.

Members of CCEA seemed to have their own reservations, largely rooted in their view that the plan would centralize regulatory authority in OMB. The Council will have another discussion of this proposal in the near future, and some modifications will probably be made.

cc: Richard G. Darman

THE WHITE HOUSE
WASHINGTON
February 15, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: James W. Cicconi 
SUBJECT: Information Conveyed by Lyn Nofziger

Attached are some one-page summaries prepared by OPD on the additional religious liberty issues raised in the Jarmin memo (which was forwarded by Lyn Nofziger). They provide good background, along with suggested guidance on each of the side issues that might be raised in the "700 Club" interview.

I think the "Task Force on Religious Liberty" is an idea worth considering. There are a number of concerns which fall into this category, and it would be good to have a distinguished group take a concerted look at them. However, this should not be a Presidential group; instead, I would suggest that it be an Attorney General's Task Force akin to those formed on various subjects by William French Smith. Perhaps the idea could be forwarded to Ed Meese for his consideration once he has been confirmed.

ISSUE: SOCIAL SECURITY TAX ON MINISTERS

BACKGROUND

A number of evangelical Christian groups are hotly protesting provisions of the 1983 Social Security compromise amendments which mandate universal coverage of all non-profit groups -- including church organizations and schools -- beginning January 1, 1984.

Prior law permitted non-profit groups the option of coverage and about 80 per cent -- representing 6.5 million workers -- elected to be in the system. In effect, however, virtually all of the remaining 20 per cent ultimately get Social Security benefits either through work for some other employer and/or as spouses of covered workers.

This was one telling argument in favor of extending mandatory coverage. A second argument: the system should be truly universal. Finally, the system needs the new cash -- about \$550 million a year will be produced by this provision.

It is important to note that even with the new provision, any ordained cleric is still treated as "self-employed" under the Act and can opt out on grounds of conscientious objection. Members of a religious order under vows of poverty such as nuns may also be exempt if the order declines coverage.

THE ISSUE

The protest -- which has led to introduction of several bills to delay mandatory coverage for two years pending a constitutionality study -- centers on a claimed violation of the separation clause of the First Amendment. However, Justice and the legal division of the Library of Congress both opine that there is no Constitutional question involved.

Treasury and Social Security submitted statements to a Senate Finance Committee hearing in December opposing a Jepsen bill (to delay two years) on grounds that: there is no constitutional issue; it would cost too much (\$1.1 billion); would disadvantage employees of the organizations; and might lead to an unraveling of the delicate compromises that produced the 1983 rescue plan. (Dole suggested negotiations toward a compromise such as permitting church group employees to pay both the employer's and employee's share of the tax themselves, but the talks broke down. Dole is loath to have the bill taken up; the issue is still pending with no action planned.)

SOME TALKING POINTS

1. The Bipartisan National Commission and the Congress extended mandatory coverage for the good of the employees and the solvency of the system (\$550 million per year).
2. Virtually all "uncovered" workers in the past benefited from the system anyway, either through other jobs or as spouses of covered workers.
3. The Congress was careful to maintain the old voluntary exemption for ordained clergy and religious orders under vows of poverty. (The Amish, too, can exempt themselves, but only if self-employed.)
4. Prior to the compromise, about 92 per cent of all workers were in the system. Congress decided the system was worth preserving and making it truly universal was a key means of making the system solvent.
5. Note that Congress also extended mandatory coverage to its own membership, state and local governments, and all future Federal employees.
6. Many other nations (e.g. Canada and England) mandate social security-type coverage for all clergy (including American missionaries on their soil, in some cases) with no exceptions.

Church Audit Procedures Act
H.R. 2977 and S. 1262

Issue

The Church Audit Procedures Act introduced in September 1983 by Senator Grassley and Representative Edwards would significantly limit the IRS's ability to audit churches. This proposal would (1) require the IRS to have evidence of tax liability before investigating any church records; (2) modify the timing and contents of audit notices; (3) impose a time limit on audit completions; and (4) set a 3-year limit on retroactive tax assessments. The bill, endorsed by such diverse groups as the National Conference of Christians and Jews, the National Association of Evangelicals, the Moral Majority and Christian Voice, has roughly 70 co-sponsors in the House and 10 in the Senate.

Treasury Position

In testimony on September 30, 1983 the Treasury indicated general support of the bill and expressed a willingness to work with church groups to develop a mutually satisfactory approach. Treasury stated a concern that the evidence restrictions would exacerbate tax compliance problems with mail order ministries and sham churches.

Discussion

- o Existing safeguards on IRS audit procedures are designed to protect the constitutional freedoms of religious organizations.
- o However, the IRS currently has acute compliance problems with tax protesters disguised as religious organizations.
- o Any amendments to existing audit procedures must be drafted very carefully, in order to avoid insulating mail-order ministries and sham churches from legitimate IRS investigations.
- o While the Church Audit Procedures bill is pending, any churches with specific complaints about the IRS's application of existing church audit procedures are encouraged to contact Treasury to develop solutions to such administrative problems.

Information Return Filing Requirements
For Church "Integrated Auxiliaries"

Issue

The annual information return filing requirements applicable to tax exempt organizations do not apply to churches or to any "integrated auxiliary" of a church. (Code §6033) The regulations (which were proposed and made final in 1976) define "integrated auxiliary" as any organization incorporated separately from a church which has an "exclusively religious" principal activity, such as a religious order. Any other church-affiliated organization must file an annual Form 990 information return.

The Coalition on Internal Revenue Definition of Religious Bodies (a loose coalition which includes some mainstream religious organizations) has asked the Administration to revise the definition of "integrated church auxiliary" to cover church schools, hospitals, orphanages, or any other church-affiliated organizations which carry on charitable activities.

Treasury Position

Though correspondence with the "Coalition" Treasury has expressed support for the existing regulations, but agreed to examine the possibility of creating new administrative exceptions from the filing requirements, such as those that receive a majority of financial support from the church itself.

Discussion

- o The annual information return filing requirements were imposed to ensure that tax-exempt entities operate in accordance with the rules providing a basis for their exemption.
- o The filing of annual information returns also helps ensure compliance with the Code's unrelated business income tax provisions (which are applicable to all tax-exempt organization, including churches).
- o Churches and other religious organizations are excepted from the information return filing requirements in deference to the Constitutional protections accorded religious organizations. Church-affiliated organizations, having non-religious principal activities traditionally have not been afforded the same exception.
- o The Treasury is seeking an opportunity for compromise on the sometimes disparate requirements.

THE EQUAL ACCESS ACT, S. 425 & S. 1059

As introduced by Senator Denton these bills would prohibit a State or local educational agency which permits students to engage in voluntary extracurricular activities on premises of a public elementary or secondary school or institution of higher education to deny access to students "that seek to engage in voluntary extracurricular activities that involve prayer, religious discussion, or silent meditation during noninstructional periods." S. 425, referred to Senate Labor & Human Resources Committee, would cut-off Federal funds to schools which violated the prohibition. S. 1059, referred to Senate Judiciary, creates a civil action in Federal court for damages and equitable relief. On favorably reporting S. 1059, the Judiciary Committee struck institutions of higher education from the bill's coverage on the basis that the U.S. Supreme Court's decision in Widmar v. Vincent already accomplishes the bill's objective under those circumstances. The Committee also rejected an amendment offered by Senator Hatfield to strike elementary schools from the bill's provisions.

S. 1059 is a direct response to a 1982 lower Federal court decision in Lubbock Civil Liberties Union v. Lubbock Independence School District which declared unconstitutional a high school policy that allowed students to meet voluntarily for prayer before or after school. In 1983, the President criticized that decision specifically in his address to the National Religious Broadcasters and in a later address to the National Association of Evangelicals endorsed the Denton effort.

It should be noted that the President's proposed amendment to the Constitution regarding voluntary prayer would also accomplish the objective of equal access to school premises for students who engage in voluntary prayer.

Talking Points:

- o The U.S. Supreme Court has held that secondary school students have First Amendment rights of free speech and assembly which the State must respect and when schools make available facilities for afterhours activities, they cannot prohibit student organizations which may advocate partisan or political views, Tinker v. Des Moines Community School District.
- o Allowing students to use school facilities afterhours is fully consistent with our notions of voluntary conduct and freedom of conscience.
- o Allowing students equal access to school facilities does not foster an excessive government entanglement with religion and where the school's practice is to make facilities generally available to other clubs, equal access reflects the essence of neutrality towards religion.

Reverend Sun Myung Moon, founder and leader of the Unification Church was convicted by a jury of filing false income tax returns in that he failed to report as income interest accrued on certain bank accounts held in his name and stock issued in his name in a company operated by members of his church. Reverend Moon contended that the accounts and stock although held in his name were held in trust for his church, that he had been given the assets as a religious leader, by his religious followers, for their religion, and indeed, this was proper since he "personified" the church.

This case involves complex legal doctrines regarding the establishment of charitable trusts, their application within the activities of churches and specifically to the rather singular circumstances of the founding and mission of the Unification Church and its relation with Reverend Moon. In addition, to these substantive questions, equally complex procedural issues exist concerning the justice of denying Reverend Moon's request for a bench, rather than a jury trial; sufficiency of the government's evidence; propriety of the court's jury instructions; burdens of proof; and the effect upon Reverend Moon's right to testify by the court's decision to require a court appointed interpreter rather than an interpreter selected by Reverend Moon.

In upholding the jury conviction, the Second Circuit found that there existed sufficient evidence from which the jury could reasonably conclude that church members falsified church financial documents to avoid adverse tax consequences, and fraudulently backdated documents and that Reverend Moon willingly signed false documents in order to escape tax liability. Also, evidence was presented to show that while the church maintained bank accounts in its own name, when those accounts were unable to make certain payments Reverend Moon transferred money from the account in his name which was later partially repaid and the remainder treated as a personal contribution to the church from Reverend Moon.

Nonetheless, a number of religious organizations have filed amicus briefs expressing the concern that to uphold Reverend Moon's conviction would allow judges and juries to override a church's internal organization and financial management and substitute a preferred organizational structure upon a religious organization. Such amici have included the National Council of Churches, Presbyterian and Baptist Churches, and the Christian Legal Society.

On January 26, Reverend Moon filed a petition for certiorari with the U.S. Supreme Court. The Department of Justice has 30 days to respond and as of this date have not yet done so. It is not at all certain that the Court will agree to hear Reverend Moon's appeal.

Talking Points:

- o Because of the complex legal questions involved, which in large measure concern procedural questions and because the Department of Justice has not yet responded to Reverend Moon's petition for certiorari before the U.S. Supreme Court, it would be best not to comment on specific issues in the case.

This situation has involved the jailing of a minister, the padlocking of a church and the continuing imprisonment of six (originally seven) fathers of students. At issue is the assertion by the State of power to comprehensively regulate church affiliated schools in terms of license, certification of teachers and approval of course material even though such schools have been held by the U.S. Supreme Court to be an integral part of the religious ministry of the churches with which they are affiliated. Thus, questions of excessive entanglement of the State in religion (Establishment Clause), curtailment of a religious ministry (Free Exercise Clause), and infringement of parental authority in the nurture and education of children (First, Ninth and Fourteenth Amendments) are involved. A more narrow issue affecting the fathers' incarceration relates to their silence based on the Fifth Amendment in judicial proceedings to enjoin them from sending their children to school in contravention of court order.

Last month, a panel appointed by Nebraska's Governor concluded the State's regulations violate the religious liberties of church schools. On January 30, the President called upon the Nebraska legislature or judiciary to reconsider the issue and obtain release of the fathers. At that time the Nebraska Supreme Court had before it the appeal of a church-school in a related case and that of the Nebraska 7 fathers. Subsequently, the Court denied the request of Park West Christian School for oral argument in its case which appears to indicate it will refuse to reconsider the First Amendment issues involved in this situation and affirm the trial judge's order to close that school. It then refused to release the Nebraska 7 fathers from jail. Their appeal from that decision to Justice Blackmun was denied without prejudice on February 13 with Justice Blackmun noting that the fathers' Fifth Amendment claims do not appear insubstantial. The fathers intend to go back to the trial court this week for a writ of habeas corpus.

Thus, it appears the Nebraska Supreme Court is unwilling to grant reconsideration as requested by the President and both cases will be headed to the U.S. Supreme Court later in the year.

Talking Points:

- o Administration officials have closely monitored the situation including on-site investigations by officials of the Departments of Education and Justice and by the Chairman of the Civil Rights Commission.
- o The Secretary of Education, the Assistant Attorney General for Civil Rights, Mr. Meese and Mr. Baker have on separate occasions met with persons involved with Nebraska church schools.
- o While the Attorney General has advised there are no independent grounds for Federal government intervention against the State of Nebraska, the Justice Department retains the opportunity to file an amicus brief on the side of the schools when the case reaches the U.S. Supreme Court.

THE WHITE HOUSE
WASHINGTON

Mar 6, 1984

TO: JAB III

For your information:

I have been following up on our meeting with People Magazine, and their request to have the President participate in a briefing for the CEO group they are bringing to Washington.

I have sent details to both Larry Speakes and Mike Deaver for their thoughts. Larry is concerned because this was done once before, for TIME, and we caught flak because they brought in advertisers for their magazine. In light of that, and perhaps for other reasons as well, Mike Deaver felt that we should not involve the President. However, there should be no problem if other Administration officials participate. I will call People and tell them.

Would you be willing to do a Q&A with the group if they ask? (You implied you would in our meeting.)

Thanks.

JC

*OK -
but
only a
briefing*

THE WHITE HOUSE

WASHINGTON

March 8, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI

SUBJECT: Commissioned Appointments in the
Office of Public Liaison

The following is a brief analysis of the question of additional commissioned appointments in the Office of Public Liaison:

Background

During most of 1981, there were five Special Assistants to the President in the Office of Public Liaison (OPL). By early 1983, this number had doubled. When Elizabeth Dole departed for DOT, the number of Special Assistants was sharply reduced in the subsequent restructuring of OPL. This restructuring was, in part, a result of recommendations made by John Herrington in his management report.

Status

At present, there are six Special Assistants in OPL (Bradley, Breger, Buckalew, Jacobi, Riggs, Villalpando), half of whom are female. Their liaison portfolios include, respectively: blacks, Jews, social/welfare, business, labor/veterans, and Hispanics. Of the major liaison portfolios, only conservative/religious and ethnics are now handled by associate directors instead of Special Assistants. Faith Whittlesey has requested that two to four new Special Assistants be added to OPL via one new hire (Blackwell's slot) and promotion of several associate directors.

Discussion

After a two year trend toward increasing numbers of Special Assistants in OPL, Faith has managed to stabilize the number at around six. This level is desirable for several reasons.

First, commissioned appointments should remain a special honor, which, in turn, requires that they be limited in number. A tendency to provide the title to all professional staff would detract from the purpose of conferring it.

Second, it is logical to distinguish between the major OPL portfolios and those which are relatively minor. The former, by their nature, call for a higher-ranking contact; the latter can and are being handled at the associate director level with little or no adverse impact from the groups being dealt with.

Third, it is important that any office draw distinctions among its professional staff based on their relative experience, age, credentials, and performance. Such distinctions reward desirable qualifications, provide performance incentives, recognize those with more weighty responsibilities, and lend a form of internal structure to each office. In the White House Office, the basic distinctions are job title and salary, and it is desirable that they be utilized to strike a proper balance within each office. In OPL this means keeping a rough balance between the number of Special Assistants and associate directors.

Recommendations

1. At this time, no new Special Assistants should be named within OPL.
2. If accepted, the above means that:
 - a) Doug Holladay would be hired as an associate director for religious groups, and Bob Reilly would remain an associate director in charge of Central America and conservative liaison. Due to Faith's direct role with the conservative leadership, and the role Frank Donatelli will no doubt play, we can argue that this liaison function is actually being upgraded without regard to the staff level job titles.
 - b) For now, current associate directors in OPL would remain at that level.
3. Any additional staff hires (after Holladay) should be approached with caution. The major portfolios are filled, and there have been instances in the past where liaison functions have been created to suit a particular person, rather than vice versa. For the same reason, any new hires that do occur need not come in at the Special Assistant level.
4. Future requests for promotion of associate directors to Special Assistant should be fully justified, and should be handled on a case-by-case basis.

Helicopter to Quamir

Denigland . Thank you to KC —

All BH on chairs for meeting —

2 letters I sent —

THE WHITE HOUSE
WASHINGTON

March 8, 1984



TO: JAB III

Per Charlton Heston's request to you, I talked with Steve Scott.

He had some interesting thoughts on a possible media effort at the very close of the campaign, and featuring various Hollywood stars like Heston.

I've gotten the details to Margaret, and she will try to set up a meeting for Scott with the appropriate people at the campaign.

JC

THE WHITE HOUSE

WASHINGTON

March 9, 1984

✓
jc:
Thanks for
following up on this.
J.W.C.

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI, A

SUBJECT: Black Outreach Effort

Per your request, I had a lengthy meeting with Mel Bradley to discuss his status within OPL, and the general status of black outreach efforts. Following that meeting, I discussed the same points with Faith Whittlesey. We agreed on the following:

1. Mel Bradley would remain in OPL as liaison with the black community unless, at some future point, it is decided that his work can be accomplished more effectively from the campaign.
2. Bill Keys will remain in OPD's Office of Policy Information.
3. Faith and I will meet with Jack Svahn to explore the possibility of Keys becoming more active in planning policy briefings for black groups.
4. A black outreach planning meeting will be held (similar to our previous sessions on labor, religious, etc.) in which both Bradley and Keys would participate.

cc: Faith Whittlesey

THE WHITE HOUSE
WASHINGTON ✓

March 12, 1984

TO: JAB III

I spoke with Frank Donatelli this morning. He said you had agreed that he'd be able to bring Frank Lavin on board as his assistant in OPL.

However, Faith has now told Frank that there are no slots available in OPL. He asked if I'd help.

I can work this out quietly, but wanted to double-check with you first.

Thanks,

JC

OK?

Yes

THE WHITE HOUSE
WASHINGTON

March 15, 1984

TO: JAB III

For your information:

I received a call asking that you meet with the CEOs of Merrill Lynch, Paine Webber, Sears, and Prudential regarding the brokered deposits issue.

I checked with Jack Svahn and asked if he was willing to have the meeting instead. He agreed and the CEOs are happy.

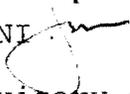
JC

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Peace Corps Advisory Council

For your information:

An executive order has been forwarded to the President that will create a Presidential Advisory Council on the Peace Corps. This will succeed a similar group whose authorization lapsed at the end of last year.

The Council will consist of 15 members appointed by the President. White House Personnel does not intend to "grandfather" members of the previous Council, but will instead name an entirely new body.

THE WHITE HOUSE

WASHINGTON
March 20, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI

SUBJECT: Federal Advisory Committees

The President will soon send a memorandum to the heads of all executive agencies asking that they review their existing advisory committees. Those committees found to be unnecessary, or not producing useful results, would be eliminated. The agency would also be asked to ensure that remaining committees are effectively managed and properly integrated with the agency's policy operation.

Currently, there are over 900 advisory committees of various types, with 20,000 members, costing \$74 million. Around 600 of these committees are set up by law, so their elimination must be handled by legislation. OMB has concluded that around one-third of the committees have accomplished little or nothing, and many of those doing good work have had their recommendations ignored by the parent agency. This memo from the President was recommended by CCMA as a means of addressing the problem.

THE WHITE HOUSE

WASHINGTON

March 21, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 
SUBJECT: Property Review Board

For your information:

As you know, the Property Review Board has been restructured in accordance with decisions made at the December meeting. In short, all functions have been returned to GSA except one: disputes between GSA and agencies on the possible disposition of surplus property will be decided by a subcommittee of the Board consisting of you, Svahn, and Stockman.

I had visited with Svahn on this several times, and feel this is a good solution. It eliminates the overlap with GSA's functions, yet preserves a decision-making body to settle the inevitable disputes between GSA and the property-owning agency.