

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Cicconi, James W.: Files

Archivist: dlb/bcb

File Folder: JW Cicconi Memos to Mr. Baker, Jul-Dec 1984[3 of 3]

Date: 2/17/98

~~OA 10792~~ Box 4

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	James W. Cicconi to James A. Baker III re Civil Rights Policy, 5p.	11/14/84	P5
2. memo	Cicconi to Baker re Consumer Safety Commission, 1p.	11/27/84	P5/P6 86
3. memo	Cicconi to Baker re Civil Rights Policy, 6p.	12/12/84	P5
4. report	U.S. - Japanese Trade Relations, (p. 13-15), 3p. EA R 6/7/00 NLSF 97-066 # 1	n.d.	P1 CCB 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].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Cicconi, James W.: Files

Archivist: dlb/bcb

File Folder: JW Cicconi Memos to Mr. Baker, Jul-Dec 1984[3 of 3]
OA 10792

Date: 2/17/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	James W. Cicconi to James A. Baker III re Civil Rights Policy, 5p..	11/14/84	P5
2. memo	Cicconi to Baker re Consumer Safety Commission, 1p.	11/27/84	P5/P6
3. memo	Cicconi to Baker re Civil Rights Policy, 6p.	12/12/84	P5
4. report	U.S. - Japanese Trade Relations, (p. 13-15), 3p. R 6/7/60 NLSF 97-066#1	n.d.	P1

RESTRICTION CODES

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

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

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

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

THE WHITE HOUSE

WASHINGTON

October 15, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Housing and Community Development
Technical Amendments Act

This legislation, sponsored by Jake Garn, is designed to correct certain problems in the housing law passed last year as part of the supplemental. It was approved in both houses by voice vote.

Without going into detail about this bill's many and varied provisions, it should be noted that it is a bipartisan compromise worked out in close cooperation with HUD. USDA, however, objects to several points, and has urged a veto. All other agencies, including OMB, recommend approval.

USDA's main concern involves a prohibition on transfer of FmHA housing loan authority for other purposes. During the last two years, USDA has used its authority to transfer excess funds to other farm credit programs where lending demand was greater. The Department feels that such flexibility is important in order to meet emergency needs. However, the GAO has questioned such transfers and now Congress has acted to bar them.

Though the Administration expressed concern about this provision during consideration of the bill, a clear veto signal was never sent. OMB feels that, on balance, the bill is a positive achievement, and that a veto at this point would "be viewed as an act of bad faith."

A decision must be made by Wednesday, October 17.

THE WHITE HOUSE

WASHINGTON

October 15, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: NLRB General Counsel

At the next Personnel meeting, I would suggest you raise a question about what we will do with the vacancy in the general counsel's position at the NLRB. There had been an acting general counsel filling the slot, but his job expired when Congress adjourned.

The choice is this: do we have another acting counsel, or should we recess appoint name Rosemary Collyer (and thereby risk upsetting her chances for eventual confirmation).

Personally, I would suggest that you consider the latter. Legislative Affairs might sound out the appropriate senators to gauge their feelings before a recess appointment is made.

We must make a decision, though. With the accusations that have been made about the NLRB's backlog of cases, we would be heavily criticized if we left this position open for long. (As I understand it, John Herrington is aware of and sensitive to this problem.)

N.L.R.B. Puts Off Decisions As Counsel's Authority Ends

By **BILL KELLER**
Special to The New York Times

NYT
10/16/84

WASHINGTON, Oct. 15 — The National Labor Relations Board has ceased responding to unfair labor practice complaints because, for the second time in six months, the White House has allowed the authority of the agency's general counsel to lapse.

The lapse, which began Friday, sharply limited the authority of board's regional officials to respond to illegal picket lines, strike violence, improper firings or other unfair labor practices.

David Parker, a spokesman for the board, said regional offices had been instructed to continue with routine administrative chores, including investigations of pending cases, but to stop short of issuing decisions until a new general counsel was named. He said, however, that he was not aware of any major disruptions caused by the lapse.

Anson Franklin, a White House spokesman, said, "We are weighing all the options and we'll act as soon as we can."

Temporary Appointment Ends

The breach in the board's powers began Friday afternoon when Congress adjourned, automatically ending the temporary appointment of Wilford W. Johansen as acting general counsel.

President Reagan has nominated Rosemary M. Collyer to assume the \$69,600-a-year general counsel post for a full four-year term, but the Senate Labor Committee did not bring the nomination to a vote before Congress adjourned. Unions opposed the nomi-

nee, charging she was inexperienced and biased toward management.

Mr. Franklin said the White House had not prepared another stop gap appointment because "We had hoped that the Senate would act on the President's nomination before they went out last week."

In contrast to most Federal agencies, where the general counsel is a legal adviser, at the labor relations board the counsel is a Presidential appointee with broad powers to enforce Federal labor laws. Labor union officials sometimes describe the position as the single most important labor job in Washington.

Appointment Lapse in April

A similar situation arose in April when the term of the former general counsel, William A. Lubbers, expired and the White House did not immediately step in with an interim appointment. The four-day interruption, the first in 17 years, caused some confusion and delays at the agency's regional offices, but agency officials said there were no major disruptions.

At that time, labor union officials said the breach illustrated the low priority the Reagan Administration has put on labor matters.

The labor board, most of whose members were appointed by President Reagan, has been a target of persistent union criticism for issuing new interpretations of Federal labor law that organized labor considers anti-union.

THE WHITE HOUSE

WASHINGTON

October 16, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Controversial Legislation

The following is a summary of three minor bills which have drawn veto recommendations. I agree that they should be vetoed.

1. Relief of John Brima Charles: This bill, sponsored by Rep. Boehlert (R-NY), would grant permanent residence status to Mr. Charles. Justice and OMB recommend a veto on the basis that Mr. Charles is currently under investigation by DOJ for fraud in obtaining federal education grants and loans. Among other things, Mr. Charles falsely claimed to be a U.S. citizen on his applications. Since the U.S. Attorney is considering indictment and prosecution, it would be inappropriate to sign this bill.

Justice recommends, though, that no veto statement be issued in order to avoid prejudicing their case.

2. John F. Kilkenny U.S. Post Office and Courthouse: This bill would change the name of the federal building in Pendleton, Oregon to honor John Kilkenny, a former U.S. district and circuit court judge. Judge Kilkenny is retired, but still serves on senior status.

Justice recommends a veto on the basis that it is not appropriate for courthouses to be named after sitting judges. Even though DOJ agrees that Judge Kilkenny is worthy, they feel it is a precedent that would be used in the future on behalf of individuals who are less worthy. Justice notes, for example, that judges with unimpressive records, but with strong political influence, may seek undeserved recognition. Further, DOJ states that a judge's career cannot be properly assessed for purposes of such recognition while that judge is still sitting.

Justice suggests we "withhold approval" via a statement explaining our concerns, and noting that our action is not a comment on Judge Kilkenny's distinguished career.

3. Compensation for the Fort Belknap Indian Community:
This bill, sponsored by Sen. Melcher, would reimburse two Montana tribes a total of around \$457,000 for irrigation projects built with tribal trust fund money between 1895 and 1913. The basis for the bill is that Indian policy changed in later years to bar such use of tribal trust funds. Interior has no objection to the legislation.

DOJ and OMB argue for a veto of this bill because: (a) policy changes constantly, and thus is no basis for reopening old and settled claims; (b) the claim was adjudicated in 1962 by the Indian Claims Commission, and denied; (c) this bill arises 22 years after settlement by that Commission, which was set up as a court of last resort for this type of claim; and (d) the tribes did derive significant benefits from the irrigation construction in question, and still do.

THE WHITE HOUSE

WASHINGTON

October 17, 1984



MEMORANDUM FOR JAMES A. BAKER, III
FROM: JAMES W. CICCONI 
SUBJECT: NOAA Authorization Bill

Both OMB and Commerce have recommended that the NOAA authorization bill be vetoed.

The major reasons for a veto are the numerous restrictions this bill places on Commerce's ability to effectively manage the agency's programs. The most objectionable provisions would (a) prevent the closing or consolidation of unneeded National Weather Service offices; (b) restrict NOAA's ability to contract out activities to the private sector; and (c) require NOAA to transfer one of its satellites to the Navy.

Since funds have already been appropriated for NOAA in 1985, this authorization is not necessary to keep programs running.

I would recommend the bill be vetoed.

8

THE WHITE HOUSE

WASHINGTON

October 17, 1984

✓

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: National Archives and Records Administration Act

This legislation would establish the National Archives and Records Administration as an independent agency. Since 1949, the Archives has been part of the GSA, an arrangement which, over the years, has drawn a great deal of criticism from many quarters. This bill had strong bipartisan support, and the Administration was heavily involved in formulating the final product.

The Justice Department alone has recommended the bill be vetoed. DOJ is primarily concerned about two provisions which, it feels, would interject the Congress into Executive Branch matters. One such provision, for example, would require the President to notify Congress when he removes the Archivist from his position, as well as the reasons for such removal. While such concerns have merit, OMB does not feel they constitute sufficient basis for a veto.

I would recommend the bill be signed.

THE WHITE HOUSE

WASHINGTON

October 18, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI

SUBJECT: Patent Extension for Impro Products, Inc.

This bill, sponsored by Senator Jepsen, would extend an agricultural patent held by Impro Products. The patent was granted in 1965, and expires next year.

Impro has been unable to take advantage of its patent because Agriculture has refused to grant them a marketing license. Justice urges a veto because they oppose relief of this nature absent egregious conduct on the part of the government. USDA opposed the bill in Congress, but now agrees with OMB that it should be signed.

OMB points out that USDA's denial of a license to Impro was questionable at best. They point out that a U.S. District Court found USDA's test report "false and misleading," and notes that the USDA scientist who reviewed the tests was about to take a job with one of Impro's competitors.

I would recommend the bill be signed. Last day for action is Saturday. (You may get a call from Jepsen or Grassley on this.)

THE WHITE HOUSE
WASHINGTON



25 Oct 1984

TO: JAB III

FYI, you may recall that you asked Merrie Spaeth to follow-up your conversation with Kathy Wriston, in which she stressed the need for more of a WH effort with black media.

For the record, Mrs. Wriston is very happy with Merrie's follow-up, and has written to say so. There have been briefings specifically for the black press, and we have gotten some good stories on our efforts.

JC

THE WHITE HOUSE

WASHINGTON

October 26, 1984

MEMORANDUM FOR JAMES A. BAKER, III
MICHAEL K. DEEVER

FROM: James Cicconi 
SUBJECT: Ethiopian Famine Relief Efforts

Per your request, I have spoken at length today with both Peter McPherson and NSC about the status of our relief efforts in Ethiopia.

As you know, McPherson announced yesterday that roughly \$40 million in extra food relief was being provided to help with the famine. More food assistance can be made available, and could be announced as early as next week. However, the major problem at this point appears to be the availability of transport within the country. According to NSC, grain shipments are stacking up on the docks. Mengistu's government has the trucks and aircraft for internal distribution of the supplies, but has not yet allocated them for this purpose. The situation is, of course, complicated by the fact that the worst areas of famine are Eritrea and Tigre, where a civil war is being fought.

Next Tuesday or Wednesday, Ethiopian government officials will meet here in Washington with U.S. officials. We will seek assurances that their government will make every effort to provide the necessary internal transport, and that they guarantee an equitable distribution of relief supplies (i.e. that supplies not be withheld from areas in rebellion), before offering additional amounts of food. NSC expects that an agreement can be reached in short order, and that a joint communique announcing additional food relief can then be released. I suggested that, due to the President's personal interest in this problem, we may want to consider releasing such a statement from the White House instead of AID.

At my request, AID is preparing a more detailed memo for you on the above points. Peter McPherson is aware of the President's concern that any obstacles to effective relief be overcome quickly (a point which was reinforced by this morning's phone call). In view of this, I asked that his memo highlight such problems, as well as the steps we are taking to eliminate them.

Please let me know if you need any further information on this.

THE WHITE HOUSE

WASHINGTON

October 29, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Health Research Extension Act

This bill, sponsored by Senator Goldwater, reauthorizes the health research institutes, and creates two additional institutes (for arthritis and nursing). The legislation is almost identical to Waxman's House-passed version, which the Administration strongly opposed.

This bill, in addition to creating two new and unnecessary health institutes, includes authorization levels 25% higher than we requested. It also contains a number of intrusive provisions which would undermine NIH's ability to effectively manage its large biomedical research program.

All agencies agree that this legislation should be vetoed. OMB also points out that a veto will not harm ongoing operations, since NIH research programs are already funded for 1985 in the HHS appropriations bill.

The last day for action on this bill is Wednesday, October 31.

THE WHITE HOUSE

WASHINGTON

October 29, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Health Promotion and Disease
Prevention Amendments

This legislation, sponsored by Senator Hatch, extends the authorizations for health information and health promotion programs, the National Center for Health Services Research, and the National Center for Health Statistics. The legislation would also create a new network of health promotion and disease prevention centers. This extension was requested by the Administration, and has had our support.

In addition to the above, the legislation would create a Council on Health Care Technology, which would serve as an information clearinghouse, develop criteria for assessing new technology, and generally promote technology research. This council would consist of ten members appointed by the National Academy of Sciences, and three members appointed by the Secretary of HHS--a structure which has drawn a veto recommendation from the Justice Department. In short, DOJ contends that the Council is given significant governmental duties, making its members officers of the United States. Thus, under the appointments clause of the Constitution, the members can only be appointed by the President or the Secretary-- not by the Academy of Sciences, which is a non-governmental body.

HHS and OMB disagree with the Justice Department's position, and feel that the provision creating the Council on Health Care Technology is not objectionable enough to justify a veto of the entire bill. In addition, OMB notes that a veto signal was not sent during Congressional consideration of the issue.

I am told that DOJ does not feel strongly about their veto recommendation. Further, they have submitted language for a signing statement which notes our reservations in the event we decide against a veto. Their language would object to the method of appointment of the Council, and states that we will exercise our right to defer budget authority for it until Congress enacts remedial legislation.

Given the fact no veto signal was sent, that the Council on Health Care Technology is a relatively minor part of the overall bill, and that Justice has conceded their concerns can be addressed in a signing statement, I would recommend that this bill be signed. The last day for action is Wednesday, October 31.

THE WHITE HOUSE

WASHINGTON

October 29, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Veto Recommendations

The following is a brief summary of bills which have drawn veto recommendations from OMB. All require action by Wednesday, October 31.

American Conservation Corps: This bill would establish a program similar to the Youth Conservation Corps and Young Adult Conservation Corps, which this Administration abolished. The legislation is viewed as costly (\$225 million over three years) and unnecessary, and was consistently opposed by the Administration. OMB, Interior, Agriculture, and Labor all recommend veto.

Public Health Service Act: This bill extends authorizations for health profession training at a cost of \$2.4 billion (versus our budget request of \$1.7 billion). It also repeals the Primary Care Block Grant, returning to categorical funding for community and migrant health centers -- a move that would reverse one of our major 1981 reforms. There are a number of other objectionable provisions in the bill which, taken together, present a persuasive case for veto despite the overwhelming margin of passage. A clear veto signal has been sent, and OMB and HHS both agree that disapproval is warranted.

Relief of Marsha Christopher: This bill involves a postal worker who was injured severely when attacked by a dog. Her medical costs were paid by FECA, and she received a large insurance settlement from the dog's owner. This bill would waive the subrogation provisions of FECA, in effect allowing a double recovery by Mrs. Christopher. Though, her injuries were severe, OMB and Labor argue that this bill would set a bad precedent by undermining the principle that injury compensation should be borne by the party responsible, not by the taxpayers. A veto has been recommended, even though some bad publicity can be expected.

Relief of Jerome and Rita Hartmann: This bill grants permission to sue the U.S. for damages to their property allegedly caused by construction of the Red Rock Dam in Iowa. The Hartmanns own a private recreational lake which, as a result of high water, has been made useless. The courts have dismissed their claims because current law expressly bars any federal liability for damage from flood waters. OMB, Justice, and the Army all recommend veto due to the precedent this would set for similar claims, as well as its impact on analogous statutes.

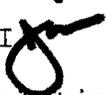
Land Transfer to Cocopah Indian Tribe: One provision of this bill would add 4,000 acres of federal land in Arizona to the tribe's reservation. The lands are designed for economic development (they will probably be leased). Interior has withdrawn a previous objection, because the bill was modified to protect existing federal rights and claims. A second provision is more controversial: it requires the U.S. Court of Claims to hear certain Navajo claims against the government. These claims, which were previously adjudicated, involve the taking of ancient tribal lands, and the mismanagement of natural resources. OMB and Justice both object to the Navajo claims portion of this bill, and recommend veto on the basis that unsuccessful litigants should not be allowed to reopen settled cases.

THE WHITE HOUSE

WASHINGTON

October 30, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Summary of Legislation to be Signed

The following is a brief summary of significant bills scheduled for signature today and tomorrow:

Human Services Reauthorization Act: This is the bill which reauthorizes Head Start, Low Income Energy Assistance, and a variety of other popular programs. This is a two-year authorization, and totals \$7.7 billion (versus our budget request of \$5.8 billion). However, all agencies recommend approval due to the nature of the programs, and the fact that there is no support in Congress for cuts in this area.

Veterans Dioxin and Radiation Exposure Compensation Act: This bill calls on the V.A. to set guidelines for resolving claims of Vietnam veterans exposed to dioxin (in Agent Orange), and veterans affected by radiation during atmospheric nuclear tests and during occupation of Hiroshima and Nagasaki. Though the Administration opposed earlier versions, the final bill includes most of the changes we sought, and had our support. The V.A. does not feel the legislation will lead to a large increase in compensation, because medical evidence is still negligible.

Small Business and Federal Competition Enhancement Act: This bill eliminates certain non-competitive procurement procedures, and promotes participation of small business in Federal contracting. It was designed to assure a larger "piece of the pie" for small business, and to reduce the amount paid for spare parts.

Social Security Cost of Living Increase: This bill ensures payment of a COLA in 1985, a step no longer necessary since the CPI increase exceeded 3%. Because there was disagreement over whether the 3% trigger should be dropped completely, this bill requires that the COLA trigger be studied for possible improvement. OMB has recommended that no signing statement be issued since the original reason for the bill is now moot.

Cable Communications Policy Act: This bill, which establishes a national policy for cable, is fairly significant. State and local regulation of cable has become increasingly detailed, inconsistent, and burdensome, partly due to the FCC's deregulatory posture. It is argued that such uncertainties have inhibited the cable industry's growth-- a situation this bill seeks to remedy. Among other things, it clearly establishes that authority to award franchises rests with state and local government, sets guidelines for exercise of regulatory authority by all levels of government, and sets forth the rights and responsibilities of cable operators. The bill is a compromise on which all parties agreed, and which should, overall, promote competition and growth in the cable industry.

THE WHITE HOUSE

WASHINGTON

November 5, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Fannie Mae Eurobond Issue

Per Treasury, you may be receiving a call from David Maxwell of Fannie Mae. Maxwell is upset about restrictions imposed by Treasury on their Eurobond issue.

Treasury recently had a successful targeted Eurobond issue, and has allowed other agencies to do the same. However, Treasury has refused to allow Fannie Mae to include a "gross-up" redemption feature in its bonds. Though such features are not uncommon in corporate issues, Treasury feels it would be improper to include them in government-backed securities.

I can forward more information on this issue if Maxwell does call.

THE WHITE HOUSE
WASHINGTON

12 November 1984

TO: JAB III

Regarding 50 States, we have had a report ready to go for a few months-- I was just holding it till after the election.

I'd suggest that we give the draft to Darman for circulation. If it is acceptable, we would then send copies to all participating governors' offices with a cover letter signed by Lee and Faith.

There is probably no need to have a formal WH release of the report, though I see no harm if Larry feels there is sufficient press interest.

Please let me know if this course of action is in accord with your views.

Thanks.

11/12

Fin

JC

*This is in JB's hands
11/10
JWC*

MEMORANDUM



THE WHITE HOUSE

WASHINGTON

November 7, 1984

*To JC
for recommendation.*

TO: JAMES A. BAKER III
LEE VERSTANDIG

FROM: FAITH RYAN WHITTLESEY *FRW*

SUBJECT: 50 States Project

I am again making a strong recommendation that a report be issued. The information on the status of the laws in the individual states is important to those who are being faced with state ERA and comparable worth attempts. In most states, there is no common source of objective information on the status of the laws which makes it difficult to argue against the need for state ERAs and comparable worth legislation. As stated in the draft report, the state by state appendix would provide a common data base and a credible data base.

THE WHITE HOUSE
WASHINGTON

14 November 1984



TO: JAB III

FYI, on Friday I'll be meeting with Mr. Dante Giadone, Secretary General of the Presidency of Argentina. He is, in effect, Alfonsin's chief of staff, and is interested in discussing how the WH is organized and how responsibilities are delegated.

This meeting is on your behalf-- thought you should know in case someone mentions it to you. (Giadone is also meeting with NSC while here.)

This meeting has been cleared by NSC, and is at their request.

JC

THE WHITE HOUSE

WASHINGTON

November 14, 1984

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Civil Rights Policy

During the President's first term, a pattern emerged in the area of civil rights which has been disturbing, and which has continually led to problems. In short, it boils down to this: our Administration has not formulated a specific civil rights policy framework. Instead, our policy has been determined on a case-by-case basis by the head of the Civil Rights Division, with little or no White House involvement.

Civil Rights Policy-Making

Over the past four years, with only occasional exceptions, major civil rights policy decisions have not been brought before the President prior to some executive branch action which either constrained his options, or rendered any discussion purely informational. The Cabinet Council on Legal Policy was created in the wake of controversy over Administration civil rights policies, and was designed as a forum for identifying such issues and bringing them before the President for policy decision. This was expected to involve the normal debate of opposing viewpoints and consideration of options that the Cabinet Council system has produced in most other policy areas. The President, hearing the different positions and options, would then decide. Unfortunately, the CCLP has failed utterly in fulfilling this function.

In the absence of a White House system for setting Administration policy in the multitude of areas encompassing the term "civil rights," a vacuum has developed. This has understandably been filled by Brad Reynolds who has been, quite clearly, making such decisions in place of the White House. Policy decisions are reflected in speeches, amicus briefs, interventions, and positions in various lawsuits which not only reverse longstanding Justice Department policy, but, in many cases, defy legal precedent.

To be sure, the Civil Rights Division cannot be faulted for these developments. There has indeed, been a vacuum in the civil rights policy area which the White House has not moved to fill. Failing White House insistence that policy be decided here, the decisions in any policy area will, predictably, be made at the departmental level. The "vacuum" is more than a problem of systems, though:

it extends to the particulars of our policy itself. We have not fleshed out the President's philosophy in this area, and, after four years, are still left with only certain statements, expanded somewhat by last year's ABA speech (e.g. favoring affirmative action, against rigid quotas and busing). The Civil Rights Division has thus been free to interpret their preferred courses of action as being consistent with the President's philosophy, largely due to the absence of contrary Presidential pronouncements. This has given Reynolds' division a degree of policy leeway enjoyed by few, if any, comparable offices. In contrast, White House involvement has invariably been limited, ad hoc, and often after-the-fact. The White House usually receives information in one of the following ways:

- a. consultation limited to a few individuals in the White House or OMB who tend to be sympathetic with the Civil Rights Division's position;
- b. limited information provided to either the Counsel's Office or Cabinet Affairs, often at the last minute; or
- c. particular White House staffers will hear of an issue "through the grapevine," and will request more detailed information from Justice.

Since the necessary information reaches the White House senior staff either right before, or right after a particular action is taken by DOJ, options are constrained accordingly. Meetings are set up to brief appropriate White House officials and to answer questions. However, the White House options are usually limited:

- a. Justice is given tacit approval to proceed, usually when a position has already been filed (the Dade County example);
- b. the Justice position is modified in some way so as to satisfy significant White House concerns, while remaining consistent with the overall DOJ thesis (the Grove City example); or
- c. the Justice position remains intact, though a different, and more politically palatable rationale for the stance is presented (the Bob Jones example).

The point here is not whether we ended up in a proper or ill-advised position on a particular issue. It is that the civil rights policy process (if it can be called that) is operating beyond White House control or Presidential involvement, and without any considered, coherent strategy except, perhaps, on the part of the Civil Rights Division.

Policy Consequences

Beyond the issues of busing and quotas, there is a good deal of

confusion about what this Administration stands for. As an example, the President has often spoken in a supportive way about affirmative action, yet DOJ actions can, in many cases, be interpreted as opposing any racial preferences. Similarly, the President has supported minority set-aside programs on the federal level (even going so far as to reject agency goals, and impose higher ones), at the same time his Justice Department is fighting them on the state and local level. The President seems to distinguish between "goals" and "quotas," while DOJ files briefs equating them.

These are symptoms of ad hoc policy-making. It is confused because we are confused. It is often contradictory because we often contradict ourselves (Bob Jones is one example; our position on the Voting Rights Act is another).

As a result our negative or "rollback" actions in the civil rights area have been more likely to stick in the public mind. This is particularly true with blacks, the media, and those who view themselves as sensitive to civil rights. From a policy standpoint, this has made even our initiatives (fair housing enforcement) suspect, and vulnerable to being "trumped" by the civil rights lobby. From a political standpoint, the damage is more severe, and perhaps not reversible for many years. In effect, we have incurred the enmity of 90% of America's blacks, and cemented them to the Democratic Party. To be sure, voting trends among blacks have not been promising for the GOP. However, we have squandered our opportunities by a perceived assault on the civil rights laws-- an "assault" that was not planned, but was instead stumbled into through a lack of White House attention, and a failure to assert our coordinative prerogatives.

Future Republican candidates may not be capable of carrying the South, as President Reagan did, while losing over 90% of the black vote. It is politically imperative that we cut into this bloc vote over the coming years, even if our efforts yield only several percentage points difference. Thad Cochran and Strom Thurmond have both proven that such efforts can turn a close election into a safe one.

More important, though, is that Republicans begin to identify what we are for in the area of civil rights, in addition to what we are against. Otherwise, we risk being viewed as reactionaries seeking to undermine civil rights, mostly in a sub rosa fashion. By and large, Americans are proud of the civil rights progress we have made in the thirty years since Brown. Republicans have every right to share in that pride-- Kennedy may have sent federal marshals to Birmingham, but Ike sent the National Guard to Little Rock. By appearing negative today, we belie our own Party's contribution to the decline of state-sanctioned racism in the U.S. In fact, the subliminal message is that we could envision rolling back the clock, if only because our actions, combined with a failure to articulate limits, raise questions about how far we would go.

Civil Rights Policy in the Second Term

There are a number of steps that I would recommend be considered in a second term:

1. We should revitalize the Cabinet Council on Legal Policy so that it indeed serves as a forum for developing policy options in the area of civil rights. For such discussions, both the chairman of the Civil Rights Commission and the chairman of the EEOC should sit as members.

2. It should be clearly directed that policy questions (as distinct from enforcement actions or case filings where there is ample precedent) must be brought to CCLP for discussion. The Administration has tended to allow Justice more discretion than necessary in deciding civil rights policy because of our unwillingness to interfere with their decisions about what, or whether, to file in particular cases. Unless our policy is already clear (and in most cases, it has not been), the Cabinet Council and the President should decide what the policy is; Justice would then file in accord with that policy. Simply because DOJ has broad discretion in its judicial filings does not mean the White House must also abdicate policy decisions to them.

3. A policy statement on civil rights should be drafted and then debated not only within the White House, but among Party leaders. Frankly, some black academic thinkers like Thomas Sowell have done a far better job of articulating a conservative civil rights policy frame-work than this Administration has. We simply must define what we are for, as well as what we are against, and why. This would counter the irrational fears conjured up by our opponents, and may be the only way we can give blacks a reason for rallying to our Party. It would also provide the Justice Department with the type of central policy guidance that has been lacking in the civil rights area.

4. The President should be engaged directly. We should involve him in the discussions on what our policy is, and what we stand for in the area of civil rights. The President should also be exposed periodically, in small sessions, to the views of the black community. Too often in the past, the President has been surprised by outcry among blacks about his Administration's policies. Exposure to black viewpoints on such issues (including Republicans such as Bill Coleman and Ed Brooke) will give the President a direct understanding of how certain civil rights issues are viewed by the black community. Since such views have often been absent from the few civil rights policy discussions with the President, it is important that they be available to him from other sources.

5. Legislative strategy on civil rights issues must be controlled by the White House. On a number of occasions, we have been insufficiently attentive to such issues in Congress, leaving them in DOJ's hands until they have passed beyond our power to control

(e.g. the Voting Rights Act). In the past year, we have done better on several potentially volatile issues (insurance equity, comparable worth, Title IX/Grove City legislation) because we have asserted White House control at an early stage.

I will be happy to discuss these points further if you desire.

RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE WHITE HOUSE
WASHINGTON
November 27, 1984



MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 
SUBJECT: Business Reaction to Treasury's
Tax Simplification Study

Based on what they have learned so far, the business community is, for the most part, not happy with Treasury's tax proposal. However, it is likely that most groups will be diplomatic at this point. The following briefly summarizes the reactions we have received:

NAM: This group has a divided constituency, and thus plans to be cautious on the overall proposal. However, they will continue to strongly oppose any change in ACRS.

Business Roundtable: This group has so far taken a cautious attitude, and is encouraging its members to cost-out the entire proposal before deciding.

Chamber of Commerce: The Chamber is extremely negative, and may go public with their criticism today. (This would be handled by Richard Rahn.) They feel the proposal is a business tax increase that will not promote growth.

NFIB: They are concerned, but like other small business groups have adopted a wait and see attitude.

Wholesalers/Distributors: Concerned, but cautious.

Construction Industry: These groups will likely have a hostile reaction.

cc: Richard G. Darman
John A. Svahn

THE WHITE HOUSE

WASHINGTON

November 29, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 
SUBJECT: Hispanic Vote Totals in the 1984 Election

Attached is a memo I requested on various estimates of Hispanic support for the President in the recent election. It was prepared by Cathi Villalpando in conjunction with Bob Estrada of the Reagan-Bush campaign.

The figures are striking when compared with our totals in 1980. At that time, the various polls placed the President's support at between 17% and 35%. This year, the range is between 35% and 50%. Clearly, our efforts have paid off.

I might add one other explanatory point: Willie Velasquez's Southwest Voter Registration Group has estimated the President's percentage at between 35% and 40%. This is plainly out of line with every other poll, and can be explained by two factors. First, Velasquez's survey tends to give greater weight to poorer Mexican-American precincts, ignoring the rapid demographic shifts in that population (predictably, we do much better among Hispanics in the more integrated, upwardly-mobile areas). Second, and perhaps foremost, Velasquez's group is predominantly Democratic in its composition and in its financial support; thus, they have an institutional interest in "lowballing" our vote totals. However, they have still admitted publicly that the President improved his support significantly over 1980.

The average of the non-partisan polls shows the President obtained around 46% of the Hispanic vote nationally. The last Gallup Poll before the election placed our support at 47%, which shows the pre-election and post-election surveys are consistent. Our best estimates in four key states are as follows:

Texas	43%
California	46%
Florida	80%
New York	49%

Of the above states, the most surprising is perhaps New York since the bulk of that vote is Puerto Rican-- the Hispanic group which has historically been our weakest.

THE WHITE HOUSE

WASHINGTON

December 5, 1984

MEMORANDUM FOR FRANK DONATELLI

FROM: JAMES A. BAKER, III

SUBJECT: Building Support for Spending Reduction
Proposals

As you know, we will be submitting a program to the new Congress which will involve major spending reductions. It is crucial to the success of this difficult undertaking that there be strong support from the private sector, and especially the business community. I have spoken to Faith, and would like you to coordinate the White House effort to build this support, beginning immediately. You should report directly to me on progress, and should also keep Faith informed.

I recognize that this will occupy a major portion of your time, but I feel the effort is extremely important to the success of the President's budget proposals.

cc: Dave Stockman
Faith Whittlesey

To: JAB

Here's the draft I'd propose. It would involve a conversation w/ Faith first (perhaps I could do, if you prefer) to make sure she's on board. The argument is that this is nearly a full-time job, etc.

Jc
12/5

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

December 12, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Civil Rights Policy

During the President's first term, a pattern emerged in the area of civil rights which has been disturbing, and which has continually led to problems. In short, it boils down to this: our Administration has not formulated a specific civil rights policy framework. Instead, our policy has been determined on a case-by-case basis by the Civil Rights Division, with little or no White House involvement.

Civil Rights Policy-Making

Over the past four years, with only occasional exceptions, major civil rights policy decisions have not been brought before the President prior to some executive branch action which either constrained his options, or rendered any discussion purely informational. The Cabinet Council on Legal Policy was created in the wake of controversy over Administration civil rights policies, and was designed as a forum for identifying such issues and bringing them before the President for policy decision. This was expected to involve the normal debate of opposing viewpoints and consideration of options that the Cabinet Council system has produced in most other policy areas. The President, hearing the different positions and options, would then decide. Unfortunately, the CCLP has failed utterly in fulfilling this function.

In the absence of a White House system for setting Administration policy in the multitude of areas encompassing the term "civil rights," a vacuum has developed. This has understandably been filled by the Civil Rights Division, which has been quite clearly making such decisions in place of the White House. Policy decisions are reflected in speeches, amicus briefs, interventions, and positions in various lawsuits which not only reverse longstanding Justice Department policy, but, in many cases, defy legal precedent.

To be sure, the Civil Rights Division cannot be faulted for these developments. There has indeed been a vacuum in the civil rights policy area which the White House has not moved to fill. Failing White House insistence that policy be decided here, the decisions in any policy area will, predictably, be made at the departmental level. The "vacuum" is more than a problem of systems, though: it extends to the particulars of our policy itself. We have not fleshed out the President's philosophy in this area, and, after four years, are still left with only certain statements, expanded somewhat by last year's ABA speech (e.g. favoring affirmative action, against rigid quotas and busing). The Civil Rights Division has thus been free to interpret their preferred courses of action as being consistent with the President's philosophy largely due to the absence of contrary Presidential pronouncements. This has given the division a degree of policy leeway enjoyed by few, if any, comparable offices. In contrast, White House involvement has invariably been limited, ad hoc, and often after-the-fact. The White House usually receives information in one of the following ways:

- a. consultation limited to a few individuals in the White House or OMB who tend to be sympathetic with the Civil Rights Division's position;
- b. limited information provided to either the Counsel's Office or Cabinet Affairs, often at the last minute; or
- c. particular White House staffers will hear of an issue "through the grapevine," and will request more detailed information from Justice.

Since the necessary information reaches the White House senior staff either right before, or right after a particular action is taken by DOJ, options are constrained accordingly. Meetings are set up to brief appropriate White House officials and to answer questions. However, our options are usually limited:

- a. Justice is given tacit approval to proceed, usually when a position has already been filed (the Dade County example);
- b. the Justice position is modified in some way to satisfy significant White House concerns, while remaining consistent with the overall DOJ thesis (the Grove City example); or

- c. the Justice position remains intact, but a different, and more politically palatable rationale for the stance is presented (the Bob Jones example).

The point here is not whether we ended up in a proper or ill-advised position on a particular issue. It is that the civil rights policy process (if it can be called that) is operating beyond White House control or Presidential involvement, and without any considered, coherent strategy except, perhaps, on the part of the Civil Rights Division.

Policy Consequences

Beyond the issues of busing and quotas, there is a good deal of confusion about what this Administration stands for. As an example, the President has often spoken in a supportive way about affirmation action, yet DOJ actions can, in many cases, be interpreted as opposing affirmative action. Similarly, the President has supported minority set-aside programs on the federal level (even going so far as to reject agency goals, and impose higher ones), at the same time his Justice Department is fighting them on the state and local level. The President seems to distinguish between "goals" and "quotas," while DOJ files briefs equating the two.

These are symptoms of ad hoc policy-making. It is confused because we are confused. It is often contradictory because we often contradict ourselves (Bob Jones is one example; our position on the Voting Rights Act is another).

Instead of identifying and focusing on specific policy objectives, we have repeatedly found ourselves skirmishing over issues that were not of our choosing, as in Grove City and Bob Jones. Ill-considered positions in court have led to unnecessary controversy which, even when we prevailed legally, required us to confront legislation worse than the situation we sought to correct.

In Congress, too, we sometimes "missed the boat" because of unrealistic assessments of what could be achieved. For example, in early 1981, instead of supporting a straight extension of the Voting Rights Act, which would have been applauded, we sought significant changes which were unjustly portrayed as an attempt to gut the law. The resulting controversy allowed the civil rights lobby to "up to the ante." Though we ultimately decided to support a straight extension, it was too late: the bill that reached the President contained provisions far worse than the original Act.

Thus, in a number of civil rights areas, we have found ourselves in battles, by virtue of DOJ decisions, which continue to have repercussions in Congress, in the courts, and in the political arena. Yet, the most striking aspect of the situation is that, for all the political damage sustained by the President, we have achieved very little of substance in such battles. In fact, our main achievements have been in those areas where the President's policy is clearest and least controversial: busing and "true" quota cases.

Unfortunately, it is not our civil rights achievements, but, instead, our often unsuccessful "rollback" actions which have been more likely to stick in the public mind. This is particularly true with blacks, the media, and those who view themselves as sensitive to civil rights. From a policy standpoint, this has made even our initiatives (e.g. fair housing enforcement) suspect, and vulnerable to being "trumped" by the civil rights lobby. From a political standpoint, the damage is more severe, and perhaps not reversible for many years. In effect, we have incurred the enmity of 90% of America's blacks, and cemented them to the Democratic Party. To be sure, voting trends among blacks have not been promising for the GOP. However, we have squandered our opportunities by a perceived assault on the civil rights laws--an "assault" that was not planned, but was instead stumbled into through a lack of White House attention, and a failure to assert our coordinative prerogatives.

Future Republican candidates may not be capable of carrying the South, as President Reagan did, while losing 90% of black voters. It is politically imperative that we cut into this bloc vote in the coming years, even if our efforts yield only several percentage points difference. Thad Cochran and Strom Thurmond have both proven that such efforts, rooted in more sensitivity to civil rights concerns, can turn a close election into a safe one.

More important, though, is that Republicans begin to identify what we are for in the area of civil rights, in addition to what we are against. Otherwise, we risk being viewed as reactionaries seeking to undermine civil rights, mostly in a sub-rosa fashion. By and large, Americans are proud of the civil rights progress we have made in the thirty years since Brown. Republicans have every right to share in that pride--Kennedy may have sent federal marshals to Birmingham, but Ike sent the National Guard to Little Rock. By appearing negative today, we belie our own Party's contribution to the decline of state-sanctioned racism in the U.S. In fact, the subliminal message is that we could envision rolling back the clock, if only because our actions, combined with a failure to articulate limits, raise questions about how far we would go.

Civil Rights Policy in the Second Term

There are a number of steps that I would recommend be considered in a second term:

1. We should revitalize the Cabinet Council on Legal Policy so that it indeed serves as a forum for developing policy options in the area of civil rights. For such discussions, both the chairman of the Civil Rights Commission and the chairman of the EEOC should sit as members.
2. It should be clearly directed that policy questions (as distinct from enforcement actions or case filings where there is ample precedent) must be brought to CCLP for discussion. The Administration has tended to allow Justice more discretion than necessary in deciding civil rights policy because of our unwillingness to interfere with their decisions about what, or whether, to file in particular cases. Unless our policy is already clear (and in most cases, it has not been), the Cabinet Council and the President should decide what the policy is; Justice would then file in accord with that policy. Simply because DOJ has broad discretion in its judicial filings does not mean the White House must also abdicate policy decisions to them.
3. A policy statement on civil rights should be drafted and then debated not only within the White House, but among Party leaders. Frankly, some black academic thinkers like Thomas Sowell have done a far better job of articulating a conservative civil rights policy framework than this Administration has. We simply must define what we are for, as well as what we are against, and why. This would counter the irrational fears conjured by our opponents, and may be the only way we can give blacks a reason for rallying to our Party. It would also provide the Justice Department with the type of central policy guidance that has been lacking in the civil rights area.
4. The President should be engaged directly. He should be at the center of discussions on what our policy is, and what we stand for in the area of civil rights. The President should also be exposed periodically, in small sessions, to the views of the black community. Too often in the past, the President has been surprised by outcry among blacks about his Administration's policies. Exposure to black viewpoints on such issues (including Republicans such as Bill Coleman and Ed Brooke) will give the President a direct understanding of how certain civil rights issues are viewed by the black community.

5. Legislative strategy on civil rights issues must be controlled by the White House. On a number of occasions, we have been insufficiently attentive to such issues in Congress, leaving them in DOJ's hands until they have passed beyond our power to control (e.g. the Voting Rights Act). In the past year, we have done better on several potentially volatile issues (insurance equity, comparable worth, Title IX/Grove City legislation) because we have asserted White House control at an early stage.

I will be happy to discuss these points further if you desire.

THE WHITE HOUSE

WASHINGTON

December 12, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI 

SUBJECT: Refugee Negotiations with Cuba

For your information:

I have recommended to NSC that we not attempt to publicly associate the President with any agreement that results from current refugee negotiations with Cuba. Instead, I have suggested that we low-key the matter here, and let the State Department handle explanations and questions. I have also asked NSC to encourage the State Department to brief a group of Cuban-American leaders once the negotiations are concluded.

There is a good deal of suspicion in the Cuban-American community about these negotiations, and it is hard for us to tell at this point whether their outcome will be popular. Therefore, at this stage I think it best to let the State Department handle the initial explanatory phase. It is for this reason, also, that I turned off a WH briefing Faith had scheduled while the negotiations were in progress.

Faith understands and agrees with this approach.

bcc: Cathy Villapando

THE WHITE HOUSE
WASHINGTON

December 12, 1984

TO: JAB III

NCPAC's event at the Old Post Office
is to honor you and you alone.

JC

THE WHITE HOUSE

WASHINGTON

December 10, 1984

MEMORANDUM FOR FAITH WHITTLESEY

FROM: JAMES A. BAKER, III
SUBJECT: Contract of Edward Lynch

I appreciate the concerns outlined in your memorandum of December 4 regarding Ed Lynch's contract. However, Mr. Lynch's service contract was a temporary expedient, and was never intended as a permanent arrangement. If you feel his help is still necessary, you are free to hire him in a regular OPL staff position provided a slot is available.

Given the resources currently devoted to the Central America outreach program, we should still be able to maintain something close to the current level of effort without regard to this particular contract.

cc: John Rogers

To: JAB III
You may want to edit,
but this is the response
I'd recommend. (There
are 3 full-time and 2
part-time people wkg on
Cent America excluding
Lynch.)

JC 12/10

BH: Pl return to me.

THE WHITE HOUSE

WASHINGTON

December 12, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: The President's Federal Pension

Section 5(a) of the Presidential Transition Act of 1963 states that:

"Each former President shall be entitled for the remainder of his life to receive from the United States a monetary allowance at a rate per annum, payable monthly by the Secretary of the Treasury, which is equal to the annual rate of basic pay, as in effect from time to time, of the head of an executive department, as defined in Section 101 of Title V, U.S. Code."

In short, this means that the President's pension is equivalent to the salary of a Cabinet officer. If the President were to retire today, his pension would be \$83,300 per year. By 1989, of course, the salary of a Cabinet officer would no doubt be higher as a result of whatever statutory or cost of living increases may be voted.

THE WHITE HOUSE

WASHINGTON

December 12, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JIM CICCONI 
SUBJECT: US-Japanese Trade Relations

For your information:

A combined CCCT/Trade Policy Committee meeting has tentatively agreed that the US must pursue a tougher line on US-Japanese trading issues during next month's meeting with Prime Minister Nakasone. Only CEA (Niskanen) dissented, though State expressed some concern.

The proposed strategy would involve seeking a commitment from Nakasone that the current bilateral trade deficit be cut in half over the next two years. We would also call on Japan to implement a program designed to double Japan's imports of manufactured goods. In addition, we would be prepared to use available trade authority to press Japan for a reduction in barriers to specific imports with good market potential, especially manufactured goods.

I can provide more details if you desire. Attached is a copy of Bill Brock's introductory memo on the subject, as well as that portion of USTR's paper which summarizes their recommended strategy.

UNCLASSIFIED WITH CONFIDENTIAL ATTACHMENT

TRADE POLICY COMMITTEE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, DC 20506

December 7, 1984

MEMORANDUM FOR MEMBERS OF TRADE POLICY COMMITTEE
MEMBERS OF CABINET COUNCIL ON COMMERCE AND TRADE

FROM: WILLIAM E. BROCK *WB*
SUBJECT: U.S. Trade Policy Toward Japan

As we approach the end of our first four years in office and begin a second term, we need to review our trade relations with Japan, our largest overseas trading partner. Such a review is necessitated by the increasingly contentious nature of our bilateral trade relations.

In light of the absence of substantial new U.S. sales, and the rapid escalation of our bilateral trade deficit, it is not unreasonable to ask if we have wasted four years. I believe not, for some progress has been made. Yet it is equally true that the situation is worsening daily, and will, in all likelihood, reach a flash point in 1985. Something has to change - soon.

This paper revisits U.S. trade policy objectives with respect to Japan. It covers methods by which we have sought to achieve those objectives, assesses the status of our efforts, presents the current trade situation and projections for the future, and offers an array of possible new approaches for your consideration.

Attachment

UNCLASSIFIED WITH CONFIDENTIAL ATTACHMENT

~~CONFIDENTIAL~~

years. That approach places equal weight on the objectives of market access and manufactured import increase.

1. The First Prong: Market Access, Emphasizing "Beachhead" Sectors

This element of our approach would continue our efforts to remove any Japanese barrier that prevents the free play of market forces. While we would continue to address the whole range of barriers, particular emphasis would be placed on the need for progress in specific sectors deemed especially important.

The first step in developing this approach is to establish a Reagan/Nakasone mandate reflecting a commitment to the basic objective of market-determined trade in key industrial sectors. Once this mandate is established, the key sectors would be identified on the basis of economic analysis that considers such factors as the sector market size and growth potential in Japan, its visibility in Japan, and U.S. capabilities as a world-class producer.

Once the sectors are picked, a team headed by a trade negotiator at the sub-Cabinet level would sit down to negotiate on all elements involved in selling in Japan: border treatment, standards setting and testing, regulatory environment, government "guidance" or interference, distribution and sales channels, and methods of product transportation.

This approach would require intensive negotiations characterized by:

- a) high-level involvement at all stages;
- b) intensive followup until desired results are achieved;
- c) U.S. willingness to use pressure in response to any refusal by the Japanese to remove barriers or to implement targeted objectives.

An appendix on the subject of U.S. leverage provides a discussion of the means that could be employed to induce the Japanese to take the necessary steps.

2. The Second Prong: Japanese Manufactured Imports Action Program

This second and concurrent element of the two-pronged approach involves the securing of a concrete Japanese program to bring about a substantial actual increase over the next two-to-four years in Japan's imports of manufactured products. To implement this, Japan would agree to eliminate the barriers identified in its negotiations with us (prong one), and take the following additional steps:

DECLASSIFIED

NLS F47-066#1

13

BY msh

DATE 6/7/00

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- a) The Prime Minister gives the President his commitment that Japan will adopt as a national goal, announced as a White Paper, a doubling of imports of manufactured goods and a halving of the bilateral trade deficit with the United States.
- b) The White Paper would set out with the usual specificity of Japanese White Papers, how imports are to grow, and establish that objective as a national goal necessary for Japan's security in the trading world. Specific goals would be set for the key sectors identified in prong one. The United States would be consulted fully in the drafting of the specifics of the program and would monitor performance.
- c) The White Paper also would outline plans to be implemented to eliminate trade-restrictive or -distortive elements of Japan's industrial policies, including providing for: full transparency of policies, objectives, methods, and procedures; treatment for foreign firms equal to that given to the "most favored" domestic firms; and import goals for "sunrise" and "sunset" sectors.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

VI. RECOMMENDATION FOR THE PRESIDENT'S MEETING WITH PRIME MINISTER NAKASONE, JANUARY 2, 1984

Whichever policy approach option we decide to adopt, this meeting will be crucial to setting the course - and the tone - of our trade relations with Japan for at least the next year.

All reports indicate that the Japanese expect trade, particularly the size of the bilateral deficit, to be the major topic on the President's agenda for the meeting. It is vital that trade be the major subject of the meeting, and that the Prime Minister leaves the meeting convinced that the President is deeply concerned by the trade problem, and strongly believes that it must be resolved by bold, rapid steps by Japan before the damage it is inflicting on our overall relations becomes any greater. The most desirable outcome of the meeting with respect to trade is the announcement by both sides of Prime Minister Nakasone's commitment that Japan will implement a manufactured imports action program with a goal of doubling Japan's manufactured imports and halving the bilateral trade deficit with the United States over the next two years.

The opportunity to achieve such a major forward step in opening up Japan will never be better. Nakasone's situation now is unique in that he is, for the remaining two years of his tenure in office, more free of election-related limits to action than heretofore, and also less politically constrained than any successor will be again before around 1988. By that time, if the IBJ scenario unfolds, Japan's current account surplus will already have begun to rival the OPEC Dollar Drain. Only action now by this Prime Minister can commit Japan to a national effort to avoid such a crisis at the end of the decade.

We therefore recommend that the following points be made by the President in his January 2, 1984, meeting with Prime Minister Nakasone.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Dec. 13, 1984

TO: JAB III

You may recall that Herrington said he'd get back to you re Patti Tyson. That was some time ago-- has this been taken care of?

Thanks.

JC

THE WHITE HOUSE

WASHINGTON

December 14, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: LEE L. VERSTANDIG *lv*
SUBJECT: Letter from Governor Thornburgh

Thanks for all your help in enabling me to have the budget briefings with Republican Mayors and Republican Governors. They were highly successful in providing information, but more importantly in gaining their support for the President's efforts.

Please see the attached letter from Governor Thornburgh, which reflects the Republican Governor's strong support and specific thoughts on achieving our deficit reductions.

I have sent the original of this letter to Dick Darman recommending that the President see it personally. It most accurately reflects the support, concerns, and interests of our Republican Governors on this matter.

cc: Richard G. Darman

To: JAB

This is a helpful letter.
I recommended to him
that he send in to RR
(Thru Darman).

JL
12/14

THE WHITE HOUSE

WASHINGTON

December 17, 1984

MEMORANDUM FOR JIM CICONNI

FROM: MARSHALL BREGER *MB*

As you know, the State Department is setting up a United States-Israeli Joint Economic Development Commission, which will consist of U.S. and Israeli government officials. The Commission will be chaired by Under Secretary of State for Economic Affairs, Allan Wallis. Its purpose is to advise the U.S. on Israeli economic reforms. The first meeting of this group will be December 19-20.

I believe the NSC may have a formal liaison to this group on the foreign policy side (although the specific individual may not yet have been appointed.) However, you can well imagine, both the domestic policy and the political implications of these discussions are substantial. I would very much like to be formally appointed as the White House liaison to the Commission to assist in the public liaison and domestic policy aspects. I realize this might be seen as an unusual step for an OPL staff member, but it is consistent with my extensive activity in this area. Further, the plain fact is that for State's plans to succeed regarding the economy will require significant "missionary" work with Congress and the public.

Please let me know if this is a realistic option.

Thank you.

To: JAB III

I told Breger this could not be done since it is not w/in scope of OPL's duties.

Advised that he talk w/ NSC and work out an informal arrangement so that he could have input re views of US Jewish community.

JAC
12/18

THE WHITE HOUSE
WASHINGTON

December 17, 1984

TO: JAB, III

The Bicentennial of the U.S. Constitution is an event that will have worldwide recognition (as happened on the 150th anniversary). There is a strong argument that our appointments to the Commission should be prominent Americans whose names would do credit to both this President, and the event itself. This is especially true given the fact that the President only has three appointments, and his nominees will be contrasted with those of the Speaker, et al.

I would not think that Schlafly would fit in such company. Why don't we go for heavyweights like Jerry Ford, Bill Buckley, or maybe even a Barbara Jordan (after all, this is not a body where partisanship really matters)?

Thanks.

JC *hi*

THE WHITE HOUSE

WASHINGTON

December 12, 1984

MEMORANDUM FOR JAMES A. BAKER, III
EDWIN MEESE, III
MICHAEL K. DEEVER
RICHARD G. DARMAN
JOHN S. HERRINGTON

FROM: FAITH RYAN WHITTLESEY *FRW*
SUBJECT: Appointment to the Commission on the
Bicentennial of the United States
Constitution

Phyllis Schlafly would like to be appointed to the Commission on the Bicentennial of the United States Constitution. In view of her continuing hard and successful work to carry out the President's goals, she is certainly deserving. If you recall, ERA was recently defeated in Maine by a 65% margin.

THE WHITE HOUSE

WASHINGTON

December 17, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: JAMES W. CICCONI *JWC*

SUBJECT: Steel Negotiations

As you know, negotiations are continuing with various steel exporting countries in fulfillment of the President's decision to seek voluntary restraint agreements. We will not be able to meet our self-imposed deadline of December 18 for conclusion of talks, however.

Unless there is a major change, we may come in above our 18.5% target. In fact, it now looks as if we will come in around 20.3%. USTR is pushing South Korea and Canada especially hard. It now appears as though South Africa and others are on board.

On Wednesday, December 19, U.S. Steel will file eight unfair trade cases against mostly East European countries. While the East European share of the market is very small at this point, it is growing rapidly.

Unless we can show significant progress toward implementing the President's decision by the time Congress reconvenes, we can expect a renewal of steel industry pressure on the White House.

THE WHITE HOUSE

WASHINGTON

December 18, 1984

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

SUBJECT: Letter from the Home Builders Association

The attached letter from the Home Builders raises what I feel is a valid point regarding the tax reform proposal. Many of our people have been hearing the same argument from business interests around the country.

I would be interested in whether you think a statement such as the one they suggest might be advisable.

Thank you.

James A. Baker, III
Chief of Staff and
Assistant to the President



National Association of Home Builders

15th and M Streets, N.W., Washington, D.C. 20005

Telex 89-2600 (202) 822-0400 (800) 368-5242

Peter D. Herder
1984 President

December 7, 1984

The Honorable Donald T. Regan
Secretary
Department of the Treasury
15th & Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

The enclosed statement in response to your comprehensive tax reform proposal was authorized by the Executive Committee of the National Association of Home Builders at our November 30th meeting. We are carefully analyzing the impact of these proposals on the housing consumer and real estate economic activity. We do, however, have initial concerns in three areas: 1) the immediate disruption that is occurring in the marketplace; 2) the possible negative effect of the proposal on overall economic growth; and 3) the public purpose served by current tax treatment to provide incentives for homeownership and affordable rental housing.

We urge you to request that a clear statement be made by the President and/or Congressional leadership that: 1) action on tax reform would not affect current business decisions which have relied on current tax law; and 2) that there be a lengthy transition period before any major change becomes effective. We feel that such a statement is crucial to allow continued economic growth as the debate over tax reform proceeds.

Upon completion of our study we would appreciate the opportunity to meet with you to present the results of our analysis.

We are evaluating the proposals in a deliberate and dispassionate manner and will present the specific examples in the near future.

Sincerely,

Peter D. Herder
President

STATEMENT ON TAX POLICY

On November 30, the Executive Committee of the National Association of Home Builders met and authorized the following statement:

We have reviewed the Treasury Department Report to the President. We recognize the extraordinary effort of the Treasury Department in developing a comprehensive series of proposals on tax reform. However, we do have a number of general and specific concerns. We view the tax reform and simplification package from three perspectives:

First, due to its sweeping nature and the complexity of effective dates and transition rules, release of the plan has already caused uncertainty in the real estate market and hesitancy among builders, developers and investors who are planning and making business decisions now for 1985 and 1986. Regarding projects which are currently in negotiation, the presentation of the plan immediately caused disruption in the marketplace and cancellation of contracts. Although the housing industry enjoyed a strong recovery in the first part of 1984 and contributed significantly to overall economic growth, housing starts and sales have slowed down. A lengthy period of uncertainty -- particularly at this juncture -- could severely inhibit planning and implementation of plans for the future. This could have a ripple effect on the economy, and for the potential homebuyer, current homeowner, owner or potential purchaser of a second home or vacation home, renter and small consumer/investor in real estate. The lack of understanding, misinformation in the media, and uncertainty will have a "chilling effect" on personal and business decisions.

Tinkering with the tax code as has been done in two of the past three years (after major tax changes in 1981) has already created a highly uncertain environment for future investment and growth. Since investments in real estate involve a long period of planning and long-lived assets, a period of stability in tax laws would be most welcome and would encourage responsible planning to meet the housing demand. As stated in the Treasury Report, "Costly dislocations and unanticipated losses caused by tax reform can -- and should -- be mitigated through provisions for fair and orderly transition."

It is therefore important that a clear statement be made by the President and the leadership of the key Congressional Committees that no action on tax reform would affect business decisions which have relied on current tax law, and that there will be a lengthy transition period before any major change becomes effective. Such a statement is absolutely essential and would clear the air and permit continued economic growth while the debate over tax reform proceeds.

Second, we are troubled by the premise stated in the report that adoption of these reforms would have "positive effects on the national economy" and that "growth will accelerate." The radical changes in investment incentives for business in general and real estate in particular may actually have a negative effect on overall economic growth. In fact, we are not aware that the Treasury Department has produced any evidence in support of their assertions.

Third, we strongly believe that these proposals go against long-standing economic and social policy to promote homeownership and affordable rental housing through the tax code. We do not share the Treasury view that such policies "distort the use of our nation's resources" or that they constitute an "industrial policy in disguise." Quite to the contrary, many of these investment incentives have been developed and refined over time to serve a national purpose ... and "abuses" have likewise been dealt with by the Treasury Department and Congress over time.

The thrust of the real estate provisions contained in the Economic Recovery Tax Act of 1981 was to stimulate production and maintenance of rental housing. As interest rates declined in the past two years, these provisions have begun to have their intended effect. The Treasury proposals including capital consumption allowances, indexation of interest expenses, partnership taxation changes, taxation of industrial development bonds, and repeal of the rehabilitation tax credits, would abruptly reverse that trend. Further, the taxation of mortgage revenue bonds for owner-occupied housing and denial of installment sales treatment for builder bonds would eliminate effective existing mechanisms for promoting homeownership for first-time buyers and those families at the lower end of the housing market.

Interestingly, in a recent Market Opinion Research survey which showed that the general public favors simplification of the tax code, the overwhelming majority of Americans also believed that the tax system does too little in "making homeownership possible for young people." In that August 1984 national survey, 72 percent polled said that the tax system does "too little" for homeownership for young families, 18 percent said "about the right amount," and 3 percent said "too much." Similarly, 90 percent of the public recognized that "increasing taxes on rental properties such as apartments, really increases rents for tenants."

We are currently evaluating the Treasury proposals and intend to provide more detailed analysis of the economic impacts on typical homebuyers, the single-family builder, rental investor or developer, and allocation of capital among industries.

THE WHITE HOUSE

WASHINGTON

December 18, 1984

MEMORANDUM FOR FAITH WHITTLESEY

FROM: JAMES A. BAKER, III

SUBJECT: UN Women's Conference in Nairobi

Your views on the delegation to the Nairobi conference have been, and will continue to be, taken into consideration by those charged with its selection. I recognize the concerns that some groups have, but I am confident that John Herrington and Bud McFarlane will recommend a delegation that is representative of this Administration's views.

As for the conference itself, I am certain that your input would be welcome, and it is entirely appropriate that you forward the views of concerned groups. However, inclusion in "all discussions involving this conference" would be beyond the scope of OPL's proper functions, and is unnecessary.

NSC and State are the agencies charged with direct responsibility for the conference. I am sure they are mindful of the President's commitments, and capable of dealing with the situation should the purpose of the conference be deflected toward extraneous issues (much as they have handled such situations in UNESCO, and in the UN on a daily basis).

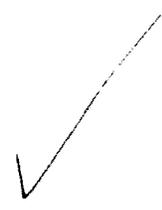
To: JAB III

Here's the memo we discussed.

Should I copy Herrington and McFarlane?

Thanks
JC
12/18

THE WHITE HOUSE
WASHINGTON



December 14, 1984

MEMORANDUM FOR: JAMES A. BAKER III
FROM: FAITH RYAN WHITTLESEY *FRW*
SUBJECT: UN DECADE FOR WOMEN CONFERENCE, NAIROBI, KENYA
JULY 15 - 26, 1985

In light of the importance of the upcoming Nairobi Conference to various interest groups in this country, and in light of the President's commitment, expressed earlier this year, to withdraw American participation from the conference if it should become tainted with anti-Semitism or anti-Israel bias, I would like to be included in all discussions involving this conference.

The issue is of concern to Jewish groups, and to other patriotic organizations such as Eagle Forum, who do not wish to see the perversion of yet another UN platform into an opportunity to attack the West.

THE WHITE HOUSE

WASHINGTON

December 18, 1984

Dear Tom:

Thank you for your letter of congratulations on the victory the voters were kind enough to grant us. The Presidential election was fought on a clear set of national concerns, with very different points of view on how they should be dealt with. The fact that the American people spoke in such an unequivocal voice was welcome reassurance that they believe in the policies we have sought to promote.

I am well aware of, and deeply appreciate, the support you have given those same policies during your years in Congress. Without the help of Democrats like yourself, the measures which the people so strongly backed with their votes might never have been put into place. It is unfortunate that the Democratic Party as a whole seems to be of a different mind, drifting ever farther from the views we hold in common.

I regret that such partisan distinctions caused me to be on the opposite side in your congressional race. However, I hope you understand, Tom, that as the leader of the Republican Party, I am obliged to support our Party's nominees, campaigning and assisting them directly to the extent I can. That is the nature of our two-party system. Please be assured, though, that you have my heartfelt gratitude for all your help, and my very best wishes for the future.

Sincerely,

The Honorable Tom Vandergriff
House of Representatives
Washington, D.C. 20515

*To: JAC II
This is a draft response
to Tom Vandergriff's letter
(per your request).*

*Thanks
JZ
12/18*

THE WHITE HOUSE

WASHINGTON

December 19, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: Jim Cicconi 

SUBJECT: UNESCO Observer Team

Greg Newell has been responsible for selecting members of the US observer team that will monitor the situation in UNESCO following our withdrawal.

Per Greg, the members of the observer team are:

Leonard Marks, chairman (reported to be close to M'Bow)

Ursula Meese, vice chairman

Fred Seitz (a physicist)

Jacques Torczyner

James Michener

Wendy Borchardt

Greg indicated that he would be happy to add such members as the White House would request, though he would prefer to keep the total to ten or less.

I would like to speak with you further on this today (if possible).

Thanks.