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FEBRUARY 24, 1983 - 11:30 A.M.

BRIEFING FOR STATE & LOCAL OFFICIALS

127031
MC 003

WELCM...W.H. I'M DELITED..U R ABLE
..BE HERE FOR..BRIEFg ON MANY OF..
INITIATIVES WE R UNDRTAKING.

I'M ALSO PLSD..TELL U..I'M TODAY
TRANSMIT'G TO..CONG. OUR REVISED
FEDERALISM INITIATV, WHCH INCORPORATES
4 MAJOR MEGABLOCK GRANTS TO ST. & LOC.
GOVT's.

THS LEGISLATV PROPOSLS REPRESNT..
CONTINUATN & EXPNSN OF R EFRTs TO RETURN
AUTHORITY, RESPONSIBILITY & REVENUE
RESOURCES TO ST. & LOC. GOVT's. U KNOW,
BERNARD BARUCH:....P. WHO BLIEVED THEY CLD
LEAN..GOV'T WLD FIND..WHEN U LEAN..GOV'T,
GOV'T LEANS VRY HEAVILY ON U."

PAGE 2

IN..2 DECADES BTWN 60 & 80, WE SAW..
EVER-ACCELERATING ENCROACHMNT BY..FED.
GOV'T ON ST. & LOC. PREROGATIVES. NARROW
& RESTRICTV FED'L GRANT-IN-AID PROGRMS
GREW FRM LESS THN 50 TO MORE THN 500,
PERVADING SUCH OBVIOUS LOCAL CONCNS AS
RAT CONTROL & SEWER EXTENSNS. THE COST
..THS PROGRMS EXPLODED FRM ARND \$7 BIL IN
'60 TO \$95 BIL IN '81.

THE FED. GOV'T HD TOO MCH CONTRL.
PROGRMS LACKED FLEXIBILITY. REG'S WERE
RESTRICTV. FED. MANDATES..DEPLETING ST.
& LOC. TREASURIES. EXPENDITURES WR BEING
MADE FOR PROGRMS THT WERN'T REALLY NEEDED
IN PARTIC. COMMUNITIES & LOCALITIES.

ST. & LOC. OFFICIALS BGAN CALLING
FOR..REORDERING OF PRIORITIES &..SORTING
OUT OF RESPONSIBILITIES AMONG..VARIOUS
LEVELS..GOV'T.

PAGE 3

WELL, WE'VE ATTEMPTED..ADDRESS THS
CONCERNS.

IN 81, WE WERE SUCCESSFUL..
CONSOLIDATING 57 CATEGORICAL GRANT
PROGRMs INTO 9 BLOCK GRNTs. OUR
REGULATORY RELIEF EFRT...DIRECTED IN
LARGE PART TO REMOVING..REGULATORY
MANACLES WHCH BIND ST. & LOC. GOVT'S.

THIS EFRT CONT'D INTO '82 W/ ENACTMNT
OF.. JOB TRAINING BLOCK GRANT &..URBAN
MASS TRANS. BLOCK GRANT.

THE LEGISLATV PROPOSAL..I'M SENDING
TO CONG. TODAY WL CONTAIN 4 MEGABLOCK
GRANTS. THEY R:..FED-ST BLOCK GRANT;
..FED-LOCAL BLOCK GRANT;
..TRANS. BLOCK GRANT &
..RURAL HOUSING BLOCK GRANT.

IT INCORPORATES..INPUT WE'VE REC'D
FRM ST. & LOC. OFFICIALS DURING..COURSE
...LAST 2 YRS: —

PAGE 4

— IT WL PROVIDE..STABLE & CERTAIN
FUNDING SOURCE FOR ST. & LOC. GOVT'S, BY
GUARANTEEING FUNDING FOR..PROGRMs AT..
LEVELS ENACTED FOR FY 84. IT'S NOT..
VEHICLE FOR BUDGETARY SAVINGS.

— IT WL PROVIDE GREATER FLEXIBILITY
TO ST. & LOC. OFFICIALS.

— IT WL PROVIDE..PASS-THRU TO LOC.
GOVT'S FOR PROGRMs WHCH HV HISTORICALLY
GONE TO..STs, BUT WHERE..STs HV PASSED
THRU FUNDING TO LOC. GOVT'S.

— IT PROVIDES SPECIAL PROTECTNs FOR
REV. SHARING &..ENTITLEMENT PORTION OF..
COMMUNITY DEVELOPMNT BLOCK GRNT PROGRM.

— THE PROGRM WL BE PHASED IN TO
AVOID DISLOCATNs ON ST. & LOC. GOVT'S.

THAT. IN SHORT ... PCG. } I'M ASKING
CONG. GV. ... LEGIS. ... IMMEDIATE ATTN.
WRKNG. TOGETHR, U & I CN. MK. GOVT.
WRK. MORE EFFECTVLY ... ALL AM'S.

TANK U,

SUGGESTED TALKING POINTS
FOR MEETING WITH STATE AND LOCAL OFFICIALS

- Welcome to the White House. I am delighted that you are able to be here for this briefing on many of the initiatives ~~which are being undertaken by my Administration.~~ *we are undertaking*
- I am also pleased to ^{Tell} ~~inform~~ you that I am today transmitting to the Congress ~~my~~ ^{our} revised Federalism Initiative, which incorporates four major megablock grants to state and local governments.
- These legislative proposals represent a continuation and expansion of ~~the~~ ^{our} efforts of ~~my Administration~~ to return authority, responsibility and revenue resources to state and local governments. *You know Bernard Baruch once said that people who believed they could lean on govt. would find that when you lean on govt. govt. leans very heavily on you.*
- ~~You and I know that~~ ^I In the two decades between 1960 and 1980, we saw an ever-accelerating encroachment by the federal government on state and local prerogatives. Narrow and restrictive federal grant-in-aid programs ~~were to grow~~ ^{grew} from ~~under~~ ^{less than} 50 to ~~over~~ ^{more than} 500, pervading such obvious local concerns as rat control and sewer extensions. The cost of these programs exploded from ~~over~~ ^{around} \$7 billion in 1960 to \$95 billion in 1981.
- The federal government had too much control. Programs lacked flexibility. Regulations were restrictive. Federal mandates were depleting state and local treasuries.

Expenditures were being made for programs that weren't really needed in particular communities and localities.

-- ~~At the same time,~~ State and local officials began calling for a reordering of priorities and a sorting out of responsibilities among the various levels of government.

Well
-- We have attempted to address these concerns, ~~in this Administration~~

-- In 1981, we were successful in consolidating 57 categorical grant programs into 9 block grants. ~~The Administration's~~ ^{*Our*} regulatory relief effort has been directed in large part to removing the regulatory manacles which bind state and local governments.

-- This effort ~~has~~ continued into 1982 with enactment of the Job Training Block Grant and the Urban Mass Transportation Block Grant.

-- The legislative proposal which I am sending to Congress today will contain four megablock grants. ~~These four~~ ^{*They are*} ~~block grants~~ are: a Federal-State block grant; a Federal-Local block grant; a Transportation block grant; and a Rural Housing block grant.

~~It~~
-- ~~to~~ incorporate the input ~~which~~ we have received from state and local officials during the course of the last two years:

- It will provide a stable and certain funding source for state and local governments, by guaranteeing funding for the programs at the levels enacted for FY '84. It is not a vehicle for budgetary savings.
- It will provide greater flexibility to state and local officials.
- It will provide a pass-through to local governments for programs which have historically gone to the states, but where the states have passed through funding to local governments.
- It provides special protections for revenue sharing and the entitlement portion of the Community Development block grant program.
- The program will be phased in to avoid dislocations on state and local governments.

-- That, in short, is the package. I am ^{askin'}~~requesting~~ that Congress give this legislation its immediate attention.

-- Working together, ^{you & I}~~we~~ can make government work more effectively for all Americans.

-- Thank you.

(MASENG)

FEBRUARY 27, 1983

ENTERTAINMENT THANK YOU

PEARL, ON BEHALF OF YOUR DELIGHTED AUDIENCE HERE TONIGHT AND THE NATION OF FANS YOU HAVE ENTERTAINED AND INSPIRED FOR SO MANY YEARS, I THANK YOU. I ALSO WANT TO CONGRATULATE YOU ON YOUR MANY EFFORTS TO MAKE OUR COUNTRY AND OUR WORLD A BETTER PLACE TO LIVE. WHETHER AS A THEOLOGY STUDENT AT GEORGETOWN UNIVERSITY, AS AN ARTIST, A WRITER, SPECIAL ADVISOR TO THE UNITED NATIONS OR AS A MOTHER, YOU ALWAYS EXCEL. I CAN'T WAIT TO SEE WHAT CHALLENGE YOU'LL TAKE UP NEXT, BECAUSE -- I HOPE YOU DON'T MIND IF I SAY SO -- YOU'RE LOOKIN' SWELL, PEARL; I CAN TELL, PEARL; YOU'RE STILL GLOWIN', YOU'RE STILL CROWIN', YOU'RE STILL GOIN' STRONG. THANK YOU VERY MUCH.

#

(Maseng/AB)
February 25, 1983
12:30 p.m.

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PRESIDENTIAL TOAST: GOVERNORS' STATE DINNER
SUNDAY, FEBRUARY 27, 1983

Our dinner tonight begins another opportunity round of discussions between us -- a time when we can exchange ideas, explain our points of view and work toward closer cooperation. Since I have been in this office, I have benefited greatly from your advice and counsel -- in our many meetings with individual Governors, your executive committee and your able spokesman Governor Scott Matheson. I hope you have found them useful, too.

The year that has passed since our last state dinner has been a trying one for each of us and for all Americans. Our economy suffered the depths of this recession, many of our citizens lost their jobs and millions found themselves suddenly in need of Government support. Our budgets were strained and our administrations sorely tested.

But by working together, through cooperation and with give-and-take, we have weathered the worst of the storm. Now, the economic recovery in America has begun. Inflation has plummeted, real wages are rising, industrial production is increasing, our housing industry is rebounding and our auto industry is on the upswing -- THE BIG 3 REPORTED THE 1ST YR. OF PROFIT SINCE 1979 -- one company alone is recalling more than 21,000 workers. Interest rates, once crippling our economy, are ~~nearly~~ ^{10 1/2%} half what they were and we hope to get them still lower. Unemployment has begun to drop, personal savings are building and our overall productivity is up. In fact, our leading economic indicators have been up -- signaling recovery -- for 8 of the last 9 months.

I know times are still difficult. I remember what it was like to be elected Governor and immediately face an enormous revenue shortfall. But our programs for sound fiscal management, spending control and tax rate reduction are based on economic principles that consistently produce prosperity. Our federalism proposals -- designed to return decision making to governments closest to the people -- are fundamental to our Republic. I would like to thank each of you and especially your federalism negotiating team for the efforts you've made to achieve our federalism reforms. I hope in the year ahead we can continue to work together in a bipartisan spirit in the best interests of all our people.

We stand at the threshold of great economic growth. But I need your help and your support if we are to realize the potential before us. As Benjamin Cardozo, the Supreme Court Justice, once said, "the several states must sink or swim together . . ." The Federal Government cannot solve America's problems without your help, just as you need assistance from us. Let us act together so that when history looks back on our days of decision, it will record that we found the courage, met the challenge and worked as one to bring about better days for all Americans, in each region and in every walk of life.

Thank you for your help and guidance, not only this week, but in the last year. I ask you to join me in a toast to continued cooperation between State capitals and Washington as together we lay the foundations for a more accountable government and a more prosperous future.

(Rohrabacher/AB)
February 25, 1983
4:00 p.m.

PRESIDENTIAL REMARKS: '84 OLYMPIC COMMITTEE FUNDRAISER LUNCHEON
LOS ANGELES, CALIFORNIA
THURSDAY, MARCH 3, 1983

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Thank you for that fine welcome. Members of the Olympic committees, Reverend Moomaw, Mayor Bradley, Senator Wilson, John Nabor, Bob Hope, and distinguished guests, I'm pleased that my official ^{BUT PLEASANT} duties of welcoming the Queen permitted me to be here with you today. Yet I must admit, every time I visit California it's harder and harder to get back on a plane heading East.

A few weeks ago we had a blizzard in Washington and some of the Californians on my staff learned what it means to be snowed in. Yet even when the temperature was below freezing and snow covered the ground, joggers were still seen making their daily run. Although those hearty souls certainly had more tenacity than most, they represent a dramatic change of attitude that's taken hold over the last two decades. Today, as never before, Americans are actively engaged in personal exercise and physical fitness programs, a health trend we should all encourage.

Lately I haven't had as much time for my equestrian pursuits -- there's no bridle path at the White House -- but I work out on a regular basis with exercise equipment. I'll have to admit, I don't have the same calibre of adversary as our Olympic athletes, but it does help to stay in shape when you're facing the fighting Irish in the form of Tip O'Neill.

I know we've got a good number of Olympians with us today. Would these athletes please stand up so we can give them a round

of applause? When I was a bit younger, being involved in athletics as I was, I always dreamed about the Olympics. The closest I ever got was in 1928 on my high school relay team. We went to ^{THE} State championship meet and ^{IN THE FINALS OF THE 880 RELAY} found ourselves up against a Chicago high school team anchored by a young fellow whose name was Ralph Metcalfe. ~~Needless to say, We didn't win that one.~~

~~But~~ Ralph Metcalfe went on to win medals in the 1932 and 1936 Olympics. He and Jesse Owens were very special to my generation. I can remember what a great source of pride it was when they won that day in Berlin and Hitler had to stand while our national anthem was played, and gold medals were placed around the necks of black athletes. Ralph Metcalfe and Jesse Owens were much more than great athletes; they were great Americans. ^{RALPH WENT ON TO BECOME A MEMBER OF THE U.S. HOUSE OF REPS.}

Sports in general and the Olympics in particular bring us together as nothing else. One of our first great sports heroes was John L. Sullivan. He was heavyweight champion at a time in this country's history when there was great discrimination against the Irish. When Jim Corbett finally took his title as heavyweight champion of the world, Sullivan won the hearts of his fellow countrymen when he said, "I've fought once too often, but if I had to get licked, I'm glad it was by an American."

And how can we ever forget the moment when boxer George Forman, a man from an underprivileged background, but proud to be representing our country at the Olympics in Mexico City, unfurled a small American flag and held it high for the world to see after winning his match? That was in the turbulent sixties and George

Forman showed us that whatever it is that divides us, what keeps us together is stronger.

Or how about our boys at Lake Placid? The picture of those young fellas after their ice hockey victory is a national treasure. Win or lose, we've always been proud of our athletes. And I think that all of you -- especially you here at the front table (Don Miller, Peter Uebberroth, George Moody, and Don Carivellone) [Criv-el-lone] -- can be rightfully proud of the part you are playing. You and others who are providing support for our team, as well as those helping to organize the event itself, deserve a word of thanks; I am happy today to be able to extend it to you on the behalf of the American people.

I appreciate the magnitude of the task you've taken upon yourselves. The price tag for selecting, training, and supplying our Olympic team for next year's games has risen to over \$77 million. Raising that money and making sure that it is spent effectively is an enormous responsibility. And this year Americans are not only supporting their own team; but they're also responsible for the games themselves.

Today you are part of a noble American tradition of direct citizen involvement. If it were not for citizens like you, who take it upon themselves to support our athletes, the American Olympic team would be left wanting. UNLIKE SOME OTHER COUNTRIES AM. ~~our~~ teams, as you well know, do not receive Government grants or Federal tax dollars. If we are to do right by the athletes of America, we've got to do it ourselves. And we owe it to ourselves, to our children, and to our country's future to make sure this job gets done.

The task of organizing the games is worthy of Yankee ingenuity. With an operating budget of nearly half a billion dollars, next year's games will show the world what Americans, without Federal subsidy, can accomplish when they set their minds to it. I'm confident that these games will reflect the excellence, the hospitality, and the spirit of accomplishment that are so much a part of our way of life.

I understand that already there are signs of swelling public support. The corporate community has stepped forward in a big way by, among other things, financing specific construction projects needed for the games. All Americans should be grateful for this display of good citizenship.

One of the top priorities of our Administration has been to encourage the American people, as individuals, as organizations, in private and business life, to get more directly involved in getting things done, in solving problems, and in helping each other. Private initiative is America's most precious resource; and it is as alive today as when our forefathers joined together for barn-raising parties a century ago.

Preliminary figures for 1982 suggest that even in a time of severe recession Americans were still willing to contribute generously to worthwhile and charitable causes. Last year, and again, these are preliminary numbers, Americans as individuals contributed \$48.7 billion, an increase of 9.4 percent over 1981. Corporate giving was \$2.9 billion, only 1 percent higher than 1981, but then corporate profits were down 22 percent last year. That, I can assure you, will improve this year.

Private sector initiatives succeed, just as these Olympics will succeed, because of thousands and thousands of individual efforts. Unfortunately, the public is unaware of the magnitude of voluntary activity going on in this country. The Olympic effort has the support of people like Jim McKay, Roone Arledge, and, yes, ~~even~~ Howard Cosell. Now I realize there is a theory that good news isn't good for the ratings, but I only wish Dan Rather, Tom Brokaw, Ted Koppel and others in the media would focus a bit more on some of the truly admirable things being done by the American people.

I offer this challenge: April 17th through April 23rd is National Volunteer Week. At least during that week, America's heroic private sector initiative efforts should be given the attention they deserve. Then if the ratings go down, they can go back to bad news.

Believe me, there isn't any shortage of good stories. Bill Verity, who headed my Private Sector Initiatives Task Force, told me about Monroe, Ohio, a town with a losing high school football team. Well, a new coach was hired and he suggested the team's poor showing was, simply put, because its players weren't as strong as their adversaries. He recommended building a physical conditioning facility complete with weight-training equipment.

The school board reported that they just couldn't afford the \$50,000 needed for the project. Instead of giving up, the hometown barber, a live wire named Robert Youtsler, was brash enough to ask, "Why don't we do it ourselves?"

Those folks raised the money and, using voluntary labor, built the training center. When they were done with that, they were so enthused that they repaired and painted the boys' locker room, and refurbished the girls' locker room. Then, because they figured after all their effort they were bound to end up with a winning team, they recruited a gang of townspeople and repainted the football stadium. And they still weren't through; they then repainted the school.

This is just one example of what can happen when the spirit of "can-do" and "I will" replaces "let's wait," and "I won't." There are similar stories right here in California, like the folks of a little town called Temecula who got together and built themselves a sports park. They held fundraising barbecues and dinners. Those that didn't have money volunteered their time and energy. The young people of that community now have a place for little league and other sports events due to some old-fashioned Americanism.

Our country has been blessed with people who understand that whether or not their community will be the decent place they want it to be, depends on them.

We are here today in that same spirit, in order to gather support for our country's Olympic team. Millions of young people will be watching the games, young people from all over the world as well as our own children, the fiber of tomorrow's America. I know we won't let those kids down and we won't short change our country by doing anything less than a first-class job. But in a free society, it all depends on us. So I'm here today to

encourage all Americans to do what they can to support our team, the American Olympic team.

Years after his triumph in Berlin, Jesse Owens was asked if the playing of national anthems at the Olympic victory stand ceremonies should be discarded. Would that all Americans could hear his answer: "It's a tremendous feeling," he said, "when you stand there and watch your flag fly above all the others. For me it was the fulfillment of a nine-year dream. And I couldn't forget the country that brought me there."

Today let's not forget the country that brought us here. Again, thank you for letting me do my part. Good luck and God bless you all.

(ROHRBACHER)

MARCH 3, 1983

84 OLYMPIC COMMITTEE FUNDRAISER LUNCHEON

THANK YOU FOR THAT FINE WELCOME,
MEMBERS OF THE OLYMPIC COMMITTEES,
REVEREND MOOMAW, MAYOR BRADLEY, SENATOR
WILSON, JOHN NABOR, BOB HOPE, AND
DISTINGUISHED GUESTS, I'M PLEASED THAT
MY OFFICIAL BUT PLEASANT DUTIES OF
WELCOMING THE QUEEN PERMITTED ME TO BE
HERE WITH YOU TODAY. YET I MUST ADMIT,
EVERY TIME I VISIT CALIFORNIA IT'S
HARDER AND HARDER TO GET BACK ON A PLANE
HEADING EAST.

A FEW WEEKS AGO WE HAD A BLIZZARD
IN WASHINGTON AND SOME OF THE
CALIFORNIANS ON MY STAFF LEARNED WHAT IT
MEANS TO BE SNOWED IN. YET EVEN WHEN
THE TEMPERATURE WAS BELOW FREEZING AND
SNOW COVERED THE GROUND, JOGGERS WERE
STILL SEEN MAKING THEIR DAILY RUN.

PAGE 2

ALTHOUGH THOSE HEARTY SOULS CERTAINLY HAD MORE TENACITY THAN MOST, THEY REPRESENT A DRAMATIC CHANGE OF ATTITUDE THAT'S TAKEN HOLD OVER THE LAST TWO DECADES. TODAY, AS NEVER BEFORE, AMERICANS ARE ACTIVELY ENGAGED IN PERSONAL EXERCISE AND PHYSICAL FITNESS PROGRAMS, A HEALTH TREND WE SHOULD ALL ENCOURAGE.

LATELY I HAVEN'T HAD AS MUCH TIME FOR MY EQUESTRIAN PURSUITS -- THERE'S NO BRIDLE PATH AT THE WHITE HOUSE -- BUT I WORK OUT ON A REGULAR BASIS WITH EXERCISE EQUIPMENT. I'LL HAVE TO ADMIT, I DON'T HAVE THE SAME CALIBRE OF ADVERSARY AS OUR OLYMPIC ATHLETES, BUT IT DOES HELP TO STAY IN SHAPE WHEN YOU'RE FACING THE FIGHTING IRISH IN THE FORM OF TIP O'NEILL.

*Sincerely - salute
W. & Mrs. Comm. H. & Rep. - Overwhelmingly B i front
S.S. - 32-3 - Chem. D. Rostenkowski; Banking
Ministry Barber Conable, & Sub C. Chem. Jerke Pichel*

PAGE 4

I CAN REMEMBER WHAT A GREAT SOURCE OF PRIDE IT WAS WHEN THEY WON THAT DAY IN BERLIN AND HITLER HAD TO STAND WHILE OUR NATIONAL ANTHEM WAS PLAYED, AND GOLD MEDALS WERE PLACED AROUND THE NECKS OF BLACK ATHLETES. RALPH METCALFE AND JESSE OWENS WERE MUCH MORE THAN GREAT ATHLETES; THEY WERE GREAT AMERICANS. RALPH WENT ON TO BECOME A MEMBER OF THE U.S. HOUSE OF REPRESENTATIVES.

SPORTS IN GENERAL AND THE OLYMPICS IN PARTICULAR BRING US TOGETHER AS NOTHING ELSE. ONE OF OUR FIRST GREAT SPORTS HEROES WAS JOHN L. SULLIVAN. HE WAS HEAVYWEIGHT CHAMPION AT A TIME IN THIS COUNTRY'S HISTORY WHEN THERE WAS GREAT DISCRIMINATION AGAINST THE IRISH.

PAGE 5

WHEN JIM CORBETT FINALLY TOOK HIS TITLE AS HEAVYWEIGHT CHAMPION OF THE WORLD, SULLIVAN WON THE HEARTS OF HIS FELLOW COUNTRYMEN WHEN HE SAID, "I'VE FOUGHT ONCE TOO OFTEN, BUT IF I HAD TO GET LICKED, I'M GLAD IT WAS BY AN AMERICAN."

AND HOW CAN WE EVER FORGET THE MOMENT WHEN BOXER GEORGE FORMAN, A MAN FROM AN UNDERPRIVILEGED BACKGROUND, BUT PROUD TO BE REPRESENTING OUR COUNTRY AT THE OLYMPICS IN MEXICO CITY, UNFURLED A SMALL AMERICAN FLAG AND HELD IT HIGH FOR THE WORLD TO SEE AFTER WINNING HIS MATCH? THAT WAS IN THE TURBULENT SIXTIES AND GEORGE FORMAN SHOWED US THAT WHATEVER IT IS THAT DIVIDES US, WHAT KEEPS US TOGETHER IS STRONGER.

OR HOW ABOUT OUR BOYS AT LAKE PLACID? THE PICTURE OF THOSE YOUNG FELLAS AFTER THEIR ICE HOCKEY VICTORY IS A NATIONAL TREASURE.

PAGE 6

WIN OR LOSE, WE'VE ALWAYS BEEN PROUD OF OUR ATHLETES. AND I THINK THAT ALL OF YOU — ESPECIALLY YOU HERE AT THE FRONT TABLE (DON MILLER, PETER UEBBERROTH, GEORGE MOODY, AND DON [CRIV-EL-LONE]) -- CAN BE RIGHTFULLY PROUD OF THE PART YOU ARE PLAYING. YOU AND OTHERS WHO ARE PROVIDING SUPPORT FOR OUR TEAM, AS WELL AS THOSE HELPING TO ORGANIZE THE EVENT ITSELF, DESERVE A WORD OF THANKS. I AM HAPPY TODAY TO BE ABLE TO EXTEND IT TO YOU ON THE BEHALF OF THE AMERICAN PEOPLE.

I APPRECIATE THE MAGNITUDE OF THE TASK YOU'VE TAKEN UPON YOURSELVES. THE PRICE TAG FOR SELECTING, TRAINING, AND SUPPLYING OUR OLYMPIC TEAM FOR NEXT YEAR'S GAMES HAS RISEN TO OVER \$77 MILLION. RAISING THAT MONEY AND MAKING SURE THAT IT IS SPENT EFFECTIVELY IS AN ENORMOUS RESPONSIBILITY.

PAGE 7

AND THIS YEAR AMERICANS ARE NOT ONLY SUPPORTING THEIR OWN TEAM; BUT THEY'RE ALSO RESPONSIBLE FOR THE GAMES THEMSELVES.

TODAY YOU ARE PART OF A NOBLE AMERICAN TRADITION OF DIRECT CITIZEN INVOLVEMENT. IF IT WERE NOT FOR CITIZENS LIKE YOU, WHO TAKE IT UPON THEMSELVES TO SUPPORT OUR ATHLETES, THE AMERICAN OLYMPIC TEAM WOULD BE LEFT WANTING. UNLIKE SOME OTHER COUNTRIES, AMERICAN TEAMS, AS YOU WELL KNOW, DO NOT RECEIVE GOVERNMENT GRANTS OR FEDERAL TAX DOLLARS. IF WE ARE TO DO RIGHT BY THE ATHLETES OF AMERICA, WE'VE GOT TO DO IT OURSELVES. AND WE OWE IT TO OURSELVES, TO OUR CHILDREN, AND TO OUR COUNTRY'S FUTURE TO MAKE SURE THIS JOB GETS DONE.

PAGE 8

THE TASK OF ORGANIZING THE GAMES IS WORTHY OF YANKEE INGENUITY. WITH AN OPERATING BUDGET OF NEARLY HALF A BILLION DOLLARS, NEXT YEAR'S GAMES WILL SHOW THE WORLD WHAT AMERICANS, WITHOUT FEDERAL SUBSIDY, CAN ACCOMPLISH WHEN THEY SET THEIR MINDS TO IT. I'M ~~CONFIDENT THAT~~ THESE GAMES WILL REFLECT THE EXCELLENCE, THE HOSPITALITY, AND THE SPIRIT OF ACCOMPLISHMENT THAT ARE SO MUCH A PART OF OUR WAY OF LIFE.

I UNDERSTAND THAT ALREADY THERE ARE SIGNS OF SWELLING PUBLIC SUPPORT. THE CORPORATE COMMUNITY HAS STEPPED FORWARD IN A BIG WAY BY, AMONG OTHER THINGS, FINANCING SPECIFIC CONSTRUCTION PROJECTS NEEDED FOR THE GAMES. ALL AMERICANS SHOULD BE GRATEFUL FOR THIS DISPLAY OF GOOD CITIZENSHIP.

PAGE 9

ONE OF THE TOP PRIORITIES OF OUR ADMINISTRATION HAS BEEN TO ENCOURAGE THE AMERICAN PEOPLE, AS INDIVIDUALS, AS ORGANIZATIONS, IN PRIVATE AND BUSINESS LIFE, TO GET MORE DIRECTLY INVOLVED IN GETTING THINGS DONE, IN SOLVING PROBLEMS, AND IN HELPING EACH OTHER. PRIVATE INITIATIVE IS AMERICA'S MOST PRECIOUS RESOURCE; AND IT IS AS ALIVE TODAY AS WHEN OUR FOREFATHERS JOINED TOGETHER FOR BARN-RAISING PARTIES A CENTURY AGO.

PRELIMINARY FIGURES FOR 1982 SUGGEST THAT EVEN IN A TIME OF SEVERE RECESSION AMERICANS WERE STILL WILLING TO CONTRIBUTE GENEROUSLY TO WORTHWHILE AND CHARITABLE CAUSES. LAST YEAR (AND AGAIN, THESE ARE PRELIMINARY NUMBERS,) AMERICANS AS INDIVIDUALS CONTRIBUTED \$48.7 BILLION, AN INCREASE OF 9.4 PERCENT OVER 1981.

PAGE 10

CORPORATE GIVING WAS \$2.9 BILLION, ONLY 1 PERCENT HIGHER THAN 1981, BUT THEN CORPORATE PROFITS WERE DOWN 22 PERCENT LAST YEAR. THAT, I CAN ASSURE YOU, WILL IMPROVE THIS YEAR.

PRIVATE SECTOR INITIATIVES SUCCEED, JUST AS THESE OLYMPICS WILL SUCCEED, BECAUSE OF THOUSANDS AND THOUSANDS OF INDIVIDUAL EFFORTS. UNFORTUNATELY, THE PUBLIC IS UNAWARE OF THE MAGNITUDE OF VOLUNTARY ACTIVITY GOING ON IN THIS COUNTRY. THE OLYMPIC EFFORT HAS THE SUPPORT OF PEOPLE LIKE JIM MCKAY, ROONE ARLEDGE, AND, YES, HOWARD COSELL. NOW I REALIZE THERE IS A THEORY THAT GOOD NEWS ISN'T GOOD FOR THE RATINGS, BUT I ONLY WISH DAN RATHER, TOM BROKAW, TED KOPPEL AND OTHERS IN THE MEDIA WOULD FOCUS A BIT MORE ON SOME OF THE TRULY ADMIRABLE THINGS BEING DONE BY THE AMERICAN PEOPLE.

PAGE 10 A

NOW I REALIZE THERE IS A THEORY THAT GOOD NEWS
ISN'T GOOD FOR THE RATINGS, BUT I ONLY WISH THAT
EVERYONE IN THE MEDIA COULD APPRECIATE AS MUCH
AS ALL OF YOU HERE DO THE VOLUNTARY EFFORTS BEING
UNDERTAKEN BY THE AMERICAN PEOPLE.

PAGE 11

I OFFER THIS CHALLENGE:— APRIL 17TH THROUGH APRIL 23RD IS NATIONAL VOLUNTEER WEEK. AT LEAST DURING THAT WEEK, AMERICA'S HEROIC PRIVATE SECTOR INITIATIVE EFFORTS SHOULD BE GIVEN THE ATTENTION THEY DESERVE. THEN IF THE RATINGS GO DOWN, THEY CAN GO BACK TO BAD NEWS.

BELIEVE ME, THERE ISN'T ANY SHORTAGE OF GOOD STORIES. BILL VERITY, WHO HEADED MY PRIVATE SECTOR INITIATIVES TASK FORCE, TOLD ME ABOUT MONROE, OHIO, A TOWN WITH A LOSING HIGH SCHOOL FOOTBALL TEAM. WELL, A NEW COACH WAS HIRED AND HE SUGGESTED THE TEAM'S POOR SHOWING WAS, SIMPLY PUT, BECAUSE ITS PLAYERS WEREN'T AS STRONG AS THEIR ADVERSARIES. HE RECOMMENDED BUILDING A PHYSICAL CONDITIONING FACILITY COMPLETE WITH WEIGHT-TRAINING EQUIPMENT.

PAGE 12

THE SCHOOL BOARD REPORTED THAT THEY JUST COULDN'T AFFORD THE \$50,000 NEEDED FOR THE PROJECT. INSTEAD OF GIVING UP, THE HOMETOWN BARBER, A LIVE WIRE NAMED ROBERT YOUTSLER, WAS BRASH ENOUGH TO ASK, "WHY DON'T WE DO IT OURSELVES?"

THOSE FOLKS RAISED THE MONEY AND, USING VOLUNTARY LABOR, BUILT THE TRAINING CENTER. WHEN THEY WERE DONE WITH THAT, THEY WERE SO ENTHUSED THAT THEY REPAIRED AND PAINTED THE BOYS' LOCKER ROOM, AND REFURBISHED THE GIRLS' LOCKER ROOM. THEN, BECAUSE THEY FIGURED AFTER ALL THEIR EFFORT THEY WERE BOUND TO END UP WITH A WINNING TEAM, THEY RECRUITED A GANG OF TOWNSPEOPLE AND REPAINTED THE FOOTBALL STADIUM. AND THEY STILL WEREN'T THROUGH, THEY THEN REPAINTED THE SCHOOL.

PAGE 13

THIS IS JUST ONE EXAMPLE OF WHAT CAN HAPPEN WHEN THE SPIRIT OF "CAN-DO" AND "I WILL" REPLACES "LET'S WAIT," AND "I WON'T." THERE ARE SIMILAR STORIES RIGHT HERE IN CALIFORNIA, LIKE THE FOLKS OF A LITTLE TOWN CALLED TEMECULA WHO GOT TOGETHER AND BUILT THEMSELVES A SPORTS PARK. THEY HELD FUNDRAISING BARBECUES AND DINNERS. THOSE THAT DIDN'T HAVE MONEY VOLUNTEERED THEIR TIME AND ENERGY. THE YOUNG PEOPLE OF THAT COMMUNITY NOW HAVE A PLACE FOR LITTLE LEAGUE AND OTHER SPORTS EVENTS DUE TO SOME OLD-FASHIONED AMERICANISM.

AND NOW LET ME GIVE YOU ONE MORE SHINING EXAMPLE. NOT SO LONG AGO, I SIGNED A PROCLAMATION TO MAKE MARCH RED CROSS MONTH. TALK ABOUT TIMING. THE LAST FEW DAYS CALIFORNIANS HAVE HAD TORNADOES, HURRICANE FORCE WINDS, EARTHQUAKES AND FLOODS, AND THE RED CROSS, SALVATION ARMY AND A HOST OF OTHER VOLUNTARY ORGANIZATIONS HAVE SWUNG INTO ACTION.

PAGE 13 A

IT'S SAID THAT TIMES OF TROUBLE CAN
BRING OUT THE BEST IN PEOPLE. I THINK WE'RE
SEEING THAT ALL OVER SOUTHERN CALIFORNIA.

THESE ORGANIZATIONS ARE, OF COURSE, BASED ON
VOLUNTARY SUPPORT AND REPRESENT THE BEST
THERE IS ABOUT THIS COUNTRY. I HOPE THAT

WHEN THE WINDS STOP AND THE FLOOD WATERS
RECEDE PEOPLE -- (ESPECIALLY HERE IN CALIFORNIA) --
WILL REMEMBER WHAT'S BEEN DONE AND, EVEN MORE
IMPORTANT, WILL REMEMBER TO DO THEIR PART TO
SUPPORT THESE PRIVATE SECTOR EFFORTS. THE
JOB THEY'VE DONE IN THE LAST FEW DAYS IS
REALLY SOMETHING TO BE PROUD OF.

OUR COUNTRY HAS BEEN BLESSED WITH PEOPLE
WHO UNDERSTAND THAT WHETHER OR NOT THEIR
COMMUNITY WILL BE THE DECENT PLACE THEY WANT
IT TO BE, DEPENDS ON THEM.

*There is "pl. for Govt. - talked
to Gov. Deukmejian - and told him
about my private request... about
disaster aid. in Vietnam - heard of present
storm.*

PAGE 14

WE ARE HERE TODAY IN THAT SAME SPIRIT, IN ORDER TO GATHER SUPPORT FOR OUR COUNTRY'S OLYMPIC TEAM, MILLIONS OF YOUNG PEOPLE WILL BE WATCHING THE GAMES, YOUNG PEOPLE FROM ALL OVER THE WORLD AS WELL AS OUR OWN CHILDREN, THE FIBER OF TOMORROW'S AMERICA. I KNOW WE WON'T LET THOSE KIDS DOWN AND WE WON'T SHORT CHANGE OUR COUNTRY BY DOING ANYTHING LESS THAN A FIRST-CLASS JOB. BUT IN A FREE SOCIETY, IT ALL DEPENDS ON US. SO I'M HERE TODAY TO ENCOURAGE ALL AMERICANS TO DO WHAT THEY CAN TO SUPPORT OUR TEAM, THE AMERICAN OLYMPIC TEAM.

YEARS AFTER HIS TRIUMPH IN BERLIN, JESSE OWENS WAS ASKED IF THE PLAYING OF NATIONAL ANTHEMS AT THE OLYMPIC VICTORY STAND CEREMONIES SHOULD BE DISCARDED.

PAGE 15

WOULD THAT ALL AMERICANS COULD HEAR HIS
ANSWER: "IT'S A TREMENDOUS FEELING," HE
SAID, "WHEN YOU STAND THERE AND WATCH
YOUR FLAG FLY ABOVE ALL THE OTHERS. FOR
ME IT WAS THE FULFILLMENT OF A NINE-YEAR
DREAM. AND I COULDN'T FORGET THE
COUNTRY THAT BROUGHT ME THERE."

TODAY LET'S NOT FORGET THE COUNTRY
THAT BROUGHT US HERE. AGAIN, THANK YOU
FOR LETTING ME DO MY PART. GOOD LUCK
AND GOD BLESS YOU ALL.

#

(BAKSHIAN)

MARCH 3, 1983

073149 SC
SP 724

TOAST: DINNER HONORING QUEEN ELIZABETH
DEYOUNG MUSEUM

YOUR MAJESTY, YOUR ROYAL HIGHNESS,
LADIES AND GENTLEMEN,

YOUR MAJESTY, I WELCOME YOU THIS
EVENING ON BEHALF OF THE AMERICAN
PEOPLE, AND IN PARTICULAR ON BEHALF OF
THE PEOPLE OF MY HOME STATE OF
CALIFORNIA. WE ARE HONORED BY YOUR
PRESENCE IN OUR COUNTRY AND IN THIS
STATE.

IT IS FITTING THAT THIS EVENING'S
BANQUET SHOULD BE HELD IN THIS PLACE AND
IN THIS CITY. THE DE YOUNG MUSEUM IS
ONE OF AMERICA'S GREAT CULTURAL

LANDMARKS.

TANKS to MAJESTY. GRACIOUSNESS

ROYAL LIBRARY

*LEONARDO de Vinci's HORSE DRAWINGS - WINDSOR
CASTLE - TOUR - U.S. - NOV. 85 THRU FEB. 86 - WIL.*

... ON VIEW ... CALIF. PALACE - LEGION - HONOR

*TOUR - ORGO - FINE ARTS MUSEUMS - S.F., NAT. GALLERY
ART - WASH. & ART INST. - CHI.*

PAGE 2 ... ~~THIS BOOK~~ & THIS CULTURAL LANDMARK
WE'VE IN

~~IT~~ REFLECTS THE DIVERSITY OF OUR PEOPLE WHO HAVE BUILT A UNIQUE NATION FROM MANY CULTURES ON THE FIRM FOUNDATIONS OF DEMOCRACY AND LAW WHICH, IN LARGE MEASURE, WE INHERITED FROM BRITAIN. ~~AND~~ IT REPRESENTS A DEDICATION WE SHARE WITH OUR BRITISH COUSINS -- THE PEACEFUL FURTHERANCE OF ART AND SCIENCE FOR THE ENRICHMENT AND PROGRESS OF ALL MANKIND.

IT IS ALSO APPROPRIATE TO RECALL THAT, IN A SPECIAL WAY, SAN FRANCISCO -- (WHICH HAS BECOME HOME TO SO MANY DIFFERENT PEOPLES) -- REPRESENTS THE CULMINATION OF OUR NATIONS' GREAT WARTIME ALLIANCE. OF COURSE, THE LOCAL LINKS TO GREAT BRITAIN GO BACK MUCH FURTHER. ONE OF THE FIRST TITLED TOURISTS TO VISIT THIS AREA -- SIR FRANCIS DRAKE -- ARRIVED LONG BEFORE THE CITY DID. NOT ONLY WAS THERE NO ROOM AT THE INN -- THERE WAS NO INN.

PAGE 3

BUT ITS GREATEST HOURS CAME CENTURIES
LATER. IN AUGUST OF 1941, PRESIDENT
ROOSEVELT AND PRIME MINISTER CHURCHILL
SET DOWN IN THE ATLANTIC CHARTER THEIR
HOPE "TO SEE ESTABLISHED A PEACE WHICH
WILL AFFORD TO ALL NATIONS THE MEANS OF
DWELLING IN SAFETY WITHIN THEIR OWN
BOUNDARIES, AND WHICH WILL AFFORD
ASSURANCE THAT ALL THE MEN IN ALL THE
LANDS MAY LIVE OUT THEIR LIVES IN
FREEDOM FROM FEAR AND WANT . . ." AND,
ALMOST 4 YEARS LATER IN THIS CITY,
AMERICA, BRITAIN AND 44 OTHER NATIONS
FORMED THE UNITED NATIONS ORGANIZATION
AS A MEANS OF PUTTING THOSE GREAT
PRINCIPLES OF THE ATLANTIC CHARTER INTO
PRACTICE.

UNHAPPILY, SUBSEQUENT EVENTS HAVE
CONTINUED TO PUT OUR VALUES AND IDEALS
TO THE TEST.

PAGE 4

WE HAVE SEEN CONTINUED WAR, TERRORISM, AND HUMAN OPPRESSION IN TOO MANY QUARTERS OF THE GLOBE. WE ARE CHALLENGED TO RESTRAIN AND REDUCE THE DESTRUCTIVE POWER OF NUCLEAR WEAPONS; — YET WE MUST MAINTAIN OUR STRENGTH IN THE FACE OF THE ENORMOUS MILITARY BUILDUP OF OUR ADVERSARIES. AND, NATIONALLY AND INTERNATIONALLY, WE FACE THE CHALLENGE OF RESTIMULATING ECONOMIC GROWTH AND DEVELOPMENT WITHOUT REKINDLING INFLATION.

ALL THIS WE CAN DO. WE WILL FIND THE STRENGTH TO MEET THESE DANGERS AND FACE THESE CHALLENGES BECAUSE IT BEATS WITHIN THE HEARTS OF FREE SOCIETIES AND FREE MEN. WE NEED ONLY LOOK ABOUT US FOR INSPIRATION.

PAGE 5

THIS BEAUTIFUL CITY AND THIS GREAT STATE
TESTIFY TO THE POWER AND VISION OF FREE
MEN INSPIRED BY THE IDEALS AND
DEDICATION TO LIBERTY OF JOHN LOCKE AND
THOMAS JEFFERSON AND JOHN STUART MILL
AND ABRAHAM LINCOLN.

IN THE WORDS OF A GREAT AMERICAN
AND WARM FRIEND OF BRITAIN, FRANKLIN
ROOSEVELT: "THE ONLY LIMIT TO OUR
REALIZATION OF TOMORROW WILL BE OUR
DOUBTS OF TODAY. LET US MOVE FORWARD
WITH STRONG AND ACTIVE FAITH."

LADIES AND GENTLEMEN, I ASK YOU TO
HONOR OUR MOST WELCOME GUEST THIS
EVENING BY JOINING ME IN A TOAST TO HER
MAJESTY THE QUEEN.

#

(ELLIOTT)

PREPARED: MARCH 2, 1983
FOR: MARCH 4, 1983

073146 SS
SP 721

PRESIDENT'S BACKUP COPY:

ADDRESS TO THE COMMONWEALTH CLUB LUNCHEON, SAN FRANCISCO, CA

THANK YOU VERY MUCH. YOUR WELCOME WARMS MY HEART AND, I'LL
CONFESS, PUTS A LUMP IN MY THROAT., FORGIVE ME FOR SURRENDERING
TO A BIT OF NOSTALGIA. BUT I REMEMBER SO WELL ADDRESSING YOUR
DISTINGUISHED FORUM DURING MY HAPPY DAYS IN SACRAMENTO. THIS
TIME, I CAN CLAIM THE BEST OF BOTH WORLDS: A CALIFORNIA
HOMECOMING AND A REUNION WITH THE COMMONWEALTH CLUB, ALL WRAPPED
UP IN ONE.

IT IS A PLEASURE TO BE BACK HERE, WHERE THE CROSSROADS OF
TRADE ARE MEETING PLACES FOR IDEAS THAT STRETCH OUR SIGHTS TO THE
LIMITS OF THE HORIZON, AND BEYOND. THIS GOLDEN GATE CITY IS A
PLACE WHERE ENTREPRENEURS WITH GREAT DREAMS, DARING AND
DETERMINATION CHART NEW PATHS TO PROGRESS THROUGH THE WINDS AND
WATERS OF COMMERCE.

YOU PROVIDE AN APPROPRIATE SETTING FOR AN AMERICAN CHALLENGE
FOR THE EIGHTIES. WITH THE HELP OF YOUR VISION, COURAGE AND
LEADERSHIP, WE CAN BEGIN THE FIRST LEG OF A NEW VOYAGE INTO THE
FUTURE. A FUTURE IN WHICH COMMERCE WILL BE KING, THE EAGLE WILL
SOAR, AND AMERICA WILL BE THE MIGHTIEST TRADING NATION ON EARTH.

I HAVE NOT COME HERE TO ECHO THOSE FAINT HEARTS WHO HAVE LITTLE FAITH IN AMERICAN ENTERPRISE AND INGENUITY, THEY PLEAD FOR RETREAT AND SEEK REFUGE IN THE RUSTY ARMOR OF A FAILED PROTECTIONIST PAST. I BELIEVE, AND I THINK YOU DO, TOO, THAT THE WORLD HUNGERS FOR LEADERSHIP AND GROWTH AND THAT AMERICA CAN PROVIDE IT. MY MESSAGE IS THAT OUR ADMINISTRATION WILL FIGHT TO GIVE YOU THE TOOLS YOU NEED, BECAUSE WE KNOW YOU CAN GET THE JOB DONE.

OUR FOREFATHERS DID NOT SHED THEIR BLOOD TO CREATE THIS UNION SO WE COULD BECOME A VICTIM-NATION. WE ARE NOT SONS AND DAUGHTERS OF SECOND-RATE STOCK. WE HAVE NO MISSION OF MEDIOCRITY. WE WERE BORN TO CARRY LIBERTY'S BANNER, TO BUILD THE VERY MEANING OF PROGRESS, AND OUR OPPORTUNITIES HAVE NEVER BEEN GREATER. WE CAN IMPROVE THE WELL-BEING OF OUR PEOPLE, AND WE CAN ENHANCE THE FORCES FOR DEMOCRACY, FREEDOM, PEACE AND HUMAN FULFILLMENT AROUND THE WORLD. IF WE STAND UP FOR PRINCIPLES OF TRADE EXPANSION THROUGH FREER MARKETS AND GREATER COMPETITION AMONG NATIONS.

IN DEALING WITH OUR ECONOMY, MORE IS IN QUESTION THAN PROSPERITY. ULTIMATELY, PEACE AND FREEDOM ARE AT STAKE. THE UNITED STATES TOOK THE LEAD AFTER WORLD WAR II IN CREATING AN INTERNATIONAL TRADING AND FINANCIAL SYSTEM THAT LIMITED GOVERNMENT'S ABILITY TO DISRUPT TRADE. WE DID THIS BECAUSE HISTORY HAD TAUGHT US THE FREER THE FLOW OF TRADE ACROSS BORDERS, THE GREATER THE WORLD ECONOMIC PROGRESS, AND THE GREATER THE IMPETUS FOR WORLD PEACE. BUT THE DETERIORATION OF THE FREE WORLD AND U.S. ECONOMIES IN THE 1970'S LED TO THE DECLINE OF WESTERN SECURITY AND THE CONFIDENCE OF THE PEOPLE OF THE FREE WORLD.

TOO MANY OTHERWISE FREE NATIONS ADOPTED POLICIES OF GOVERNMENT INTERVENTION IN THE MARKETPLACE. MANY PEOPLE BEGAN THINKING THAT EQUITY WAS INCOMPATIBLE WITH GROWTH. THEY ARGUED FOR NO-GROWTH SOCIETIES, FOR POLICIES THAT UNDERMINED FREE MARKETS AND COMPROMISED OUR COLLECTIVE SECURITY.

THERE CAN BE NO REAL SECURITY WITHOUT A STRONG WESTERN ECONOMY. AND THERE CAN BE NO FREEDOM UNLESS WE PRESERVE THE OPEN AND COMPETITIVE INTERNATIONAL AND FINANCIAL SYSTEM WE CREATED AFTER WORLD WAR II. PROSPERITY ALONE CANNOT RESTORE CONFIDENCE OR PROTECT OUR BASIC VALUES. WE MUST ALSO REMEMBER OUR OBJECTIVES OF PEACE AND FREEDOM. THEN WE CAN BUILD A PROSPERITY THAT WILL, ONCE AGAIN, LIFT OUR HEADS AND RENEW OUR SPIRITS.

I'M NOT GOING TO MINIMIZE THE PROBLEMS WE FACE, OR THE LONG, TOUGH ROAD WE MUST TRAVEL TO SOLVE THEM.

FOR A QUARTER OF A CENTURY AFTER THE SECOND WORLD WAR, WE EXPORTED MORE GOODS EACH YEAR TO THE REST OF THE WORLD THAN WE IMPORTED. WE ACCUMULATED A SURPLUS OF FUNDS WHICH WAS INVESTED AT HOME AND ABROAD, AND WHICH CREATED JOBS AND INCREASED ECONOMIC PROSPERITY. BUT DURING THE PAST DECADE, WE BEGAN IMPORTING MORE THAN WE WERE EXPORTING. SINCE 1976, IMPORTS HAVE EXCEEDED EXPORTS EVERY YEAR AND OUR TRADE DEFICIT IS EXPECTED TO RISE SHARPLY IN 1983.

IN THE PAST FEW YEARS, HIGH REAL INTEREST RATES HAVE INHIBITED INVESTMENT, GREATLY INCREASED THE VALUE OF THE DOLLAR, AND MADE OUR GOODS LESS COMPETITIVE. HIGH INTEREST RATES REFLECT SKEPTICISM BY FINANCIAL MARKETS THAT OUR GOVERNMENT HAS THE COURAGE TO KEEP INFLATION DOWN BY REDUCING DEFICIT SPENDING.

WELL, IF THE HISTORY OF OUR GREAT NATION AND THE CHARACTER OF THIS BREED CALLED AMERICAN MEAN ANYTHING AT ALL — IT IS THAT WHEN WE HAVE BELIEVED IN OURSELVES, WHEN WE PULLED TOGETHER, PUTTING OUR WISDOM AND FAITH INTO ACTION, WE MADE THE FUTURE WORK FOR US, AND WE CAN DO THAT NOW.

WEALTH IS NOT CREATED INSIDE SOME THINK-TANK ON THE POTOMAC, IT IS BORN IN THE HEARTS AND MINDS OF ENTREPRENEURS ALL ACROSS MAIN STREET AMERICA. FOR TOO LONG, GOVERNMENT HAS TREATED THE ENTREPRENEUR MORE AS AN ENEMY THAN AN ALLY. OUR ADMINISTRATION HAS A BETTER IDEA. WE'LL GIVE YOU LESS BUREAUCRACY, IF YOU GIVE AMERICA YOUR AUDACITY. WE WANT YOU TO OUT-PLAN, OUT-PRODUCE, AND OUT-SELL THE PANTS OFF THIS NATION'S COMPETITORS. YOU SEE, I BELIEVE IN WHAT GENERAL PATTON ONCE SAID: ^W DON'T TELL PEOPLE HOW TO DO THINGS; TELL THEM WHAT NEEDS DOING AND THEN WATCH THEM SURPRISE YOU WITH THEIR INGENUITY.

EVERY CITIZEN HAS A ROLE AND A STAKE IN HELPING THE UNITED STATES MEET HER TRADE CHALLENGE IN THE EIGHTIES. WE NEED JOBS. WELL, ONE OF THE BEST JOB PROGRAMS WE CAN HAVE IS A GREAT NATIONAL DRIVE TO EXPAND EXPORTS AND THAT'S PART OF OUR PROGRAM.

WE HAVE ONLY TO LOOK BEYOND OUR OWN BORDERS. THE POTENTIAL FOR GROWTH IS ENORMOUS: A \$2 TRILLION MARKET ABROAD, A CHANCE TO CREATE MILLIONS OF JOBS AND MORE INCOME SECURITY FOR OUR PEOPLE. WE HAVE BARELY SEEN THE TIP OF THAT ICEBERG. FOUR OUT OF FIVE NEW MANUFACTURING JOBS CREATED IN THE LAST 5 YEARS WERE IN EXPORT-RELATED INDUSTRIES. YET 90 PERCENT OF AMERICAN MANUFACTURERS DO NOT EXPORT AT ALL. WE BELIEVE TENS OF THOUSANDS OF U.S. PRODUCERS OFFER PRODUCTS AND SERVICES WHICH CAN BE COMPETITIVE ABROAD. MANY OF THESE ARE SMALL- AND MEDIUM-SIZED FIRMS.

OUR ADMINISTRATION HAS A POSITIVE PLAN TO MEET THE TRADE CHALLENGE ON THREE KEY FRONTS. FIRST, LAY A FIRM FOUNDATION FOR NON-INFLATIONARY GROWTH BASED ON ENDURING ECONOMIC PRINCIPLES OF FISCAL AND MONETARY DISCIPLINE, COMPETITION, INCENTIVES, THRIFT AND REWARD. SECOND, ENHANCE THE ABILITY OF U.S. PRODUCERS AND INDUSTRIES TO COMPETE ON A FAIR AND EQUAL BASIS IN THE INTERNATIONAL MARKETPLACE. WORK WITH OUR TRADING PARTNERS TO RESOLVE OUTSTANDING PROBLEMS OF MARKET ACCESS, AND CHART NEW DIRECTIONS FOR FREE AND FAIR TRADE IN THE PRODUCTS OF THE FUTURE. THIRD, TAKE THE LEAD IN ASSISTING INTERNATIONAL FINANCIAL AND TRADE INSTITUTIONS TO STRENGTHEN WORLD GROWTH AND BOLSTER THE FORCES OF FREEDOM AND DEMOCRACY. TAKEN TOGETHER, THESE ACTIONS GIVE THE UNITED STATES A POSITIVE FRAMEWORK FOR LEADING OUR PRODUCERS AND TRADING PARTNERS TOWARD MORE OPEN MARKETS, GREATER FREEDOM AND HUMAN PROGRESS.

BUT PROGRESS BEGINS AT HOME. OUR ECONOMIC REFORMS ARE BASED ON TIME-TESTED PRINCIPLES: SPENDING AND MONETARY RESTRAINT TO BRING DOWN INFLATION AND INTEREST RATES, AND TO GIVE LENDERS CONFIDENCE IN LONG-TERM PRICE STABILITY; LESS REGULATORY INTERFERENCE SO AS TO STIMULATE GREATER COMPETITION; AND GROWTH OF ENTERPRISE AND EMPLOYMENT THROUGH TAX INCENTIVES TO ENCOURAGE WORK, THRIFT, INVESTMENT, AND PRODUCTIVITY.

WE HAVE SUFFERED A LONG, PAINFUL RECESSION BROUGHT ABOUT BY MORE THAN A DECADE OF OVER-TAXING AND SPENDING AND YES, INTERVENTION. BUT RECESSION IS GIVING WAY TO A RAINBOW OF RECOVERY, REFLECTING A RENAISSANCE IN ENTERPRISE. AMERICA IS ON THE MEND.

INFLATION HAS PLUNGED FROM 12.4 PERCENT IN 1980 TO JUST 3.8 IN THE LAST 12 MONTHS. WE HAVE SOUGHT COMMON SENSE IN GOVERNMENT, AND COMPETITION, NOT CONTROLS IN THE MARKETPLACE. TWO YEARS AGO, WE ACCELERATED THE DEREGULATION OF CRUDE OIL AND HEARD OURSELVES DENOUNCED FOR FUELING INFLATION. WELL, THE NATIONAL AVERAGE FOR A GALLON OF GASOLINE WHEN WE TOOK OFFICE WAS \$1.27. NOW, YOU CAN BUY IT IN MANY PLACES FOR UNDER \$1.00.

THE PRIME INTEREST RATE WAS A CRIPPLING 21.5 PERCENT; NOW IT'S DOWN TO 10½. TAX RATES HAVE BEEN CUT; REAL WAGES ARE IMPROVING; PERSONAL SAVINGS AND PRODUCTIVITY ARE GROWING AGAIN; THE STOCK MARKET HAS HIT A RECORD HIGH; VENTURE CAPITAL INVESTMENTS HAVE REACHED RECORD LEVELS; ~~UNEMPLOYMENT CLAIMS ARE DROPPING;~~ PRODUCTION IN HOUSING, AUTOS AND STEEL IS GAINING STRENGTH; AND NEW BREAKTHROUGHS IN HIGH TECHNOLOGY ARE BUSTING OUT ALL OVER → KATY BAR THE DOOR, WE'RE ON OUR WAY BACK.

TO THE PESSIMISTS WHO WOULD CANCEL OUR REMAINING TAX INCENTIVES, I HAVE ONE THING TO SAY: DON'T LAY A HAND ON THE THIRD YEAR OF THE PEOPLE'S TAX CUT OR THE INDEXING PROVISION. INDEXING IS OUR PROMISE TO EVERY WORKING MAN AND WOMAN THAT THE FUTURE WILL NOT BE LIKE THE PAST. THERE WILL BE NO MORE SNEAKY, MIDNIGHT TAX INCREASES BY A GOVERNMENT RESORTING TO BRACKET CREEP TO INDULGE ITS THIRST FOR DEFICIT SPENDING. TO PRETEND ELIMINATING INDEXING IS SOMEHOW FAIR TO WORKING PEOPLE REMINDS ME OF SAMUEL JOHNSON'S COMMENT ABOUT THE FELLOW WHO COULDN'T SEE ANY DIFFERENCE BETWEEN VIRTUE AND VICE. SAM JOHNSON'S ADVICE WAS, "WHEN HE LEAVES OUR HOUSES LET US COUNT OUR SPOONS."

CAPPING THE THIRD YEAR TAX CUT, AND ELIMINATING INDEXING AND OUR REMAINING TAX CUTS WOULD SEND THE WORST POSSIBLE SIGNAL TO POTENTIAL EXPORTERS. AS I MENTIONED, 90 PERCENT OF U.S. BUSINESSES DO NOT EXPORT AT ALL; AND ABOUT 85 PERCENT OF OUR FIRMS PAY THEIR TAXES BY THE PERSONAL INCOME TAX. IF THOSE WHO WOULD DISMANTLE THE TAX CUTS GET THEIR WAY, THE CHILLING MESSAGE TO THE BUSINESS COMMUNITY WILL BE: "DON'T SCRAP AND STRUGGLE TO SUCCEED, EXPORT, EXPAND YOUR BUSINESS AND HIRE MORE WORKERS; BECAUSE WE WON'T THANK AND REWARD YOU FOR HELPING YOUR COUNTRY, WE'LL PUNISH YOU."

MAYBE I'M OLD-FASHIONED, BUT I DON'T THINK PITTING ONE GROUP OF AMERICANS AGAINST ANOTHER IS WHAT THE FOUNDING FATHERS HAD IN MIND. THIS NATION WAS NOT BUILT ON A FOUNDATION OF ENVY AND RESENTMENT. THE DREAM I HAVE ALWAYS BELIEVED IN IS: NO MATTER WHO YOU ARE, NO MATTER WHERE YOU COME FROM, IF YOU WORK HARD, PULL YOURSELF UP AND SUCCEED, THEN BY GOLLY YOU DESERVE LIFE'S PRIZE, AND TRYING FOR THAT PRIZE MADE AMERICA THE GREATEST NATION ON EARTH. LET US CREATE MORE OPPORTUNITY FOR ALL OUR CITIZENS; AND LET US ENCOURAGE ACHIEVEMENT AND EXCELLENCE. WE WANT AMERICA TO BE A NATION OF WINNERS AGAIN.

SO YOU MIGHT AS WELL KNOW, WE WILL NOT TURN OUR BACKS ON THE PRINCIPLES OF OUR RECOVERY PROGRAM, ESPECIALLY ON THE PRINCIPLES OF FREE TRADE. THE GREAT ENGLISH HISTORIAN THOMAS BABINGTON MACAULAY WROTE MORE THAN A CENTURY AGO THAT FREE TRADE, ONE OF THE GREATEST BLESSINGS WHICH A GOVERNMENT CAN CONFER ON A PEOPLE, IS UNPOPULAR IN ALMOST EVERY COUNTRY. FOR SOME, TIMES HAVEN'T CHANGED.

THERE IS A GREAT HUE AND CRY FOR US TO BEND TO PROTECTIONIST PRESSURES. I HAVE BEEN AROUND LONG ENOUGH TO REMEMBER THAT WHEN WE DID THAT ONCE BEFORE IN THIS CENTURY, (SOMETHING CALLED SMOOT-HAWLEY,) WE LIVED THROUGH A NIGHTMARE. WORLD TRADE FELL BY 60 PERCENT, CONTRIBUTING TO THE GREAT DEPRESSION, AND TO THE POLITICAL TURMOIL LEADING TO WORLD WAR II. WE AND OUR TRADING PARTNERS ARE IN THE SAME BOAT. IF ONE PARTNER SHOOTS A HOLE IN THE BOAT, DOES IT MAKE SENSE FOR THE OTHER PARTNER TO SHOOT ANOTHER HOLE IN THE BOAT? THERE ARE THOSE WHO SAY YES, AND CALL IT GETTING TOUGH. I CALL IT GETTING WET -- ALL OVER. WE MUST PLUG THE HOLES IN THE BOAT OF OPEN MARKETS AND FREE TRADE AND SET SAIL AGAIN IN THE DIRECTION OF PROSPERITY. NO ONE SHOULD MISTAKE OUR DETERMINATION TO USE OUR FULL POWER AND INFLUENCE TO PREVENT ANYONE FROM DESTROYING THE BOAT AND SINKING US ALL.

THERE IS A FUNDAMENTAL DIFFERENCE BETWEEN POSITIVE SUPPORT OF LEGITIMATE AMERICAN INTERESTS AND RIGHTS IN WORLD TRADE, AND THE NEGATIVE ACTIONS OF PROTECTIONISTS. FREE TRADE CAN ONLY SURVIVE IF ALL PARTIES PLAY BY THE SAME RULES. WE ARE DETERMINED TO ENSURE EQUITY IN OUR MARKETS. DEFENDING WORKERS AND INDUSTRIES FROM UNFAIR AND PREDATORY TRADE PRACTICES IS NOT PROTECTIONISM, IT'S LEGITIMATE ACTION UNDER U.S. AND INTERNATIONAL LAW.

ONE EXAMPLE OF PROTECTIONIST LEGISLATION THAT COULD QUICKLY SABOTAGE RECOVERY IS THE LOCAL CONTENT RULE. THIS LEGISLATION PROPOSED IN THE CONGRESS WOULD FORCE FOREIGN AND DOMESTIC MANUFACTURERS OF AUTOMOBILES SOLD IN THE UNITED STATES TO BUILD THEIR CARS WITH AN ESCALATING PERCENTAGE OF U.S. PARTS AND DOMESTIC LABOR. THE CONGRESSIONAL BUDGET OFFICE CONCLUDED THAT THIS WOULD DESTROY MORE JOBS THAN IT WOULD SAVE. THAT'S TRUE. IT WOULD ADD SUBSTANTIALLY TO THE COST OF A NEW CAR.

WHAT THE PROPONENTS OF THIS BUNKER MENTALITY NEVER POINT OUT IS THAT THE COSTS OF PROTECTIONISM FOR ONE GROUP OF WORKERS ARE ALWAYS PASSED ON TO ANOTHER GROUP DOWN THE LINE. AND ONCE SUCH LEGISLATION IS PASSED, EVERY OTHER INDUSTRY WOULD BE A TARGET FOR FOREIGN RETALIATION. WE WOULD BUY LESS FROM OUR PARTNERS, THEY WOULD BUY LESS FROM US, THE WORLD ECONOMIC PIE WOULD SHRINK. CHANCES FOR POLITICAL TURMOIL WOULD INCREASE DRAMATICALLY.

RATHER THAN REACTING IN FEAR WITH BEGGAR THY NEIGHBOR POLICIES, LET US LEAD FROM STRENGTH AND BELIEVE IN OUR ABILITIES. LET US WORK AT HOME AND ABROAD TO ENHANCE THE ABILITY OF U.S. PRODUCERS AND INDUSTRIES TO COMPETE ON A FAIR AND EQUAL BASIS IN THE INTERNATIONAL MARKETPLACE.

WE ARE VERY EXCITED ABOUT SOME LANDMARK LEGISLATION I SIGNED LAST YEAR ~~(HERE IN CALIFORNIA)~~ THE EXPORT TRADING COMPANY ACT. IT'S AN INNOVATIVE IDEA BASED ON TEAMWORK. I AM CONFIDENT IT WILL CREATE THOUSANDS OF NEW EXPORTERS, AND I HOPE SOME OF THEM ARE SITTING IN THIS ROOM. THE LAW IS DESIGNED TO ATTRACT MANUFACTURERS, EXPORT MANAGEMENT COMPANIES, BANKS, FREIGHT FORWARDERS AND OTHER EXPORT SERVICES INTO JOINT EFFORTS TO GAIN FOREIGN MARKETS.

THE COMMERCE DEPARTMENT IS HOLDING SEMINARS ACROSS THE COUNTRY TO PROMOTE THE LEGISLATION, AND THE RESPONSE HAS BEEN REMARKABLE. THOUSANDS HAVE ATTENDED, AND IN SOME CASES THE NUMBERS WERE SO OVERWHELMING PEOPLE HAD TO BE TURNED AWAY.

THE MAJORITY OF ATTENDEES HAVE NOT BEEN LAWYERS, TAX ACCOUNTANTS OR, FORGIVE ME, BANKERS, BUT BUSINESSPEOPLE -- THE PEOPLE WHO CAN TAKE THIS LEGISLATION AND USE IT. THEY CAN EXPAND OUR MARKETS, BECOME EXPORTERS, OR SELL TO EXPORT TRADING FIRMS WHO CAN DO IT FOR THEM. THE BOTTOM LINE WILL BE A BREAKTHROUGH IN EXPORTS, HIGHER GROWTH, LOWER DEFICITS, AND A TREMENDOUS SURGE IN NEW JOBS AND OPPORTUNITIES FOR OUR PEOPLE. EACH BILLION DOLLARS WE ADD IN EXPORTS MEANS TENS OF THOUSANDS OF NEW JOBS.

MORE COMPANIES WILL SEEK THE WORLD OF EXPORTS WHEN THEY REALIZE THAT GOVERNMENT IS NOT AN ADVERSARY, IT'S YOUR PARTNER AND I DON'T MEAN SENIOR PARTNER. WE HAVE EASED SUBSTANTIALLY TAXATION OF FOREIGN-EARNED INCOME, AND INTRODUCED A 25-PERCENT TAX CREDIT FOR RESEARCH AND DEVELOPMENT. WE'RE ALSO WORKING TO REFORM THE FOREIGN CORRUPT PRACTICES ACT; NOT TO WEAKEN SAFEGUARDS AGAINST BRIBERY, BUT TO REMOVE DISINCENTIVES THAT DISCOURAGE LEGITIMATE BUSINESS TRANSACTIONS OVERSEAS.

ANOTHER OBSTACLE IS EXPORT CONTROLS ON TECHNOLOGY. A BACKLOG OF 2,000 APPLICATIONS GREETED US WHEN WE ARRIVED IN OFFICE. WE ELIMINATED THOSE AND RELAXED EXPORT CONTROLS ON LOW-TECHNOLOGY ITEMS THAT DO NOT JEOPARDIZE NATIONAL SECURITY. STILL, THERE ARE LIMITS. I AM CONFIDENT EACH OF YOU UNDERSTANDS: WE MUST AVOID STRENGTHENING THOSE WHO WISH US ILL BY PURSUING SHORT-TERM PROFITS AT THE EXPENSE OF FREE WORLD SECURITY. TRADE MUST SERVE THE CAUSE OF FREEDOM, NOT THE FOES OF FREEDOM.

TO EXPORT MORE, WE MUST DO A BETTER JOB PROMOTING OUR PRODUCTS. WE'RE STRENGTHENING OUR EXPORT CREDIT PROGRAMS BY INCREASING THE LEVEL OF THE EXPORT-IMPORT BANK'S CEILING ON EXPORT GUARANTEES. WE ~~WE~~ ALSO DESIGNING A TAX ALTERNATIVE TO THE DOMESTIC INTERNATIONAL SALES CORPORATION THAT WILL FULLY MAINTAIN EXISTING INCENTIVES TO OUR EXPORTERS. WE'VE BEGUN A COMMODITY CREDIT CORPORATION BLENDED EXPORT CREDIT PROGRAM FOR OUR FARMERS, AND THAT'S IN ADDITION TO THE INCREASES THIS YEAR IN THE REGULAR LOAN GUARANTEE PROGRAM FOR PROMOTING U.S. FARM EXPORTS.

TO RETAIN AMERICA'S TECHNOLOGICAL EDGE -- (OF WHICH THERE IS NO GREATER EVIDENCE THAN CALIFORNIA'S SILICON VALLEY) -- AND TO REVIVE OUR LEADERSHIP IN MANUFACTURING, WE'VE IMPLEMENTED AN R&D POLICY TO ENHANCE THE COMPETITIVENESS OF U.S. INDUSTRY IN THE WORLD ECONOMY. IN OUR 1984 BUDGET, WE'VE ASKED FOR SIGNIFICANT INCREASES FOR BASIC RESEARCH, AND WE WILL SEEK TO IMPROVE THE TEACHING OF SCIENCE AND MATHEMATICS IN SECONDARY SCHOOLS SO TOMORROW'S WORK FORCE CAN BETTER CONTRIBUTE TO ECONOMIC GROWTH.

WE WILL ALSO SEEK TO ENCOURAGE GREATER AND MORE CREATIVE INTERACTION BETWEEN UNIVERSITY AND INDUSTRY SCIENTISTS AND ENGINEERS, THROUGH PROGRAMS SIMILAR TO THE ONE BETWEEN HEWLETT PACKARD AND STANFORD UNIVERSITY.

FINALLY, WE'RE TAKING STEPS TO ENCOURAGE MORE INDUSTRIAL R&D THROUGH CHANGES IN OUR TAX AND ANTITRUST POLICY; AND WE WILL ATTEMPT TO REMOVE LEGAL IMPEDIMENTS THAT PREVENT INVENTORS OF NEW TECHNOLOGY FROM REAPING THE REWARDS OF THEIR DISCOVERIES.

SUPPORTING AMERICAN PRODUCERS GIVES US THE MEANS TO PRESS OUR TRADING PARTNERS TOWARD MORE FREE AND OPEN MARKETS. WE ARE CHALLENGING THE UNFAIR AGRICULTURAL TRADE PRACTICES OF JAPAN AND THE EUROPEAN COMMUNITY. AND WE ARE CHARTING A NEW COURSE FOR THE PRODUCTS OF THE FUTURE. WE HAVE AGREED TO A WORK PROGRAM WITH THE GOVERNMENT OF JAPAN TO ELIMINATE TRADE AND INVESTMENT BARRIERS TO HIGH TECHNOLOGY INDUSTRIES. WE HAVE ALSO ESTABLISHED A WORKING GROUP WITH THE JAPANESE TO ACTIVELY EXPLORE OPPORTUNITIES FOR THE DEVELOPMENT OF OUR ABUNDANT ENERGY RESOURCES.

BY RESTORING STRENGTH TO OUR ECONOMY AND ENHANCING THE ABILITY OF OUR PRODUCERS TO COMPETE, AMERICA IS LEADING ITS TRADING PARTNERS TOWARD RENEWED GROWTH AROUND THE WORLD. THE WORLD ECONOMY, LIKE OURS, HAS BEEN THROUGH A WRENCHING EXPERIENCE; A DECADE OF INFLATION, BALLOONING GOVERNMENT SPENDING AND CREEPING CONSTRAINTS ON PRODUCTIVE ENTERPRISE. OTHER COUNTRIES, INCLUDING MANY OF THE DEVELOPING COUNTRIES, ARE NOW MAKING MAJOR EFFORTS TO RESTRAIN INFLATION AND RESTORE GROWTH. THE UNITED STATES APPLAUDS THESE EFFORTS, AND WE ARE WORKING IN THE IMF TO KEEP A FIRM FOCUS ON THE ROLE OF EFFECTIVE DOMESTIC POLICIES IN THE GROWTH AND STABILITY OF THE WORLD ECONOMY.

BUT FOR ALL COUNTRIES, INTERNATIONAL TRADE AND FINANCIAL FLOWS ARE EXTREMELY IMPORTANT. EITHER THE FREE WORLD CONTINUES TO MOVE FORWARD AND SUSTAIN THE POSTWAR DRIVE TOWARD MORE OPEN MARKETS, OR WE RISK SLIDING BACK TO THE TRAGIC MISTAKES OF THE 1930S, WHEN GOVERNMENTS CONVINCED THEMSELVES THAT BUREAUCRATS COULD DO IT BETTER THAN ENTREPRENEURS. THE CHOICE WE MAKE AFFECTS NOT ONLY OUR PROSPERITY, BUT OUR PEACE AND FREEDOM. IF WE ABANDON THE PRINCIPLE OF LIMITING GOVERNMENT INTERVENTION IN THE WORLD ECONOMY, POLITICAL CONFLICTS WILL MULTIPLY AND PEACE WILL SUFFER. THAT'S NO CHOICE AT ALL.

THE UNITED STATES WILL CARRY THE BANNER FOR FREE TRADE AND A RESPONSIBLE FINANCIAL SYSTEM. THESE WERE THE GREAT PRINCIPLES AT BRETTON WOODS, NEW HAMPSHIRE, IN 1944, AND THEY REMAIN THE CORE OF U.S. POLICY. WE WILL DO SO - WELL AWARE OF THE CHANGES THAT HAVE OCCURRED IN THE INTERNATIONAL TRADE AND MONETARY SYSTEM.

IN TRADE, FOR EXAMPLE, WE HAVE PRACTICALLY ELIMINATED THE BARRIERS WHICH INDUSTRIAL COUNTRIES MAINTAIN AT THE BORDER ON MANUFACTURED PRODUCTS. TODAY, TARIFFS AMONG THESE COUNTRIES AVERAGE LESS THAN 5 PERCENT. OUR PROBLEMS ARISE INSTEAD FROM NON-TARIFF BARRIERS WHICH OFTEN REFLECT BASIC DIFFERENCES IN DOMESTIC ECONOMIC POLICIES AND STRUCTURES AMONG COUNTRIES. THESE BARRIERS ARE TOUGHER TO REMOVE. WE ARE DETERMINED TO REDUCE GOVERNMENT INTERVENTION AS FAR AS POSSIBLE, AND WHERE THAT IS UNREALISTIC, TO INSIST ON LIMITS TO SUCH INTERVENTION.

IN TRADE WITH DEVELOPING COUNTRIES, ON THE OTHER HAND, TARIFFS AND QUOTAS STILL PLAY A SIGNIFICANT ROLE. HERE, THE TASK IS TO FIND A WAY TO INTEGRATE THE DEVELOPING COUNTRIES INTO THE LIBERAL TRADING ORDER OF LOWER TARIFFS AND DISMANTLED QUOTAS. THEY MUST COME TO EXPERIENCE THE FULL BENEFITS AND RESPONSIBILITIES OF THE SYSTEM THAT HAS PRODUCED UNPRECEDENTED PROSPERITY AMONG THE INDUSTRIAL COUNTRIES. WE HAVE TAKEN THE LEAD, PROPOSING THE CARIBBEAN BASIN INITIATIVE TO ENCOURAGE POOR AND MIDDLE-INCOME COUNTRIES TO TRADE MORE, AND WE PROPOSED A NORTH-SOUTH ROUND OF TRADE NEGOTIATIONS TO MAINTAIN EXPANDING TRADING OPPORTUNITIES FOR MORE ADVANCED DEVELOPING COUNTRIES. WE SEEK TO BUILD A COLLECTIVE PARTNERSHIP WITH ALL DEVELOPING COUNTRIES FOR PEACE, PROSPERITY AND DEMOCRACY.

AT THE GATT MINISTERIAL MEETING LAST NOVEMBER, THE UNITED STATES TOOK THE LEAD IN RESISTING PROTECTIONISM, STRENGTHENING EXISTING INSTITUTIONS, AND ADDRESSING THE KEY TRADE ISSUES OF THE FUTURE. WHILE WE WERE NOT TOTALLY SATISFIED WITH THE OUTCOME OF THAT MEETING, WE WILL CONTINUE IN OUR SUPPORT OF FREE AND EQUAL TRADE OPPORTUNITIES FOR ALL COUNTRIES.

EXPANDING TRADE IS ALSO THE ANSWER TO OUR MOST PRESSING INTERNATIONAL FINANCIAL PROBLEM -- THE MOUNTING DEBT OF MANY DEVELOPING COUNTRIES. WITHOUT THE OPPORTUNITY TO EXPORT, DEBT-TROUBLED COUNTRIES WILL HAVE DIFFICULTY SERVICING, AND EVENTUALLY REDUCING, THEIR LARGE DEBTS. MEANWHILE, THE UNITED STATES WILL SUPPORT THE EFFORTS OF THE INTERNATIONAL FINANCIAL COMMUNITY TO PROVIDE ADEQUATE FINANCING TO SUSTAIN TRADE AND TO ENCOURAGE DEVELOPING COUNTRIES IN THE EFFORTS THEY ARE MAKING TO IMPROVE THE BASIC ELEMENTS OF THEIR DOMESTIC ECONOMIC PROGRAMS.

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EARLIER THIS WEEK I FORWARDED DRAFT LEGISLATION TO THE CONGRESS FOR ADDITIONAL AMERICAN SUPPORT FOR THE IMF. LENDING BY THE IMF HAS A DIRECT IMPACT ON AMERICAN JOBS AND SUPPORTS CONTINUED LENDING BY COMMERCIAL BANKS. IF SUCH LENDING WERE TO STOP, THE CONSEQUENCES FOR THE AMERICAN ECONOMY WOULD BE VERY NEGATIVE.

THIS SPRING -- IN MAY -- THE UNITED STATES WILL HOST THE ANNUAL ECONOMIC SUMMIT OF THE MAJOR INDUSTRIAL COUNTRIES IN WILLIAMSBURG, VIRGINIA. THE LEADERS OF THE GREATEST DEMOCRACIES WILL HAVE A QUIET OPPORTUNITY TO DISCUSS THE CRITICAL ISSUES OF DOMESTIC AND INTERNATIONAL ECONOMIC POLICY AND REFLECT ON THEIR INDIVIDUAL AND COLLECTIVE RESPONSIBILITIES TO FREE PEOPLES THROUGHOUT THE WORLD. IT IS NOT A FORUM FOR DECISION-MAKING. EACH LEADER IS RESPONSIBLE PRIMARILY TO HIS OR HER OWN ELECTORATE. BUT BY EXCHANGING VIEWS, THESE LEADERS CAN GAIN A BETTER UNDERSTANDING OF HOW THE FUTURE OF THEIR OWN PEOPLE DEPENDS UPON THAT OF OTHERS.

I BEGAN TODAY BY SAYING IF WE BELIEVE IN OUR ABILITIES AND WORK TOGETHER, WE CAN MAKE AMERICA THE MIGHTIEST TRADING NATION ON EARTH. HERE IN THIS ROOM, AND NOT FAR FROM THIS BUILDING, ARE PEOPLE AND COMPANIES WITH THE BURNING COMMITMENT WE NEED TO MAKE OUR COUNTRY GREAT. ONE OF THOSE COMPANIES, THE DAISY SYSTEMS CORPORATION, IS A COMPUTER FIRM IN SUNNYVALE, CALIFORNIA. IT WAS FORMED IN AUGUST, 1980 AND MADE \$7 MILLION IN SALES ITS FIRST SHIPPING YEAR. THIS YEAR IT EXPECTS TO EARN \$25 MILLION, AND BY 1986, \$300 MILLION. DAISY CORPORATION IS ALREADY SELLING ITS PRODUCTS IN THE MARKETS OF FRANCE, NORWAY, BELGIUM, GREAT BRITAIN, GERMANY, ISRAEL AND JAPAN. ITS WORKFORCE HAS NEARLY QUADRUPLED IN THE LAST YEAR.

MY DREAM FOR AMERICA, AND I KNOW IT'S ONE YOU SHARE, IS TO
TAKE THAT KIND OF SUCCESS STORY AND MULTIPLY IT BY A MILLION. WE
CAN DO IT. ALBERT EINSTEIN TOLD US, "EVERYTHING THAT IS REALLY
GREAT AND INSPIRING IS CREATED BY INDIVIDUALS WHO LABOR IN
FREEDOM." WITH ALL THE WISDOM IN OUR MINDS, AND ALL THE LOVE IN
OUR HEARTS, LET US GIVE OF OURSELVES AND MAKE THESE COMING YEARS
THE GREATEST AMERICA HAS EVER KNOWN.

THANK YOU VERY MUCH, GOD BLESS YOU, AND MAY GOD GUIDE US
ALL.

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