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THE WHITE HOUSE

WASHINGTON

February 25, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: BEN ELLIOTT

SUBJECT: Commonwealth Club Address

Attached for your review is the draft for next Friday's address to the Commonwealth Club. We believe it is a realistic, but upbeat speech. It reflects a review by your senior staff.

(Elliott/AB)  
February 25, 1983  
6:00 p.m.

PRESIDENTIAL ADDRESS: COMMONWEALTH CLUB LUNCHEON  
SAN FRANCISCO, CALIFORNIA  
FRIDAY, MARCH 4, 1983

*Leo confers*  
Thank you very much. Your welcome warms my heart and ~~leaves~~  
*feels* a ~~small~~ lump in my throat. Forgive me for surrendering to a bit  
of nostalgia. But I remember so well the ~~honor~~ of addressing  
your distinguished forum during my ~~Governor days~~. *happy days in Sac.* This time, I  
~~believe~~ I can claim the best of both worlds: a California  
homecoming and a reunion with the Commonwealth Club, all wrapped  
up in one. -- ~~no President could ask for more.~~

It is a pleasure to be back ~~in this beautiful gateway city,~~  
*where* Here <sup>at</sup> the crossroads of trade are meeting places for ideas that  
stretch our sights to the limits of the horizon, and beyond.  
*This gateway city is a place where*  
*Here,* entrepreneurs with great dreams, daring and determination  
*chart*  
~~forge~~ new paths to progress through the winds and waters of  
commerce.

*YOU PROVIDE AN*  
I ~~can think of no more~~ appropriate setting ~~to present~~ *FOR* an  
~~great~~ American challenge for the eighties. With the help of your  
vision, courage and leadership, we can begin the first leg of a  
~~fabulous~~ new voyage into the future; *A FUTURE IN WHICH*  
~~Let us resolve today that,~~  
~~by working together,~~ commerce will be king; the eagle will soar;  
America will be the mightiest trading Nation on Earth.

I have not come <sup>HERE</sup> to echo those faint hearts who have ~~so~~  
little faith in American enterprise and ingenuity. ~~Others may~~ *THEY*  
plead for retreat; ~~they may~~ seek refuge in the ~~creaking,~~ rusty  
armor of a failed protectionist past. ~~My message is different:~~

*I BELIEVE I THINK YOU DO TOO THAT*  
the world hungers for leadership and growth *AND THAT* America ~~will~~ *CAN* provide

MY MESSAGE IS THAT  
it, ~~and~~ 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 ~~never before have~~ 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, ~~but only, only~~ if we stand up for principles of trade expansion through freer markets and greater competition among nations.

~~Let us recognize that~~ 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 govt. intervention in the market place.** 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 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 <sup>OR</sup> ~~and~~ protect our basic values. <sup>WE MUST ALSO</sup> ~~Only by~~ remembering ~~our~~ our objectives of peace and freedom, <sup>THEN WE CAN</sup> ~~can we~~ build <sup>A</sup> ~~the~~ prosperity that, <sup>WILL</sup> once again, ~~will~~ lift our heads and renew our spirits.

<sup>I'm not going to</sup> ~~never~~ minimize the problems <sup>we</sup> ~~the~~ United States faces, 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 substantially increased the wealth of our people. But during the past decade, we began exporting less and importing more. Since 1976, imports have exceeded exports every year and our trade deficit is expected to rise sharply in 1983.

The problem is high real interest rates which have sharply 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.

~~Let us begin where~~ Wealth is <sup>NOT</sup> created ~~but~~ inside some think-tank on the Potomac, <sup>IT'S BORN</sup> ~~but~~ in the hearts and minds of entrepreneurs all across Main Street America. For too long, Government <sup>HAS</sup> treated the entrepreneur more as an enemy than an ally. Our Administration has a better idea. We'll give you less bureaucracy, <sup>IF</sup> you give America your audacity. ~~Do it~~. We want you to out-plan, out-produce, and out-sell the <sup>PANTS</sup> ~~pants~~ off this Nation's competitors. <sup>YOU SEE I BELIEVE IN WHAT</sup> General Patton once said-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 <sup>A</sup> stake in helping the United States meet her trade challenge in the eighties. <sup>WE</sup> ~~America~~ needs jobs? Well, one of the best job programs we can have is a great national drive to expand exports and that's <sup>PART OF OUR</sup> ~~the~~ program ~~of this~~ ~~Administration~~.

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 <sup>OUT</sup> 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 leadership 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 <sup>LSOAS</sup> to stimulate greater competition; and growth of enterprise and employment through tax incentives to encourage work, thrift, investment, and productivity.

~~We are meeting this goal.~~ We have suffered a long, painful recession brought about by more than a decade of over-taxing and spending. <sup>Q-YES INTERVENTION</sup> But recession ~~has~~ <sup>is</sup> giving way to a rainbow of recovery bearing 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. And this result has come from

competition, not controls. 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. ~~American consumers and our economy are better off today than before.~~

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 break-throughs in high technology are busting out all over -- Katy bar the door, ~~America is~~ <sup>WE'RE</sup> on ~~her~~ <sup>OUR</sup> way back.

To the pessimists who would ~~destroy~~ <sup>CANCEL</sup> our remaining tax incentives, ~~I will be blunt. Do not touch~~ <sup>I HAVE ONE THING TO SAY. DONT LAY A HAND ON THE</sup> the third year of the people's tax cut <sup>OR</sup> and the indexing provision. -- ~~they must and will go into effect.~~ 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, <sup>TAX CUT</sup> 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 <sup>THE</sup> personal <sup>INCOME TAX.</sup> ~~rates.~~ ~~But~~ 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."

<sup>MAYBE I'M</sup> ~~Pardon me for being~~ old-fashioned, but I ~~just~~ 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 <sup>IN</sup> 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 <sup>TRYING FOR THAT PRIZE</sup> ~~that's what~~ made America the greatest Nation on Earth. Let us encourage achievement. We want America to be a Nation of winners again.

<sup>YOU MIGHT AS WELL KNOW</sup> So 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 Macauley wrote a century and a half ago that free trade, one of the greatest blessings which a Government can confer on a people, is unpopular in almost every country. <sup>For some</sup> ~~Obviously,~~ 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

SOMETHING CALLED SMoot-HAWLEY

we did that once before in this century, 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 are in the same boat, <sup>AND ←</sup> with our trading partners

If one partner shoots a hole in the boat, does it make sense for the other ~~one~~ <sup>PARTNER</sup> to shoot another hole in the boat? <sup>There are those who</sup> ~~Some may say~~

<sup>any</sup> yes, and call ~~that~~ <sup>IT</sup> getting tough. I call it getting ~~soft-headed~~ <sup>WET-ALCOVER.</sup>

We must plug the holes in the boat of open markets and free trade <sup>AND SET SAIL</sup> ~~to get it moving~~ 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.

The local content rule is an example of protectionist legislation that could quickly sabotage recovery. The legislation proposed in the last 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, because we estimate it would increase the cost of a new car by at least \$1,000.

What the proponents of this bunker mentality never point out is 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 ~~be confident~~, 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 -- 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 amazing. 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, <sup>FORGIVE ME</sup> 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 break-through in exports, higher growth, lower deficits, and a tremendous surge in new jobs and opportunities for our people.

More companies will seek the world of exports when they realize this Government is no longer an adversary, it's your

~~Senior Partner~~ <sup>PARTNER</sup>  
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've also designed a tax alternative to the Domestic International Sales Corporation to give U.S. exporters tax treatment equivalent to that made available by our trading partners to their exporters. We've begun a Commodity Credit Corporation blended export credit program for our farmers; and that's in addition to the increases we made in the regular loan guarantee program for promoting U.S. farm exports. Our Administration is also trying to undo the damage of the grain embargo and establish an agricultural relationship with the Soviet Union which meets our overall interests.

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 seek to remove legal impediments that prevent inventors of new technology from reaping the rewards of their discoveries.

Supporting American producers also means pressing our trading partners in the direction of more free and open markets. We are challenging the unfair agricultural trade practices of Japan and the European Community. And we are seeking to chart 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 and to cooperate in the development of energy sources.

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.~~ That's no choice at all.

The United States, therefore, will carry the banner for free trade and a responsible financial system. These were the great principles of ~~Franklin Roosevelt~~ 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

traded 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 and may have to be dealt with by setting agreed limits on government intervention, rather than eliminating government intervention altogether.

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. ~~These countries~~ <sup>THEY</sup> must come to experience the full benefits and responsibilities of the system that has produced unprecedented prosperity among the industrial countries. ~~The United States~~ <sup>WE HAVE</sup> has taken the lead, proposing the Caribbean Basin Initiative to encourage poor and middle income countries to trade more, and 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 satisfied with the outcome of that meeting, we will ~~not flag~~ <sup>CONTINUE</sup> in our support ~~of~~ <sup>OF</sup> 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.

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.

~~In May of this year,~~ <sup>This Spring - in May</sup> the United States will host the Annual Economic Summit of the major industrial countries in Williamsburg, Virginia. ~~Regions~~ <sup>WILL HAVE</sup> The leaders of the greatest democracies 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 based firm in Sunnyvale, California. It was formed in August, 1980 and made \$5 million in sales its first year. ~~In 1983~~ <sup>This year</sup>, it expects to earn \$25 million, and by 1986, \$100 million. Daisy Corporation is now selling its products in the markets of France, Norway, Belgium, Great Britain, Germany, North Africa, and Japan. In just two and a half years, its workforce has nearly tripled.

My dream for America, and I know it's one you share, is to take that success story and multiply it by a million. We can do it. Albert Einstein told us, "Everything that is truly 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.

(MASENG/AB)

MARCH 5, 1983  
12:25 P.M.  
KLAMATH FALLS

WEYERHAUSER EAST OREGON HEADQUARTERS <sup>118 027 CU</sup>  
SP 726

GOVERNOR ATIYEH, SENATOR HATFIELD,  
CONGRESSMAN SMITH AND PEOPLE OF KLAMATH  
FALLS, THANK YOU FOR WELCOMING ME HERE  
TODAY, AND FOR YOUR INFORMATIVE REPORTS.  
THESE ARE CRITICAL TIMES FOR YOUR INDUSTRY,  
YOUR WORKERS AND YOUR FAMILIES. BUT MY  
VISIT HERE AND OUR IMPROVING ECONOMY  
CONVINCE ME THAT, TOGETHER, WE CAN AND WILL  
PUT THE PEOPLE OF KLAMATH FALLS AND THE  
REST OF AMERICA BACK TO WORK.

FIRST LET ME SAY WHAT A PLEASURE IT IS  
FOR ME TO BE IN THE GREAT NORTHWEST. WHEN  
THE REST OF THE COUNTRY HEARS THE NAME  
OREGON, WE THINK OF A RICH, GREEN LAND  
THAT LURED SO MANY WEST -- EXPLORERS,  
TRADERS AND LUMBERJACKS TO A STATE OF  
TALL TIMBERS AND WILDERNESS.

WHEN WILLIAM CULLEN BRYANT WROTE THAT FOREST GROVES WERE GOD'S FIRST TEMPLES, HE MUST HAVE SEEN THE MAJESTIC SWEEP OF OREGON IN HIS MIND'S EYE.

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BUT, AS YOU HAVE SAID, OREGON AND HER MIGHTY LUMBER INDUSTRY HAVE SUFFERED GREATLY FROM THIS LAST RECESSION. MILLS SHUT DOWN, WORKERS WERE LAID OFF AND BUSINESSES CLOSED ACROSS THE STATE.

---

THESE PROBLEMS WERE TRIGGERED BY PROFLIGATE SPENDING, EXCESSIVE TAXATION AND BURDENSOME REGULATIONS IMPOSED FROM THE OTHER SIDE OF THE CONTINENT, IN WASHINGTON, D.C.

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DEFICIT SPENDING AND A TAX SYSTEM WHICH ALLOWED THE FEDERAL GOVERNMENT TO PROFIT FROM INFLATION DROVE UP PRICES.

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INTEREST RATES HIT 21½ PERCENT AND SUDDENLY THE AMERICAN DREAM OF OWNING A HOME SEEMED AN IMPOSSIBILITY FOR MILLIONS.

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WITH THE HOUSING INDUSTRY ON THE ROCKS,  
THE LUMBER INDUSTRY GROUND TO A HALT AND  
OREGON'S MILLS AND FORESTS FELL SILENT.

BUT IN 1980 THE PEOPLE OF OREGON,  
RECOGNIZING WHAT WAS HAPPENING, VOTED AN  
UNMISTAKABLE MANDATE TO CLEAN UP OUR  
ECONOMIC MESS. AND, IN THE LAST 2 YEARS,  
THAT'S JUST WHAT WE'VE BEEN DOING. WE'VE  
BEGUN RETURNING AMERICA TO THE STRICT  
PRINCIPLES OF ECONOMIC RESPONSIBILITY  
THAT MADE US GREAT IN THE FIRST PLACE.

WE HAVE MADE GREAT STRIDES TOWARD  
LIMITING GOVERNMENT'S ROLE IN OUR  
MARKETPLACE AND IN THE LIVES OF OUR  
PEOPLE. WE HAVE CUT THE GROWTH IN NEW  
REGULATIONS BY A THIRD AND GOVERNMENT'S  
RATE OF GROWTH BY 40 PERCENT.

INCENTIVE, HARD WORK AND SAVINGS ARE BEING REWARDED AGAIN BY A REFORMED TAX POLICY: WE OFFSET THE LARGEST TAX HIKE IN HISTORY (PASSED <sup>DURING</sup> ~~BY~~ THE PREVIOUS ADMINISTRATION) WITH THE LARGEST TAX CUT IN HISTORY. THE THIRD INSTALLMENT OF THE TAX RATE CUT WILL TAKE EFFECT IN A FEW SHORT MONTHS, AND AMERICA'S WORKING FAMILIES WILL REAP THE MOST BENEFITS. OUR TAX INDEXING PROVISION ALSO ENSURES THAT COST-OF-LIVING RAISES WON'T PUSH WORKERS INTO HIGHER TAX BRACKETS.

MEANWHILE, WE'RE TACKLING THE MONSTER OF DEFICIT SPENDING WHICH STILL THREATENS THE ROAD TO RECOVERY. WE HAVE PROPOSED A BUDGET AND A FISCAL PLAN THAT WILL STEADILY REDUCE FEDERAL DEFICITS UNTIL EVENTUALLY WE BALANCE THE FEDERAL BOOKS.

AS A RESULT, THE ECONOMY IS FINALLY  
REVIVING UP. NEW HOME SALES IN JANUARY  
WERE UP BY 10 PERCENT -- MORE THAN A  
50 PERCENT IMPROVEMENT OVER THE SAME MONTH  
LAST YEAR. HOUSING STARTS INCREASED BY  
36 PERCENT -- (THE LARGEST JUMP IN HISTORY.)  
PERMITS TO BUILD WERE UP BY 13 PERCENT --  
TO THE HIGHEST LEVEL SINCE SEPTEMBER 1980.  
OVERALL CONSTRUCTION SPENDING ROSE NEARLY  
9 PERCENT -- THE MOST DRAMATIC IMPROVEMENT  
SINCE 1946. AND THE INCREASE IN THE SALE  
OF EXISTING HOMES BROKE ALL THE RECORDS ON  
THE BOOKS. SOMETHING EXCITING IS  
HAPPENING; YOU CAN FEEL IT IN KLAMATH FALLS  
AND IN TOWNS ACROSS AMERICA.

INFLATION HAS RISEN AT AN ANNUAL RATE  
OF ONLY 1.4 PERCENT FOR THE LAST 6 MONTHS,  
DOWN FROM THE AGONIZING 12.4 PERCENT  
ANNUAL RATE WHEN WE TOOK OFFICE.

THAT SUCCESS, ALONG WITH A MODERATE  
MONETARY POLICY, HAS ENABLED INTEREST  
RATES TO COME DOWN -- KEY TO OUR  
RECOVERY. THOSE RATES DROPPED AGAIN  
LAST WEEK AND ARE NOW LESS THAN HALF  
WHAT THEY WERE IN 1980. I BELIEVE WE  
CAN GET THEM DOWN EVEN FURTHER. LOWER,  
MORE REALISTIC INTEREST RATES ARE  
UNLOCKING THE CHAINS BINDING OUR  
PEOPLE, OUR BUSINESSES AND OUR ECONOMY.  
STILL MORE IMPROVEMENT WILL FREE US TO  
CREATE THE KIND OF PROSPERITY THAT WAS  
OUR HERITAGE AND THAT WE MUST RESTORE  
FOR OURSELVES AND FOR OUR CHILDREN.

ALREADY, OVERALL PRODUCTIVITY IS  
IMPROVING, OUR AUTOMOBILE INDUSTRY IS  
REBOUNDED AND REAL WAGES ARE RISING.

UNEMPLOYMENT, THOUGH STILL PAINFULLY HIGH, HAS BEGUN TO DIP AND THE LEADING ECONOMIC INDICATORS HAVE BEEN SIGNALING RECOVERY FOR 8 OUT OF THE LAST 10 MONTHS.

THE LATEST REPORT ON THOSE INDICATORS -- RELEASED THIS WEEK -- SHOWED THE LARGEST MONTHLY GAIN IN MORE THAN 30 YEARS.

ALL THIS IS GOOD NEWS FOR KLAMATH FALLS, FOR OREGON AND FOR AMERICA. AFTER NEARLY A 3-YEAR SLUMP, THE FOREST PRODUCTS INDUSTRY IS COMING BACK. I JUST LEFT A LUMBER MILL THAT HAS REOPENED. AND I CAN TELL YOU, THE WHIRR OF THOSE SAWS TURNING AGAIN IS MUSIC TO MY EARS. SINCE FEBRUARY 1982, ABOUT 475 PLYWOOD MILLS AND SAWMILLS AROUND THE COUNTRY HAVE REOPENED OR RESUMED FULL PRODUCTION. HERE IN THE WEST, THE NUMBER OF EMPLOYEES DIRECTLY AFFECTED BY SAWMILL CLOSURES OR PRODUCTION CURTAILMENTS IS HALF WHAT IT WAS A YEAR AGO.



LOGGERS AND SAWMILL WORKERS ARE GOING BACK TO WORK. AND WHEN PEOPLE IN KLAMATH FALLS GO BACK TO WORK, IT MEANS THAT PAPER-MAKERS, CARPENTERS, HOMEBUILDERS AND AN ENDLESS ARRAY OF OTHERS ACROSS AMERICA ARE ALSO BEING CALLED BACK TO THE JOB.

I KNOW TIMES ARE STILL VERY DIFFICULT -- WE'RE NOT OUT OF THE WOODS YET. MAYBE I SHOULD PUT THAT ANOTHER WAY -- YOU'RE NOT BACK IN THE WOODS YET AS MUCH AS YOU'D LIKE TO BE. YOUR INDUSTRY IS STILL OPERATING FAR BELOW CAPACITY, AND MANY THOUSANDS OF WORKERS HERE STILL WAIT FOR THEIR CALL BACK NOTICES. BUT OUR RECOVERY IS BUILDING AND GAINING IN STRENGTH. I BELIEVE IT WILL BE POWERFUL AND SUSTAINED. IT SHOULD BE, BECAUSE IT IS THE RESULT OF TIME-TESTED, COMMON SENSE ECONOMIC PRINCIPLES THAT HAVE WORKED EVERY TIME WE'VE TRIED THEM.

WHEN I BEGAN SPEAKING TODAY I DESCRIBED HOW OTHER AMERICANS VIEW YOUR ABUNDANT NATURAL WEALTH. I WOULD LIKE TO ADD THAT WHEN WE THINK OF YOUR PEOPLE, WE THINK OF INDEPENDENT MEN AND WOMEN OF STRENGTH AND FORESIGHT; IMBUED WITH A FRONTIER SPIRIT. I WISH THAT THE REST OF THE COUNTRY COULD SEE AND HEAR WHAT I HAVE TODAY, BECAUSE THEY WOULD REALIZE HOW RICHLY THAT REPUTATION IS DESERVED. I THINK THEY'D APPRECIATE, AS I DO, THAT THE OREGON SPIRIT IS THE AMERICAN SPIRIT — AND THAT WITH THAT SPIRIT THERE IS NO CHALLENGE TOO GREAT TO OVERCOME.

THEY SAY THAT OUT HERE IN THE GREAT NORTHWEST THE TREES GROW SO HIGH IT TAKES A WHOLE WEEK TO SEE THE TOP OF THEM. IT'S THAT WAY WITH GOOD RESULTS, TOO.

- 10 -

SOMETIMES THE REWARD COMES A LONG SPELL  
AFTER YOU BEGIN THE EFFORT. BUT ANYONE  
WHO'S LOOKED OUT OVER THE TOP OF AN OREGON  
FOREST KNOWS HOW WORTHWHILE THE WAIT CAN  
BE.

SO, THANK YOU FOR YOUR VISION AND YOUR  
HARD WORK AND YOUR FAITH IN AMERICA.  
TOGETHER, WE ARE PUTTING OUR COUNTRY TO  
RIGHTS AGAIN, AND IT WILL BE WORTH BOTH  
THE EFFORT AND THE WAIT. THANK YOU, AND  
GOD BLESS YOU.

# # #

(BAKSHIAN)

MARCH 4, 1983

TOAST: QUEEN'S DINNER ABOARD 073148 SC  
THE BRITANNIA SP 725

YOUR MAJESTY,

I APPRECIATE VERY MUCH YOUR WARM  
AND GRACIOUS WELCOME. THIS EVENING,  
YOUR MAJESTY, YOU HAVE AFFORDED NANCY  
AND ME A VERY SPECIAL HONOR. WHO WOULD  
HAVE DREAMT, ON THE DAY WE MARRIED, THAT  
31 YEARS LATER, WE WOULD CELEBRATE OUR  
WEDDING ANNIVERSARY ON BOARD THE ROYAL  
YACHT BRITANNIA?

WE ARE DELIGHTED TO WELCOME THE  
BRITANNIA AS SHE MAKES HER FIRST ROYAL  
VISIT TO CALIFORNIA'S WATERS. IT IS  
PARTICULARLY FITTING SINCE SIR FRANCIS  
DRAKE VISITED THIS SAME AREA IN THE  
GOLDEN HIND IN 1579.

PAGE 2

I BELIEVE THAT HIS CLAIM OF CALIFORNIA,  
(WHICH HE NAMED NEW ALBION,) IS NO LONGER  
FORMALLY SUPPORTED BY YOUR MAJESTY'S  
GOVERNMENT ~~—~~ BUT YOUR GRACIOUSNESS HAS  
CONQUERED US ALL.

---

SIR FRANCIS MAY NEVER HAVE SEEN THE  
GOLDEN GATE, AS IT IS SO OFTEN  
OBSTRUCTED BY OUR MORE-THAN-LONDON FOG; ~~—~~  
WE HOPE YOU HAVE HAD BETTER LUCK. THE  
WARM WELCOME AFFORDED SIR FRANCIS AND  
HIS SHIPMATES BY THE LOCAL MIWOK INDIANS  
DURING THE 5 WEEKS HE REMAINED IN THIS  
AREA HAS CERTAINLY BEEN MIRRORED BY THE  
WELCOME YOU AND HIS ROYAL HIGHNESS  
RECEIVED THIS WEEK FROM THE PRESENT  
INHABITANTS.

---

ALTHOUGH SIR FRANCIS DID NOT  
RETURN, OTHER BRITONS DID. AS  
EXPLORERS, SETTLERS, AND BUILDERS, THEY  
ADDED THEIR VALUABLE CONTRIBUTIONS TO  
CALIFORNIA'S DEVELOPMENT.

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PAGE 3

AS YOU KNOW, THE UNITED STATES IS A LAND AND A CULTURE THAT DRAWS ITS STRENGTH FROM MANY PEOPLES AND TRADITIONS. WE GAINED FROM THE LAND OF ELIZABETH I AND SIR FRANCIS DRAKE OUR POLITICAL PHILOSOPHY AND DEMOCRATIC IDEALS, PARTICULARLY OUR BELIEF IN THE EQUALITY OF EACH INDIVIDUAL UNDER LAW. AND, AS SEAFARING NATIONS BOTH, WE CHERISH THE TRADITION REFLECTED IN THE PRAYER WHICH I AM TOLD WAS OFTEN RECITED ON GOLDEN HIND:

"THEY THAT GO DOWN TO THE SEA IN SHIPS AND OCCUPY THEIR BUSINESS IN GREAT WATERS; THESE MEN SEE THE WORKS OF THE LORD, AND HIS WONDERS IN THE DEEP. FOR AT HIS WORD, THE STORMY WIND ARISETH, WHICH LIFTETH UP THE WAVES THEREOF."

PAGE 4

SEAS ARE NOT ALWAYS CALM, BUT OUR TWO NATIONS CONTINUE TO STRIVE TOGETHER TO BUILD A STABLE WORLD OF PEACE AND LAW. I RECALLED IN MY REMARKS TO YOU LAST NIGHT THE CONTINUED RELEVANCE OF THE PRINCIPLES OF THE ATLANTIC CHARTER, CONCLUDED BY PRIME MINISTER CHURCHILL AND PRESIDENT ROOSEVELT IN THE DARK DAYS OF 1941. OUR TWO NATIONS CONTINUE TO STRIVE FOR THAT IDEAL: THE ESTABLISHMENT OF PEACE AND FREEDOM AMONG MEN AND WOMEN OF ALL NATIONS.

LET ME CONCLUDE BY CONFIRMING TO YOU, YOUR MAJESTY, YOUR OWN PLACE IN THE HEARTS OF MY COUNTRYMEN. IN YOU, YOUR MAJESTY, WE RESPECT THE EMBODIMENT OF YOUR LATE FATHER, HIS MAJESTY GEORGE VI'S CREDO THAT "THE HIGHEST OF DISTINCTIONS IS SERVICE TO OTHERS."

PAGE 5

THANK YOU AGAIN FOR YOUR VISIT TO  
US HERE AND FOR YOUR MEMORABLE  
HOSPITALITY THIS EVENING.

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LADIES AND GENTLEMEN, LET US RAISE  
OUR GLASSES IN A TOAST TO HER MAJESTY  
THE QUEEN.

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# # #



(ROHRBACHER)

MARCH 8, 1983  
ORLANDO, FLORIDA

RECEPTION FOR FLORIDA GOP

073170 CS  
SP 727

*Paulatt. Bill McCallum  
show Mike Belirakis  
Qoy*

THANK YOU FOR THAT WONDERFUL  
WELCOME. IT'S ALWAYS GOOD TO SEE SO  
MANY OLD FRIENDS AGAIN. I'VE HEARD  
ABOUT ALL THE GREAT THINGS YOU'RE DOING  
DOWN HERE, LED OF COURSE BY HENRY  
SAYLER, YOUR STATE CHAIRMAN. I WANT TO  
THANK TOMMY THOMAS, TOO, NOT ONLY FOR  
THE INTRODUCTION — I COULDN'T HAVE SAID  
IT BETTER MYSELF — BUT FOR THE SUPPORT  
AND FRIENDSHIP HE'S PROVIDED OVER THE  
YEARS. YOU'VE ALWAYS BEEN THERE WHEN I  
NEEDED YOU.

TOMMY TOLD ME ABOUT SOME FOLKS WITH  
US TODAY WHO I WOULD LIKE TO THANK  
PERSONALLY FOR THEIR GOOD CITIZENSHIP  
AND GENEROSITY.

EARLE AND SARAH PADGETT RECENTLY CONTRIBUTED LAND VALUED AT THREE QUARTERS OF A MILLION DOLLARS TO THE METHODIST CHILDREN'S HOME IN SELMA, ALABAMA. I THINK THEY DESERVE A ROUND OF APPLAUSE FROM ALL OF US FOR THIS WONDERFUL ACT OF CHARITY.

ANYHOW, I CAN'T TELL YOU HOW NICE IT IS TO GET OUT OF WASHINGTON AND AMONG PEOPLE WHO NOT ONLY SEE OUR COUNTRY'S PROBLEMS, BUT ALSO THE INCREDIBLE POTENTIAL THAT LIES BEYOND THEM.

WE'VE JUST WEATHERED ONE OF THE WORST ECONOMIC STORMS IN MEMORY, A PREDICTABLE RESULT OF A DECADE OF INFLATION, OVER TAXING, OVER SPENDING, AND OVER REGULATING. AND WHILE THE WINTER WAS HARSH, I DON'T MIND TELLING YOU, IT'S GOING TO BE A BEAUTIFUL SPRING.

FROM ALL OVER THE COUNTRY WE ARE HEARING THE NEWS OF ECONOMIC RECOVERY TAKING ROOT AND BLOSSOMING, FILLING THE AIR WITH THE PERFUME OF OPTIMISM AND THE HUM OF NEW BUSINESS ACTIVITY.

~~AND THE HUM IS GETTING LOUDER EVERY DAY.~~

LEADING ECONOMIC INDICATORS IN JANUARY SCORED ITS LARGEST MONTHLY GAIN IN OVER 30 YEARS. INDUSTRIAL PRODUCTION IS UP AND PEOPLE ARE GOING BACK TO WORK.

THE HOUSING, AUTOMOBILE, AND STEEL INDUSTRIES ARE BEGINNING TO EXPAND.

UNEMPLOYMENT IS BEGINNING TO DROP.

REAL WAGES ARE UP. THE STOCK MARKET HAS BEEN SETTING NEW RECORD HIGHS

REFLECTING NOT ONLY TODAY'S UPSURGE, BUT ALSO CONFIDENCE IN SUSTAINED GROWTH. IN

UNDER 7 MONTHS, THE STOCK MARKET HAS GAINED MORE THAN 350 POINTS.

YOU KNOW, I CAN'T HELP BUT WONDER,  
NOW THAT THE ECONOMY IS APPARENTLY  
RESPONDING TO OUR PROGRAM, IF OUR  
CRITICS WILL STILL CALL IT REAGANOMICS?

SERIOUSLY ~~THOUGH~~, I'D LIKE TO TAKE  
THIS OPPORTUNITY TO ~~THANK YOU~~. IT WAS  
YOUR SUPPORT, YOUR CONTINUED ATTENTION  
TO THE NATIONAL POLITICAL BATTLE THAT  
ENABLED US AND YOUR CONGRESSIONAL  
REPRESENTATIVES, MANY OF WHOM ARE WITH  
US THIS AFTERNOON, TO GET OUR PROGRAM  
THROUGH THE POLITICAL SWAMPS IN  
WASHINGTON.

YOU KEPT THE HOME FIRES BURNING, AND  
WITH YOUR HELP WE TACKLED SOME  
FUNDAMENTAL PROBLEMS UNDERMINING THE  
WELL-BEING OF OUR COUNTRY. WE BEGAN TO  
GET CONTROL OF FEDERAL SPENDING, CUTTING  
ITS GROWTH RATE BY 40 PERCENT.

BEFORE WE CAME TO WASHINGTON, THE AMERICAN PEOPLE WERE VICTIMIZED BY EVER INCREASING TAXES. INFLATION WAS PUSHING THEM INTO HIGHER AND HIGHER TAX BRACKETS AND THE BIG SPENDERS IN THE CONGRESS JUST SAT BACK WHILE GOVERNMENT COLLECTED MORE AND MORE LOOT.

WE HAVE PUT AN END TO THAT. COME JULY, WE WILL HAVE REDUCED THE TAX RATES BY 25 PERCENT. AND THEN IN 1985 THE TAX RATES WILL BE INDEXED SO THE FEDERAL GOVERNMENT WILL NEVER AGAIN REAP A PROFIT OFF THE MISERY OF INFLATION.

THERE ARE THOSE WHO ARE MANEUVERING TO ELIMINATE THE LAST INSTALLMENT OF OUR TAX RATE REDUCTIONS AND INDEXING AS WELL. I JUST HAVE ONE THING TO TELL THEM: NO WAY.

RENEGING ON OUR TAX CUTS OR INDEXING COULD PULL THE RUG OUT FROM UNDER THE OPTIMISM SPREADING THROUGHOUT THE ECONOMY. WE CAN'T LET THAT HAPPEN.

HOW MANY OF YOU REMEMBER PUBLIC ENEMY NUMBER ONE DURING THE 1980 ELECTION:— INFLATION?

IT WAS RAVAGING POOR- AND MIDDLE-CLASS AMERICANS ALIKE, DESTROYING THE SAVINGS OF OUR ELDERLY, AND UNDERMINING ANY CHANCE FOR LASTING PROGRESS. IT HAD BEEN RUNNING AT DOUBLE-DIGIT LEVELS FOR 2 YEARS BACK-TO-BACK.

WELL, WE BROUGHT IT DOWN TO 3.9 FOR 1982 AND FOR THE LAST 6 MONTHS IT'S BEEN RUNNING AT AN ANNUALIZED RATE OF ONLY 1.4 PERCENT.

IT WAS 12.4 IN 1980, WHEN THE POLITICIANS AND PUNDITS WERE WRINGING THEIR HANDS AND TALKING ABOUT AN UNSOLVABLE NATIONAL MALAISE. NOW, AS MUCH AS SOME WOULD LIKE TO BLAME THE PROBLEMS ON MY PREDECESSOR, THE PROBLEM WAS MUCH BIGGER THAN ANY ONE MAN OR PARTY. THE CULPRITS WERE NOT PEOPLE, BUT THE FAILED POLICIES OF THE PAST, THE BANKRUPT PLOY OF TAX, TAX, SPEND, SPEND, INFLATE, INFLATE. WE SAID THE TIME HAD COME FOR A CHANGE — FOR MAKING AMERICA GREAT AGAIN. AND I CAN ASSURE YOU, WE ARE NEVER GOING BACK TO THOSE FAILED POLICIES. THE REPUBLICAN PARTY HAS TAKEN THE HIGH ROAD, THE PATH OF RESPONSIBLE GOVERNMENT.

I NEVER DOUBTED THAT, TOGETHER, WE WOULD SUCCEED. OF COURSE, I KNOW HOW HARD IT IS TO CONVINCING SOME PEOPLE THAT REPUBLICANS CAN REALLY BE ON THE RIGHT TRACK.

THERE IS AN OLD STORY THAT PRESIDENT TEDDY ROOSEVELT WAS GIVING A CAMPAIGN SPEECH. AT THE END OF HIS TALK HE ASKED IF THERE WERE ANY DEMOCRATS IN THE ROOM. AN OLD MAN AT THE BACK STOOD UP AND HOLLERED, "I'M A DEMOCRAT!" TEDDY ASKED, "AND WHY ARE YOU A DEMOCRAT?" THE OLD MAN SAID, "WELL, MY GRANDFATHER WAS A DEMOCRAT, AND MY FATHER WAS A DEMOCRAT."

ROOSEVELT KEPT AT HIM AND ASKED, "IF YOUR GRANDFATHER WAS A HORSETHIEF AND YOUR FATHER WAS A HORSETHIEF, WOULD THAT MAKE YOU A HORSETHIEF?"



WITHOUT THE SLIGHTEST PAUSE, THE OLD MAN SHOT BACK, "NO, IN THAT CASE I'D BE A REPUBLICAN."

WELL, FOR THE PAST 2 YEARS, WE HAVEN'T BEEN STEALING HORSES, WE'VE JUST BEEN CLEANING OUT THE STABLES.

AND IN A TOUGH MID-TERM ELECTION YEAR THE GOP PROVED ITS ABILITY TO LEAD. WE STUCK WITH OUR PRINCIPLES WHEN THE HEAT WAS ON; PERHAPS THAT'S BECAUSE WE CAN STILL SEE WHAT'S RIGHT ABOUT AMERICA AND WE'VE NEVER LOST SIGHT OF HER POTENTIAL.

IN THE DIFFICULT MONTHS IT TOOK FOR OUR PROGRAM TO TAKE HOLD, IT SEEMED LIKE EVERY NIGHT ON THE NEWS THERE WAS SOME NEW REASON FOR PESSIMISM. I DON'T KNOW ABOUT YOU, BUT I JUST KEPT IN MIND AN OLD JOHNNY MERCER SONG:

YOU'VE GOT TO ACCENTUATE THE POSITIVE,  
ELIMINATE THE NEGATIVE, LATCH ON TO THE  
AFFIRMATIVE, AND DON'T MESS WITH MISTER  
IN BETWEEN.

SO LET'S KEEP WORKING ON THE  
POSITIVE. THE SIGNS OF RECOVERY ARE  
CROPPING UP EVERYWHERE; AMERICA'S ON THE  
MEND. TOGETHER WE'VE COME A LONG WAY --  
BUT OUR GREATEST ACCOMPLISHMENTS LIE  
AHEAD.

GOOD LUCK AND GOD BLESS YOU.

# # #