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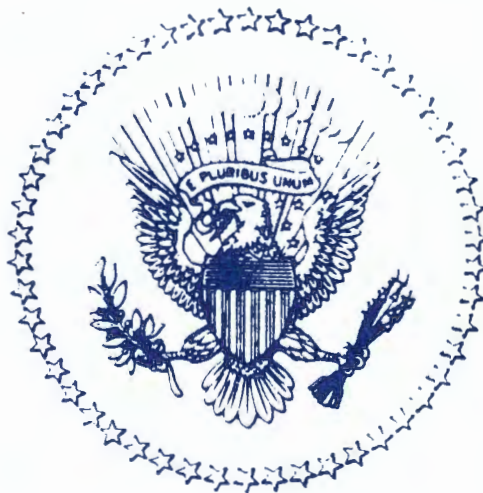
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Last Updated: 01/12/2024

PRESIDENT REAGAN



THREE YEARS OF ACCOMPLISHMENT

Washington, D.C.

January 20, 1984

**PRESIDENT REAGAN:
THREE YEARS OF ACCOMPLISHMENT**

President Reagan has accomplished more of significance in his first three years than have most American chief executives during their complete terms. He has helped restore the traditional American view that government exists to serve the people, rather than the other way around. He has reinvigorated the U.S. economy, returning it to a steady path of strong, non-inflationary growth. He has focused public attention on such domestic problems as crime and educational quality, and is helping develop real solutions. He is making the U.S. militarily strong again, and restoring U.S. respect throughout the world. But perhaps most important, President Reagan has banished the malaise and hopelessness that the federal government had propagated for so long, both declaring and demonstrating, once again, that the United States is a land of freedom, dreams and opportunity.

The extent of these achievements is magnified when one recalls the desperate situation the United States faced in 1980. Inflation had reached double-digit levels for two years in a row, eroding the value of the dollar and the people's faith in the future. Interest rates, with the prime at 21.5%, had made home-buying a virtual impossibility, and were preventing businesses from investing in the capital projects necessary to make their products more competitive. Economic growth had stalled; the economy had already experienced one recession and another was imminent. Energy supplies, Americans were told, were nearly exhausted, and gasoline and heating oil prices were headed sharply upward. Taxes were rising each year, and there seemed to be no way to control federal spending. A declining military position had jeopardized U.S. national security, and allies and adversaries alike no longer respected us.

Under President Reagan, these dangerous trends have been arrested and reversed. Many problems remain, of course, but what has been accomplished in such a short time should give Americans hope that as long as we remain firm, much more can be achieved in the years ahead.

This paper highlights some of President Reagan's accomplishments during his first three years in office.

SEVENTEEN KEY ACHIEVEMENTS

1. Reduce the inflation rate. Inflation has been cut from 12.4% in 1980 to 3.2% for the last 12 months. [For additional details, see p. 6].
2. Bring down interest rates. The prime rate has fallen by nearly half, from 21.5% in January 1981 to 11% now. The President is working to cut interest rates further. [See p. 6].
3. Cut personal tax rates. Personal tax rates have been cut 25% -- the first real tax cut for all Americans in nearly two decades. [See p. 7].
4. Index the tax code. Personal tax rates will be indexed to inflation, beginning in 1985. This will end the dishonest practice of increasing taxes without a Congressional vote, as taxpayers have been forced into higher tax brackets by inflation. [See p. 7].
5. Accelerate depreciation schedules. The President's 1981 Economic Recovery Tax Act substantially accelerated depreciation schedules for businesses, thereby providing incentives for new investment. [See p. 7].
6. Slow the growth of federal spending. Even with needed defense increases, the 17.4% spending growth rate in 1980 has been cut by more than a third -- and will be cut even further in fiscal year 1984. [See p. 9].
7. Reduce unnecessary regulation. The Administration has reversed the rate of regulatory growth and streamlined or eliminated hundreds of obsolete government rules - for savings of more than \$15 to \$17 billion in investment costs and \$14 billion in annual costs. [See p. 10].
8. Restore economic growth. The economy, which fell 0.8% during 1980, is in a strong recovery. The economy grew 6.1% during 1983, with consumer and business sectors propelling the economy forward. [See p. 12].
9. Create new jobs. In 1983, 4 million more people found jobs, bringing employment to its highest level in history. The country is well on its way to the President's goal of 6 million new jobs by the end of 1984, and 18 million new jobs by the end of 1989. The civilian unemployment rate has fallen from 10.7% to 8.2% in just twelve months, the most rapid drop in 30 years. And the President's new job training program will, each year, give more than one million low-income and disadvantaged Americans training for these jobs. [See pp. 12, 13].

10. End the energy crisis. Because of the President's immediate decontrol of the price of oil, oil production in the U.S. rose in 1982 for the first time in a decade, oil prices declined 15% in real terms, and U.S. dependence on OPEC oil fell by 45%. [See p 14].
11. Save the Social Security system. The President's leadership in obtaining bi-partisan agreement on the national commission's recommendations have ensured that the Social Security system will be financially sound and able to pay out promised benefits well into the next century and beyond. [See p. 15].
12. Rebuild America's defenses. The President's defense budget, including long-overdue military pay increases, modernization of the U.S. strategic defense triad, and improved conventional forces, has revitalized America's defense system and is restoring the U.S. margin of safety. [See p. 16].
13. Establish a more stable and peaceful relationship with the Soviet Union. This Administration has restored the credibility of our military deterrent. Although profound differences exist in our values and political systems, we are pursuing common interests such as avoidance of war and the reduction of arms and tensions generally. [See p. 31].
14. Assistance to Grenada. The U.S. took decisive action to protect U.S. citizens and to respond to the request from seven Caribbean democracies for help in restoring democracy in Grenada. This ended a pro-Soviet/Cuban dictatorship and exposed military and subversive cooperation with the Soviet bloc and Cuba. [See NSC for latest details].
15. Strengthen Allied relationships across the spectrum of our common interests. The President's personal diplomatic efforts at the Williamsburg Summit and his historic East Asian visit resulted in greater cohesion in our economic and security policies worldwide. [See p. 33].
16. Assist in the development of democratic institutions throughout the world. We have sought to nurture conditions for the growth of democracy, and to defend those aspiring democracies whose existence is threatened daily. Nine countries with a total population of 190 million have completed or begun the transition to democracy. [See p. 37].
17. Continue to develop and strengthen relationships with the People's Republic of China. At the same time, we maintained our traditional ties and commitments to the people of Taiwan. [See NSC for latest details].

FOURTEEN KEY ON-GOING EFFORTS

1. Retarget benefits to the truly needy. Because of the President's budget changes, a greater proportion of families below the poverty level are receiving food stamps and school lunch assistance now than before the reforms. Further retargeting is necessary so that more of the truly needy can be helped and budget growth controlled at the same time. [See p. 18].
2. Ensure the needy do not go hungry. The President's Task Force on Food Assistance was established in September 1983 to investigate if federal food assistance programs are working as they should to ensure that no American is forced to go hungry. The Task Force reported to the President in January 1984 and its recommendations are now under study. [See p. 19].
3. Reduce fraud and waste in federal programs. Through the President's Council on Integrity and Efficiency and dedicated efforts by the departmental Inspectors General, the Administration has saved the taxpayers some \$31 billion that would have been lost to fraud or waste. The Reform '88 project, now underway, will further streamline the management of federal programs, producing still greater savings. [See p. 20].
4. Restore U.S. competitiveness. The President, through deregulation and tax rate cuts, has helped make U.S. firms more competitive abroad. He is working to further change U.S. laws that impair competitiveness, and is negotiating with our trade partners to knock down trade barriers. [See OPI Issue Alert #15].
5. Encourage greater investment in research and development (R&D). The President has signed into law a 25% incremental R&D tax credit, which will encourage greater investment in this area. He has also proposed legislation amending the antitrust and intellectual property laws, and proposed in the FY 1984 budget a 17% increase in federal R&D spending. [See OPI Issue Alert #15].
6. Reduce "structural unemployment." The "structurally" unemployed are those who would be jobless even without the recession, either because they lack the skills required in today's job market or because their former jobs have permanently disappeared. The President has already enacted the Job Training Partnership Act in large part to help the economically disadvantaged. He has also proposed a youth employment opportunity wage for summer employment. [See p. 13 and OPI 1983 Initiatives Book, tabs 4-6].

7. Revitalize the inner cities. The President's Enterprise Zones plan, which the House has refused to act upon, would provide dramatic new incentives for businesses to locate in and create new jobs in the nation's inner cities and depressed rural areas. [See OPI Issue Update #12].
8. Reduce the crime rate. The President's crime control initiatives, the most significant reforms of the criminal justice system in decades, are working their way through Congress. These new steps will help ensure that recent declines in the crime rate continue. [See p. 22].
9. Restore educational quality. The President's National Commission on Excellence in Education has generated a new national dialogue on how to improve educational quality. The President is strongly supporting the Commission's recommendations. He is continuing to work with Congress to enact tuition tax credits and Educational Savings Accounts to increase low- and middle-income Americans' access to quality education. And he is focusing much-needed national attention on the problems of school discipline. [See p. 24].
10. Restore school prayer. The President is continuing to work with Congress to secure approval of a constitutional amendment once again permitting voluntary prayer in public schools. [See OPI Issue Update #4].
11. Ensure legal equity for women. At the President's direction, the Task Force on Legal Equity has identified all remaining gender distinctions in the federal code. The President has proposed correcting all those that are unfair to women, and the changes are awaiting Congressional approval. Work is also underway to help states correct their discriminatory laws and regulations. [See p. 26].
12. Deregulate natural gas prices. The President is working with Congress to deregulate natural gas prices, which -- like the decontrol of oil prices in 1981 -- would increase natural gas supplies, hold down price increases, and increase U.S. energy independence. [See OPI 1983 Key Initiatives Book, p. 11].
13. Reduce nuclear arms. The President is vigorously pursuing all possible avenues to reach an agreement with the Soviet Union to achieve a mutual, verifiable reduction in nuclear weapons. [See p. 28].
14. Preserve world peace. In both Lebanon and Central America, the President is working, as much through diplomatic means as possible, to restore peace and preserve freedom and democracy in these guerrilla- and terrorist-ravaged areas. [See NSC for latest details].

INFLATION AND INTEREST RATES

Background.

- o In 1979 and 1980, the inflation rate was 13.3% and 12.4%, respectively, the first back-to-back double-digit inflation in the nation's peacetime history. This ruinous inflation robbed the elderly of their savings, priced the necessities of life beyond reach of many of the poor, and made it nearly impossible for families to save and plan for the future. Indeed, a dollar saved at the start of 1979 was worth less than 80 cents by the end of 1980.
- o Largely as a result of this inflation, interest rates were also increasing to record highs; the prime interest rate had reached 21.5% the month President Reagan came into office. This meant that families could not afford to buy homes or cars, or, all too often, pay for their children's education.

Reagan accomplishments.

- o Inflation fell to 8.9% in 1981 and to 3.9% in 1982 -- the lowest level in a decade. And during the twelve month period ending in November, inflation was only 3.2%.
- o Now that inflation is down, the Administration and the Federal Reserve are committed to keeping it down. The President's goal is for the inflation rate to be no higher than 3.5% at the end of 1989.
- o This means that consumers no longer face rapidly increasing food, fuel, and housing costs. In fact, the price of a pound of hamburger in December 1982 was 60 cents less, a gallon of gasoline 97 cents less, and the median-priced new home \$12,600 less than they would have been had prices continued rising in 1981 and 1982 at the same rate as they had during 1979 and 1980.
- o Interest rates have also been cut. Since January 1981, the prime rate has been pared by nearly half, and it is easier now for all Americans to borrow money. Mortgage interest rates have come down 5 percentage points since their peak. As a result, the monthly mortgage payment on a \$50,000 home loan is now \$200 less than it was at the higher interest rates.

TAX RATE REDUCTION

Background.

- o By the time President Reagan came into office, federal tax revenues had doubled within just five years. American families were being pushed by inflation into higher and higher tax brackets, were losing the incentive to save, and were watching helplessly as their disposable income steadily declined. As a result, the savings pool was shrinking, businesses were less able to invest and produce, and the economy was stagnating.

Reagan accomplishments.

- o President Reagan achieved the most important tax reform in two decades when Congress adopted his Economic Recovery Tax Act in 1981. The act cut individual marginal income tax rates 23% across-the-board over three years, giving all Americans more incentive to save, invest, work and produce, and helping to offset much of the huge tax increase that had been put in place by the previous Administration. As a result of these changes, the tax bill for a family of four with a \$20,000 income fell by about \$250 from 1981 to 1982 alone.
- o The President's tax act also put tax indexing into law. By adjusting tax brackets to inflation, indexing -- set to take effect in 1985 -- will eliminate unlegislated tax increases caused by inflation's forcing taxpayers into higher tax brackets.
- o The 1981 act substantially accelerated depreciation schedules for businesses and increased the investment tax credit, changes that will help spur investment as the economy continues to recover.
- o The President's reforms also greatly expanded eligibility for Individual Retirement Accounts (IRAs). Virtually every employed or self-employed American can now invest up to \$2000 per year tax-free in an IRA and defer tax payments on the interest until the money is actually withdrawn from the account.
- o The President's tax changes also substantially reduced the so-called "marriage tax" on married couples in which both spouses are wage-earners. Under the President's reforms, two-earner families in which each spouse earns \$15,000 save about \$300 a year.

- o The 1981 tax act also virtually eliminated the estate tax. The new law provides for unlimited property transfers between spouses and raises the tax exemption on inherited property from \$175,625 in 1981 to \$600,000 by 1987, thus preserving intact 99.7% of all estates.
- o Despite some persistent opposition by some who want to repeal this tax relief and raise tax rates still higher, the President has been able to save the tax rate cuts for the American people, and has pledged to veto any future tax increases.

CONTROLLING FEDERAL SPENDING

Background.

- o By the time President Reagan assumed office, federal spending was out of control. In the last two budgets of the previous Administration (FY 1980 and FY 1981) spending grew by 17.4% and 14.0%, respectively. This spending was draining savings and capital from the economy and preventing real job creation in the private sector.

Reagan accomplishments.

- o The growth of the federal budget has not been stopped, but it has been slowed substantially. Even with the vitally important rebuilding of U.S. defenses, spending in FY 1983 grew by less than two-thirds of the previous Administration's FY 1980 rate -- about 10%.
- o In FY 1984, spending will slow to a 7.2% growth rate.
- o Whereas spending grew an average of \$79 billion per year over the three years from 1979 to 1982, under President Reagan's budget, it would grow much more slowly -- only \$57 billion -- in 1984.
- o These savings have been achieved while protecting aid to the truly needy.

REGULATORY RELIEF

Background.

- o Since the 1930s, the federal government has increasingly regulated Americans' lives. The regulatory pace picked up considerably in the 1960s and 1970s, and by the time President Reagan came into office, federal regulations were costing individuals and businesses more than \$100 billion annually, or about \$1,800 for a family of four. Although many of these regulations were serving vital purposes, others were actually counter-productive, driving up consumer costs without achieving their objectives. Oil price controls, for example, were designed to moderate oil price increases but they actually caused oil prices to climb and oil production to fall.

Reagan accomplishments.

- o One of the President's first actions upon assuming office was to ask Vice President George Bush to chair a Presidential Task Force on Regulatory Relief. The President instructed the Task Force to examine new regulations, review and eliminate troublesome existing rules, and help develop changes in the rule-making process.
- o The Task Force designated 119 major rules and regulatory programs for review and possible reform. The Administration has already revised or eliminated 76 of these regulations; formal proposals for change have been issued for 27 others. In addition, the Administration has revised or eliminated hundreds of other unnecessary paperwork requirements.
- o These revisions have already saved Americans from \$15 billion to \$17 billion in one-time capital costs and \$14 billion in annual costs. Major savings have accrued to state and local governments, and in the automobile, drug, and energy sectors of the economy. Paperwork reductions alone will save more than 300 million hours annually.
- o On August 11, 1983, with the basic mission of the Task Force completed, the President turned its remaining monitoring functions over to the Cabinet Councils.
- o The President instructed the Office of Management and Budget to review all new regulations and to mediate interagency regulatory disputes. As a result of this process, fewer regulations are being issued and the ones approved have been more concise and less burdensome on the public.

- The most dramatic proof of this is that the rate of regulatory growth has been reversed. For the first time since the Federal Register commenced publication in 1936, the size of the Register has been reduced for three consecutive years. New regulatory proposals are down more than one-third -- and many of these proposals are to revise or eliminate obsolete rules.
- o The President, working with Congress, has also achieved legislative remedies affecting several overregulated industries.
 - The Administration's implementation of the Garn-St. Germain Depository Institutions Act of 1982 has already made the banking and savings industry more competitive, giving small investors an opportunity to obtain competitive interest rates on their savings.
 - The Bus Regulatory Reform Act of 1982 made intercity bus transportation more competitive and efficient by removing regulations that instructed carriers what markets to serve, where to pick up and drop off passengers, and how much to charge for a ticket.

ECONOMIC GROWTH AND EMPLOYMENT

Background.

- o The Administration inherited a stagnant economy with accelerating inflation. Economic activity was essentially flat during the two years before the Administration came into office. By 1981, the U.S. was poised for a serious recession, and the unemployment rate, which had never permanently decreased after the 1974-1975 recession, was set to rise again, and sharply.

Reagan accomplishments.

- o Once the whole of President Reagan's Economic Recovery Program was in place and the final installment of the 25% personal income tax rate cut had taken effect, the economy began to recover.
- o The economy is now growing steadily -- but without reigniting inflation. The economy grew 6% in 1983 and entered 1984 with considerable momentum.
- o Most economic indicators are now headed upward. For example, factory hours have risen to 40.5, and housing starts have risen to an annual rate of 1.7 million units.
- o As a result of this economic growth, millions of new jobs are being created. Since December 1982, four million Americans have found jobs, and the civilian unemployment rate has fallen by 2.5 percentage points to 8.2%, the sharpest one-year decline in unemployment in more than 30 years.
- o In December 1983, in fact, civilian employment reached a record high of 102.9 million. Unemployment is still far too high, but the nation is well on the way to reaching the President's goal of 6 million new jobs by the end of 1984, and 18 million by the end of 1989.
- o With the index of leading economic indicators rising for 14 of the past 15 months, the economy will continue to grow, but only if the President's policies of low tax rates, controlled federal spending, and stable monetary growth are maintained.

JOB TRAINING AND UNEMPLOYMENT

Background.

- o The Comprehensive Employment and Training Act (CETA) was clearly a failure by the time President Reagan came into office. Although CETA spending had risen to \$10.8 billion by 1978, it was doing little to provide real training to unskilled Americans. Since only 18% of the CETA funding was devoted to actual training, most of the CETA jobs were merely "make work" jobs that offered no real hope for the future.

Reagan Accomplishments.

- o Last year, Congress overhauled CETA according to reforms proposed by President Reagan, replacing it with a new public/private partnership composed of business, labor and community groups that will work with government to tailor training programs to local needs. Since October 1, 1983, the Job Training Partnership Act (JTPA) has been providing real job training.
- o JTPA will train at least one million people each year for jobs in the private sector. The \$3.5 billion program is targeted at those who face the toughest employment barriers -- disadvantaged young people, AFDC recipients and dislocated workers.
- o JTPA will provide real training for real jobs. No public service jobs will be funded under JTPA. (Almost half of the billions spent on CETA went for temporary make-work government jobs.)
- o Under JTPA, 70 cents of every training dollar will be spent on actual training, as opposed to the 18 cents under CETA.

ENERGY

Background.

- o During the 1970s, energy shortages periodically threatened America's economic health and independence. Energy prices soared; regular gasoline, for example, jumped from 35 cents per gallon in 1970 to \$1.19 per gallon in 1980. At the same time, domestic energy production was falling -- U.S. oil production decreased by 7% from 1973 to 1980 -- making the U.S. even more vulnerable to energy blackmail. These problems were due largely to a series of federal regulations and price controls that had held down production while encouraging the imports of foreign oil, thus gravely compounding the effect of disturbances in the world oil market.

Reagan accomplishments.

- o On January 27, 1981, President Reagan ordered immediate decontrol of petroleum prices as one of his first official acts, thereby setting the stage for the end of the energy crisis.
- o Subsequently, the price of gasoline fell by 10 cents per gallon in 1982 and fell another 5 cents by March 1983 -- the first annual drop in ten years and the largest oil price decline ever. Heating oil prices also fell, from \$1.20 per gallon in 1981 to \$1.18 in 1982.
- o Even with the additional nickel-a-gallon tax that went into effect April 1, 1983, average gas prices are below what they were before decontrol.
- o Oil exploration increased dramatically. In 1981, for the first time in a decade, more oil was found than was produced.
- o In the first three quarters of 1983, America's net dependence on foreign oil fell to about 28%, down from 47% as recently as 1977.
- o America has continued to save energy. The United States' efficiency of energy use, expressed in terms of Gross National Product per unit of energy, increased by 4% in 1982.

SOCIAL SECURITY

Background.

- o The Social Security system was dangerously close to insolvency when President Reagan came into office. For more than forty years, Congress had added benefit programs to the Social Security system without regard for the available revenues, leaving millions of elderly Americans concerned whether they would continue to receive their Social Security checks.

Reagan accomplishments.

- o On December 19, 1981, President Reagan created the bi-partisan National Commission on Social Security Reform to examine the Social Security system and make recommendations for putting it back on a sound financial footing.
- o The Commission arrived at a compromise acceptable to the President and Congressional leaders, and on April 20, 1983, the President signed into law the legislation to implement the Commission's recommendations.
- o The enacted legislation will correct the Social Security trust funds' estimated shortfalls, both in the short- and long-term.
 - In the short-term, it will reduce the shortfall by an estimated \$166 billion through 1989 -- enough to make up the funding gap the Social Security Commission had foreseen through 1990.
 - In the long-term, it eliminates the 75-year shortfall anticipated by Social Security actuaries.
- o The legislation also removed certain gender-based distinctions affecting widows, widowers, divorced spouses and survivors.
- o Perhaps most important to the elderly has been the dramatic reduction in inflation under President Reagan. A fixed annuity income of \$7,500 is now worth \$625 more in purchasing power than it would have been if inflation had continued at the 1979-1980 level.
- o Since President Reagan took office, Social Security benefits for the average retired couple have risen \$170 per month.

DEFENSE

Background.

- o During the 1970s, America's conventional and strategic defenses were allowed to deteriorate to the point where U.S. national security was in jeopardy. Defense spending, which had comprised more than 45% of the federal budget in the early 1960s, fell to only 24% of the budget by 1980. At the same time, Soviet spending increased; today the Soviet Union spends 14% of its GNP on defense compared to 6.8% for the U.S. America's Strategic Triad of land-based missiles, submarine-launched missiles, and bombers was aging and in need of modernization when President Reagan came into office. The military's conventional forces were also deteriorating; even spare parts were in short supply. And because military pay had not kept pace with inflation, experienced personnel were leaving at an alarming rate and the services were not attracting the high-quality recruits they needed.

Reagan accomplishments.

- o President Reagan reversed this dangerous situation. Defense spending will rise to 7.7% of the GNP by 1988, not as high as the early 1960s, but sufficient to meet the nation's defense needs.
- o The President's policies have restored the credibility of U.S. deterrence.
- o The President established readiness as a top military priority. The Defense Department increased its spending on spare parts, munitions procurement, and operations and maintenance. He also made these additional improvements in conventional forces:
 - Under the President's budget, the Navy will build 121 new ships, thereby establishing a 600 ship navy.
 - The number of procured tactical aircraft will increase 37% from 1982 to 1984.
 - New land force systems will include the M-1 Abrams tank, the Bradley Fighting Vehicle, and the Sergeant York air defense gun.
- o The President has modernized the Strategic Triad:
 - To strengthen deterrence, the President has called for a limited deployment of MX Peacekeeper missiles in Minuteman silos. In addition, the Air Force is now developing a smaller and more survivable ICBM that will further enhance stability and strengthen deterrence against Soviet attack.

- Trident submarine construction will continue, and a more accurate sea-launched ballistic missile -- known as Trident II -- will be developed and deployed on Trident submarines, starting in 1989.

- One hundred B-1 bombers will be operational by 1988, to replace 20-year-old B-52s, which are nearly obsolete. Research and development is continuing on the advanced-technology "Stealth" aircraft, which will be able to penetrate even sophisticated air defenses.

- o The President increased military pay by 14.3% in FY 1982, helping all four services to meet their recruitment objectives by signing on 338,000 recruits. Today, better qualified people are joining and staying in the service; for instance, more new recruits are high school graduates than ever before. And so far this year, 68% of those the services hoped to retain had re-enlisted, compared to only 55% in 1980.

- o The Administration is cracking down on all waste in the government, including waste in the military. In April 1983, the President appointed the first Department of Defense Inspector General. Among the abuses uncovered by the Administration were well-publicized overpayments for certain spare parts.

RETARGETING OF INCOME ASSISTANCE

Background.

- o When President Reagan came into office, the government distributed aid to many families that were not truly needy. Of the \$47 billion spent on means-tested programs in 1981, fully \$20 billion, or 42%, had gone to families whose total incomes, including in-kind benefits, were at or above 150% of the poverty line -- about \$14,000 in 1981. Largely as a result of this trend, spending on poverty programs had skyrocketed. Spending on food stamps, for example, jumped from \$5.4 billion in 1977 to more than \$11 billion in 1981.

Reagan accomplishments.

- o In 1981, Congress enacted reforms proposed by President Reagan that slowed the growth of welfare spending by retargeting aid to the truly needy. These reforms saved about \$2 billion in federal and state outlays.
- o These reforms were fair. They ensured that the neediest recipients would receive the aid, by considering all income and resources available to a family, such as the income of step-parents living in the home of the family.
- o The reforms have protected the truly needy. Combined federal and state spending on AFDC increased \$600 million from 1980 to 1982, as assistance was redirected to the poorest families. And the percentage of families below the poverty level receiving food stamps and school lunch assistance actually increased, from 41% to 43%, and from 63% to 66%, respectively.
- o These reforms are helping families break their dependency on welfare. Families with some earnings were nearly twice as able to leave the AFDC rolls in 1982 as in 1981.

HUNGER

Background.

- o No complete data exist on the extent of the hunger in America. Yet, news reports indicated that a hunger problem of some dimension may persist. This should not be, given the wide varieties of assistance available to low-income Americans. Food stamp aid and free school lunches, for instance, are available to all families with incomes below 130% of the poverty level. But if something is wrong, it must be corrected.

Reagan accomplishments.

- o On August 2, 1983, the President created a federal Task Force on Food Assistance to examine this problem. He instructed the Task Force to determine the extent of hunger in America, find out why people are going hungry, and recommend solutions to ensure that the poor receive the aid guaranteed to them by federal law. The Task Force reported to the President on January 10, 1984 and he is now reviewing their recommendations. Among the Task Force's specific findings were that:
 - Starvation and malnourishment are not wide-spread. The infant mortality rate, for example, has fallen 10% since 1980 and recent medical data indicate continued success in reducing the incidence of anemia, short stature, and other key malnutrition indicators for children and pregnant women.
 - Overly stringent and burdensome federal rules often prevented state, local and private agencies from serving all the needy. To rectify this problem, the Task Force recommended that states be permitted to combine current food aid programs into an autonomous food assistance grant, to be established, at the same budget level and indexed to changes in food costs and unemployment, to increase the ability of food aid programs to reach all those who may be hungry.
 - The "home address" requirement in 19 states prevented some homeless Americans from receiving needed food stamps. They recommended eliminating this requirement.
 - The "9-to-5" of most food stamp offices prevented some of the working poor from applying for aid. They recommended that such offices be open at night and on the weekends.

- Food stamps are little use to some elderly and disabled who are unable to prepare meals in their own home. They recommend "cashing out" food aid for these persons, or allowing them to use the stamps to purchase already prepared (e.g., cafeteria) meals, so they could be sure of obtaining needed food.
- Overly stringent asset limitations (enacted under the Carter Administration) prevented some newly poor persons from receiving aid. They recommended increases in the value of allowable assets.
- The 1% decline in food stamp benefits, put into law at Congress' initiative in 1981, could be an unnecessary burden on the poor. They recommended raising benefit levels back to the full 100% of the Thrifty Food Plan budget.
- o In the meantime, food stamps remain widely available to the poor. In fact, an average of 21.6 million people received them monthly during 1983, more than when President Reagan took office. And 300,000 more poor children are now receiving free school lunches than during the last two years of the Carter Administration.
- o Further, in December 1981, President Reagan authorized the free distribution of surplus dairy products to the needy. In FY 1982, the government distributed 115 million pounds of cheese and 6.5 million pounds of butter to needy families. An estimated ten million people have received more than \$1 billion in cheese, butter and dry milk since the program began.

REDUCING FRAUD, WASTE AND ABUSE

Background.

- o Before President Reagan assumed office, billions of dollars were being lost to fraud, waste, and inefficiency [one late 1970s estimate was \$25 billion for fraud and abuse alone] -- and an unknown amount to waste and inefficiency -- largely because of lax enforcement procedures and antiquated management systems. Moreover, even though the size of the government had grown dramatically during the 1960s and 1970s, no Administration had attempted to coordinate all the financial systems of the various agencies. For example, there were more than 332 separate agency accounting systems that were basically incompatible and not "on-line" with the Treasury Department or the Office of Management and Budget.

Reagan accomplishments.

- o In March 1981, the President created the President's Council on Integrity and Efficiency, composed of all the departmental Inspectors General and chaired by the Deputy Director of OMB, to implement a coordinated government-wide effort to reduce fraud, waste, and abuse.
- o With the strong backing of the President, the Inspectors General have already saved or put to better use \$31 billion of the taxpayers' money. They have also brought hundreds of offenders to justice. During the second six months of FY 1983 alone, processed almost 13,000 allegations of fraud, waste, and mismanagement, referred 6,689 cases for legal action, were successful in 1,599 individual criminal or civil action, and obtained 562 suspensions and debarments of grantees and contractors.
- o Using state-of-the-art technology, such as computer matching and pre-screening, will help to detect fraud and abuse and to prevent its future occurrence by ensuring eligibility.
- o The President also created Reform '88, a six-year effort to reduce and reorganize the processes that control the money, information, personnel, and property of the federal government by increasing its efficiency. Among the major aspects of Reform '88 are:
 - Better cash management to ensure that checks are promptly deposited and that bills are paid on time. This could save the government \$3 billion over the next three years.

- Better debt collection to make sure that government-backed loans are repaid. Indeed, of \$289 billion owed to the government, \$44 billion is delinquent. Because of tougher collection efforts, the government collected \$2.7 billion more in 1983 than it otherwise would have.

- Using less administrative resources to manage the government. This includes eliminating unnecessary travel by federal employees, reducing non-Defense employment by 75,000 FTE by the end of FY 1984, and streamlining federal payroll/personnel systems.

- * For example, since 1981, almost one-fifth of all government publications have been discontinued or consolidated, resulting in more than 150 million fewer copies and 20% fewer titles.

CRIME

Background.

- o For decades, the growth of violent crime has been an increasingly serious problem in the U.S. Lax enforcement of existing laws, court decisions that unnecessarily tied the hands of the police, and the persistence of the liberal myth that criminals are somehow not to blame for their crimes have all contributed to a climate in which crime apparently did "pay." In 1980, in fact, reported violent crimes were 60% greater than in 1971. Put another way, there was a murder every 23 seconds, a rape every six minutes, a robbery every 58 seconds, and a burglary every 8 seconds. A sizable number of Americans therefore live in constant fear of crime, virtual prisoners in their own homes.

Reagan accomplishments.

- o At least partially as a result of the President's emphasis on getting tougher with criminals, the rate of serious crimes fell 4% in 1982 and 5% during the first six months of 1983, after rising more than 21% since 1977.
- o To make sure this decline continues, the President proposed the Comprehensive Crime Control Act, a 42-point omnibus bill that would significantly reform the federal criminal code. The Act would, among other things:
 - Make it easier for judges to impose high bail on defendants who might commit another dangerous crime if they were freed.
 - Create a determinate sentencing procedure so that criminals would be required to serve the sentences given them.
 - Revise the exclusionary rule to permit the introduction into court of evidence obtained by police acting in good faith compliance with the law.
 - Reform the insanity defense so that it would apply only to those with mental diseases so severe they did not know what they were doing when they committed their crime.
 - Make it more difficult for defendants to stall cases by duplicative adjudication of issues already decided.

- o To combat the particular problem of increased smuggling of illegal drugs, the President created twelve inter-agency task forces. As a result of this effort, the federal government seized nearly 12,500 pounds of cocaine in 1982 -- almost three times the amount captured in 1981. Seizures of other drugs have also increased dramatically.

EDUCATION

Background.

- o By the time President Reagan came into office, the nation had endured two decades of decline in education. College board math and verbal scores had fallen by about 50 and 40 points, respectively, since 1963; 13% of American 17-year-olds could be considered functional illiterates; and most high school seniors were doing less than an hour of homework every night. These failings, in addition to the generally declining math and science capabilities of American students, threatened these students' future as well as the United States' position as the most technologically competitive nation in the world.

Reagan accomplishments.

- o On August 26, 1981, the Secretary of Education appointed a National Commission on Excellence in Education to examine the nation's education problems. The Commission's report, issued in April 1983, stressed the need for renewed excellence in the schools through stronger discipline, more homework, more basic course requirements, and performance-based teachers' pay.
- o Using the Commission's report as a call to action, the President has rallied the nation behind a commitment to renewed excellence in education. Already, many communities are responding by lengthening the school year, increasing graduation requirements, insisting on student disciplinary codes, and increasing homework assignments.
- o The Administration has developed four programs to improve the teaching abilities of math and science teachers. For example, a proposed \$50 million per year block grant program in the Department of Education will help train some 10,000 new teachers each year, either by imparting teaching skills to math and science experts who lack teaching experience or by making existing teachers in other subjects proficient in math and science.
- o The President has maintained the federal commitment to education in those areas beyond the financial means of the state and local governments, such as education of the handicapped and disadvantaged. The President's budget for FY 1984 proposed \$4.1 billion for these students.

- o The President's block grant approach to funding education has increased the flexibility of school administrators in spending federal funds for specific local needs. Also, his success in reducing federal paperwork has given administrators more time to devote to school business. For example, school officials now spend 11.7 million fewer hours each year filling out unnecessary forms for the National School Lunch Program.
- o The President has also proposed legislation to provide tuition tax credits to the parents of students who send their children to private schools. This credit, up to \$300 for each child of parents earning less than \$40,000, would provide educational opportunities for lower- and middle-income parents, many of whom are now effectively denied a choice in education.
- o To promote educational choice among disadvantaged students, the President has proposed a system of educational vouchers that parents could use to send their children to local public schools, neighboring schools, or private schools.

LEGAL AND ECONOMIC EQUITY FOR WOMEN

Background.

- o When President Reagan assumed office, women faced a number of barriers to achieving equal opportunity. Some provisions of federal law, including the federal tax code, contained provisions that discriminated against women. In addition, millions of custodial parents were not receiving the child support payments due them. And the stagnant economy of the 1970s had resulted in high inflation and rising unemployment that were especially burdensome to women.

Reagan accomplishments.

- o The President's Economic Recovery Program contained many tax changes that benefited women.
 - The President's reforms greatly reduced the marriage penalty, saving, for example, two-earner couples in which each person earns \$15,000 annually about \$300 per year.
 - The 1981 tax law raised tax credits for child care from \$400 for one child to a maximum of \$720.
 - The President's reforms also liberalized rules governing Individual Retirement Accounts (IRAs) to allow larger contributions by women who work outside the home and also for homemakers with no earned income.
- o The President has recently proposed four further initiatives to increase tax equity for women: proposals to increase the spousal IRA limit; permit taxable alimony to be treated as compensation for computing contribution limits for IRAs; permit nonprofit dependent care organizations to be treated as tax-exempt organizations; and restructure the dependent care tax credit to provide greater help to single heads of households and low- and middle-income families.
- o The President appointed a Task Force on Legal Equity to implement changes in federal laws and regulations that were necessary to eliminate gender-discriminatory language. The Justice Department submitted its Third Quarterly Report in July 1983, listing 140 laws that contained gender-specific language. At a meeting of the Cabinet Council on Legal Affairs on September 8, 1983, the President endorsed 122 of the 140 possible changes.

-- He opposed changes only where they would hurt women, such as those that would eliminate affirmative action provisions in foreign aid or force women to serve in combat. As a result of this action, all known sex discriminations in the federal code have been identified and, once Congress acts, will have been eliminated.

- o The Administration continues to work with the state Governors and legislators to help them identify and correct discriminatory state laws and regulations.
- o The Administration has pursued tougher enforcement policies for child support, including a tax refund attachment law for fathers who have abandoned welfare families. This reform allowed the collection of an additional \$170 million in child support in 1982.
- o The President has appointed three women to his Cabinet, the largest number of women to serve simultaneously in a President's Cabinet at any time in U.S. history. In addition, he appointed Sandra Day O'Connor to be the first woman to serve on the U.S. Supreme Court.
- o Perhaps most important, the President's economic policies have substantially eased the burden of rising inflation. And because of the economic recovery, the unemployment rate for adult women has dropped to 7.1% -- nearly a point and a half lower than the nation's average unemployment rate.

ARMS CONTROL

Background.

- o During the 1970s, the United States unilaterally restrained the modernization and deployment of its nuclear forces and, in fact, reduced the size of its arsenal. The Soviet Union, on the other hand, pursued a relentless build-up far beyond any rational definition of defensive needs. This one-sided arms race threatened the strategic nuclear balance between the two countries.
- o By the end of the 1970s, the Soviet Union had surpassed the United States in most of the important indicators used to measure strategic nuclear systems -- total number of systems, total number of ballistic missiles, and total destructive potential. Furthermore, the Soviet Union introduced a new class of intermediate range nuclear (INF) missiles in Europe, thus gaining a nuclear INF missile monopoly in that theatre.
- o During the 1970s, arms control agreements negotiated with the Soviet Union (SALT I and SALT II) served only to establish a ceiling on future nuclear arsenals at ever-higher levels and destructive potential.

Reagan accomplishments.

- o The President established a set of principles for all arms control agreements that would significantly reduce the number and the destructive power of nuclear forces. Rather than merely limiting increases, the President's focus is to seek deep cuts in nuclear arsenals.
- o Pursuing this objective, the President has presented the most comprehensive and meaningful, arms reduction program ever offered by any government.
- o In 1982, the President initiated the Strategic Arms Reductions Talks (START), the purpose of which is to produce mutual, verifiable reductions in the size of intercontinental nuclear forces maintained by the U.S. and the U.S.S.R. Throughout these negotiations, the President has consulted closely with the Congress. Indeed, the U.S. negotiating position represents a truly national bipartisan consensus.

- o In the negotiations on Intermediate Range Nuclear Forces (INF), the President has proposed that the Soviet Union join with the United States in banishing from the world an entire class of nuclear weapons (the "zero option.") When the Soviet Union refused to consider this offer, the President gave U.S. negotiators new flexibility to explore equitable interim solutions. NATO unity and support for the President's approach to European security remains strong.
- o At the same time, the President opposes a nuclear freeze at existing levels. He believes this would lock the U.S. and NATO into a position of military disadvantage and vulnerability. It would make significant arms reductions more -- not less -- difficult to achieve by removing Soviet incentive to negotiate any real reductions. A nuclear freeze would be also virtually impossible to verify.
- o The President's negotiators have put on the table in the 40-nation Committee on Disarmament in Geneva a basic set of detailed views that can assist the Committee in developing an agreement to ban all chemical weapons. And the U.S. has proposed new and more effective measures to assure mutual confidence and reduce the risks of accidental war.
- o Together with our Allies, the President has proposed a fresh approach to the Mutual and Balanced Force Reductions (MBFR) talks in Vienna which deal with conventional forces in Central Europe.
- o On January 16, 1984. President Reagan reiterated his desire to resume arms reduction talks, and told the Soviets he would "meet them halfway" in restoring discussions.

RELATIONS WITH THE SOVIET UNION

Background.

- o President Reagan has restored the credibility of our military deterrent and thereby increased stability.
- o Although profound and obvious differences exist in values and political systems, we do have common interests such as the avoidance of war and the reduction of existing levels of arms and of tensions generally.
- o The need to preserve and strengthen the peace is the heart of U.S. deterrence policy. The U.S. will defend its interests, but it does not seek to threaten the Soviet Union.

Reagan accomplishments.

- o The President has outlined the framework necessary for stability in U.S. relations with the Soviet Union.
 - Develop ways to eliminate the use and threat of force in the resolution of international disputes.
 - Significantly reduce the vast arms stockpiles in the world, particularly nuclear weapons.
 - Establishment of a better working relationship with the Soviet Union characterized by greater cooperation and understanding based on mutual restraint and respect.
 - The President will be guided in his efforts to these needs by realism, strength, and willingness to engage in serious and practical dialogue.
 - The President's commitment to dialogue is firm, but he is determined that we achieve substance and not merely atmospherics. In particular, he has a strong desire to move forward on the full range of arms control issues, noting U.S. interest not only in reducing force levels through START, INF and MBFR, but also in diminishing the risk of conflict through the CDE Conference.
 - The President has stressed the importance of human rights, noting that Soviet practices in this area, as much as any other issue, have created the mistrust and ill will that hang over the U.S./Soviet relationship.

-- The President seeks Soviet cooperation in efforts to reduce regional tension and terrorism, particularly in the Middle East.

STRENGTHENED ALLIED RELATIONSHIPS

Background.

- o President Reagan has worked hard at strengthening Allied relationships across the spectrum of our common interests. His personal diplomatic efforts at the Williamsburg Summit and his historic East Asian visit resulted in greater cohesion in our economic and security relationships worldwide.

Reagan accomplishments.

- o Cohesion within the NATO Alliance has been demonstrated in the pursuit of both tracks of the 1979 NATO decision for arms control, in parallel with deployment of missiles to assure a stable balance.
- o In searching for arms control, the President has consulted frequently with our Allies in an effort to engage the Soviet Union in good faith negotiations.
- o Catalyzed by U.S. concern over the Siberian pipeline, a work program was initiated last year in several areas involving East-West trade to achieve Allied agreement on the security implications of East-West trade. These involved Allied agreement to terminate preferred terms for credit to the U.S.S.R.; Allied agreement to restrict the flow of militarily relevant technology; to limit dependency on Soviet energy, and substantially upgrade NATO's attention to the security dimensions of East-West economic relations.
- o The President's historic trip to Asia made clear that the U.S. understands, recognizes, and is looking forward to a substantial expansion of relations with the Pacific Basin countries.
- o The agenda the President established with Japan will be addressed concretely in the coming months and promises a more stable trading relationship with and economic relationship generally between the U.S. and Japan.
- o President Reagan has placed an enhanced emphasis on the dynamic ASEAN states of Southeast Asia to further build upon their economic development through trade and investment.
- o Allied cooperation in the MNF in Lebanon was again evidence that these countries can cooperate beyond the boundaries of Europe.

STRENGTHENED U.S. EFFORTS TOWARD PEACEMAKING

Background.

- o In the last year, the U.S. has been heavily involved in a peacekeeping role in many parts of the world.

Reagan accomplishments.

- o In Namibia, the Contact Group, of which we are part, is devoted to a peaceful solution of Namibian independence, working within the context of a secure environment with the neighboring states for the security of the area. While a final solution has not yet been attained, considerable progress has been achieved, and negotiations to resolve this problem continue. The President is committed to our continuing efforts to resolve this problem and work towards greater peace in the area.
- o In Lebanon, we have sought to help the government there in its efforts to achieve national reconciliation with the political opposition in Lebanon itself, as well as in securing the withdrawal of all foreign forces.
 - In the past year, an agreement has been reached between Lebanon and Israel, which provides for the withdrawal of Israel. There is a great deal yet to be done. However, a substantial record of progress has been made in the past year.
 - The PLO, in substantial numbers, has left Lebanon.
 - A government in Lebanon has made a firm commitment, expressed in Geneva, to reconciliation with the opposition and to bringing the Lebanon of 1984 into a political frame work that acknowledges the demographic changes which has occurred in the last 40 years there, and a confessional balance on which each minority can get its due, politically, economically, and otherwise.
 - Lebanon has begun to build an army which holds the promise of being able to secure the countryside and provide for stability in Lebanon, an important goal, both for Syria and Israel: that is, a secure Lebanon between them.
- o In Central America, the President has given strong backing to the efforts of the Contadora Group to achieve a peaceful resolution of the conflicts that divide the region. In addition, the President's personal envoy to the region, Ambassador Richard Stone, has been extremely active in encouraging dialogue among and within nations of the region.

INTERNATIONAL ECONOMIC AFFAIRS

Background.

- o President Reagan's historic and masterful leadership of the Williamsburg economic summit during the spring of 1983 marked the beginning of world economic recovery based on principles of the free market. In addition, concrete gains were made in developing a more coherent framework for East-West economic relations.

Reagan accomplishments.

- o Heads of State of the seven major democracies at the Williamsburg Summit agreed to a common approach to fight inflation, resist protectionism, and to assist struggling developing nations.
- o Later in the year, the President carried the spirit of Williamsburg to East Asia in promoting better economic ties with Japan and South Korea.
- o At the President's initiative, the U.S. and its key Allies succeeded in achieving a consensus on East-West economic relations.
- o In the area of international energy, the U.S. successfully urged the Allies to avoid further reliance on Soviet energy and took new steps to promote greater export of U.S. energy, particularly to Japan, which will mean more jobs for Americans and greater security abroad.
- o Faced with continued liquidity problems of many developing nations, the Administration pursued a strategy that combined the efforts of international organizations, commercial banks, and government in structuring adequate funding packages for major debtor countries that are intended to permit them to emerge from difficult economic adjustment periods.

EFFORTS TO ASSIST DEVELOPING COUNTRIES

Background.

- o The President is firmly committed to doing everything he can to assist developing nations in achieving economic development.

Reagan accomplishments.

- o An example of the President's goal to establish a new basis for relations with developing countries that is best expressed by the Caribbean Basin Initiative which, thanks to Congress, was enacted last year. It mixes components of trade, aid, and investment in an effort to foster stable growth in developing countries in the Caribbean.
- o Last week, the National Bipartisan Commission on Central America issued its report. It is important to note that the 12 members of this Commission, representing virtually the entire political spectrum, were able to develop a consensus on the situation in Central America and to make realistic recommendations for a solution. This effort truly reflects a bipartisan consensus, and the President aims to implement the report in the same fashion.
- o The Commission found that:
 - The root causes of all turmoil in the region are economic and social.
 - Funding levels must be increased.
 - Economic, social, and political reforms must take place, and that these reforms cannot take place in a climate of violence.
- o Like the Commission, the President believes that improvements in human rights have to occur. He believes that by working with Congress, a means can be found that requires performance without providing incentives for violence.
- o The President led an effort to raise the resources of the IMF by \$8.4 billion as part of an overall approach of working with international organizations, commercial banks, and governments to structure adequate funding packages, so that troubled debtor countries can successfully implement comprehensive economic adjustment measures.

DEVELOPMENT OF DEMOCRATIC INSTITUTIONS

Background.

- o A principal goal of this Administration has been to nurture the conditions for the growth of democracy, and to forthrightly defend those fledgling and aspiring democracies whose existence is threatened daily.

Reagan accomplishments.

- o The President is pursuing this goal because he believes that:
 - Democratic governments are the best guarantors of human rights and the fundamental freedom of man;
 - Real economic growth and the alleviation of misery can best be achieved when conditions of freedom exist;
 - The existence of democracy is the surest guarantee of a peaceful world order; since democracies, as Tocqueville understood, preoccupy themselves with securing a better life for citizens rather than in the pursuit of external conquest.
- o We are witnessing progress too -- as seen most recently in Argentina and Turkey.
- o Certainly, most of the credit for the progress we see belongs to the affected countries themselves. But it is also legitimate to note that the President has contributed to this process:
 - By providing encouragement rather than admonitions which only serve to embitter those whose views we seek to change.
 - By emphasizing institution building, e.g., the Conference of Free Elections, backing multiparty systems in such places as Senegal and Botswana;
 - By our willingness to provide security and positive material incentives for those willing to take the difficult first steps toward more democratic rule.

AGRICULTURE

Background.

- o The government's past taxing and spending policies, coupled with double-digit inflation, had put an especially heavy burden on farmers in the 1970s. During 1979 and 1980, for example, farm production costs rose almost 30 percent. The grain embargo hurt American farmers even more, but hardly affected the Soviets, who were able to purchase grain from other sources.

Reagan accomplishments.

- o As overall inflation has declined, so has inflation on the farm. In 1982, farm costs rose only two percent and in the twelve months ending in November 1983, again rose only two percent.
- o On April 24, 1981, President Reagan ended the grain embargo which had become an economic disaster for American farmers.
- o On October 1, 1983, Secretary of Agriculture John Block signed a new five-year grain agreement with the Soviet Union, resulting in an increase in guaranteed Soviet purchases of wheat and corn. The new agreement raises minimum annual Soviet purchases from six to nine million tons, helping farmers recover their share of the market.
- o The Administration established the Payment-In-Kind (PIK) program in January 1983. This program provided farmers with surplus commodities, in the sum of 80-95% of their normal production, instead of cash, in return for their reducing production. This action is curbing farm overproduction and stabilizing prices without adding to federal budget expenditures.
- o President Reagan's tax program has also helped farmers. The virtual elimination of the estate tax has been of particular help, making it possible to keep the family farm in the family after the family head's death.

HEALTH CARE

Background.

- o From 1966, when the federal government first became involved in a major way in funding health care, to 1981, general prices rose 80%, but medical prices rose 522%, or six-and-one-half times the rate of inflation. The cost of the average stay in the hospital, for example, jumped from \$316 in 1965 to \$2,168 in 1981. Federal spending on health care had also burgeoned. In fact, over the past ten years, Medicaid and Medicare have been the fastest growing part of the federal budget, rising 600% to \$64 billion. Rising prices have become a real threat to the health and financial security of the American people, especially those patients unfortunate enough to suffer a "catastrophic" illness.

Reagan accomplishments.

- o The President has proposed major reforms in the Medicare program that will help slow rising medical prices, not only for Medicare patients but for all patients. This year the current inflationary hospital reimbursement system was replaced with fixed prospective payments. Under this innovation, rates are set for each diagnosis, and hospitals with costs lower than the established rates can keep the difference. This will provide a major incentive for hospitals to keep their costs down while still providing high quality service.
- o At the same time, the President has protected aid to the needy. His FY 1984 budget calls for the government to provide health care to 49 million elderly, poor, and disabled citizens through Medicare and Medicaid -- 3 million more than in 1980.