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Date: 3/1/99

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	William Brock, Malcolm Baldridge to the President re US trade policy toward Japan and your meeting with PM Nakasone, 1/2/85 (p. 4, partial; p. 5, all) 5 p.	12/20/84	~~P5~~ LD 10/5/00

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]
P-1 National security classified information [(a)(1) of the PRA].
P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
P-3 Release would violate a Federal statute [(a)(3) of the PRA].
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
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THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON
20506

December 20, 1984

MEMORANDUM TO THE PRESIDENT

FROM: WILLIAM E. BROCK
MALCOLM BALDRIGE

SUBJECT: U.S. TRADE POLICY TOWARD JAPAN AND YOUR MEETING WITH PRIME MINISTER NAKASONE, JANUARY 2, 1985

I. THE POLICY ISSUES: WHY TRADE? WHY JAPAN?

Reasons of compelling national interest and international economic stability require that the Administration focus on trade and on Japan. We are running a trade deficit with the world that is of unprecedented size. In 1984, we will import at least $120 billion more than we export. It will be worse in 1985. The consequence of our fiscal and trade deficits, which are in part related, is lower growth at home and the rapid increase of U.S. manufacturers doing their production abroad (i.e., a loss of U.S. jobs). This gives to the question of our relations with our trading partners a significance that overshadows any other international economic issue.

On a bilateral basis, Japan is the largest single contributor to our global deficit. Our trade deficit with Japan has grown to staggering size. In 1984 it will reach $34.7 billion, nearly equalling our total world deficit just two years ago, and it is expected to hit $45 billion or more in 1985. We are also running large deficits with many nations. Those with the European Community, Canada, Latin America, and the less developed countries are growing more rapidly than that with Japan. Moreover, we recognize that for structural reasons Japan will inevitably run a trade surplus with us. Then why focus on Japan?

<u>The reason is that Japan is the key problem in world trade</u>. That problem affects not only our trade relations with Japan, but those of nearly all her trading partners. Faster U.S. economic growth and the strong dollar may account for part of the increase in the U.S. trade deficit with Japan, but they do not explain why Japan's imports from nearly all her trading partners other than the oil exporting countries are so low. The size and momentum of Japan's surging trade surplus with the world are such that an analysis by the Industrial Bank of Japan (IBJ) states that by 1990 Japan may well accumulate a current account surplus of

$450 billion or more. Such a surplus would rival the OPEC dollar drain of the 1970s and would create a serious recessionary drag on the world economy.

Thus, the problem is not just U.S.-Japan. The key issue is the fact that Japan's world-wide imports of manufactured goods are so low. Resentment of this fact is poisoning the well of world trade. (Attachment A to this memorandum provides statistics comparing Japan's imports of manufactures and import penetration rates to those of the other industrialized nations.)

Japan can resolve its trade problem and frictions with us and its other partners if competitive manufactured imports have a real place in the Japanese market. Your meeting with Prime Minister Nakasone provides a critical opportunity to secure his commitment to bring this about.

Japan does not provide much participation in its market to any country-- Europe, Korea, Taiwan, or any other exporter of manufactured goods-- regardless of exchange rates, comparative advantages, etc. Indeed, the United States takes 58 percent of all the manufactured exports of the LDC's to the industrialized nations, while Japan with an economy about half the size takes only 8 percent.

In short, despite their claims of open markets, Japan's economy does not respond to international market forces as it should under free trade circumstances. This has given rise to unequal sharing of the burden of world adjustment and to increasing feelings of unfairness and even exploitation on the part of industries and countries all over the world.

This in turn is threatening to undermine not only our bilateral relationship, but indeed the whole world trading system. It is this that compels us to review our basic objectives and tactics with regard to Japan.

II. REVIEW OF THE PAST FOUR YEARS

A. Objectives

During the first term of the Administration, we placed major emphasis in our trade policy toward Japan on the objective of attaining access in the Japanese market for U.S. goods, services, and investment similar to that enjoyed by Japan in the U.S. market. We did pursue certain other objectives as well (see Attachment B for the objectives adopted by the TPC in February 1983), but by far our greatest emphasis was on the objective of increasing market access. In contrast, with the exception of the NTT Agreement and the High Tech Work Group's Recommendations, we devoted little effort directly toward the objective of securing Japanese action to expand their actual imports of competitive U.S. manufactured products. Our logic was that the removal of significant Japanese barriers should lead to a substantial increase in our exports of competitive U.S. goods to Japan. In so many words, we concentrated on getting the rules changed rather than seeking specific sales of specific products.

Thus we engaged in intensive negotiations with the Japanese over the past four years. Those negotiating efforts focused on barriers to access: removal of either generic types of barriers common to a number of products (e.g., standards and certification procedures) or barriers to specific products, services, or investments (e.g., quotas on agricultural and leather goods, tariffs on a long list of products, "Buy Japanese" policies on satellites, restrictions on telecommunications services, trust banking, legal services, and numerous others).

B. Tactics

U.S. tactics during this period were characterized by an almost total reliance on verbal persuasion. We emphasized bilateral meetings as means for raising the market access issues, ranging from Presidential/Prime Ministerial visits, a Vice-Presidential "followup" effort, and frequent exchanges of visits by Cabinet Ministers, to a series of nearly continuous visits by sub-Cabinet and working-level USG officials to Tokyo.

With the exception of consultations on a few issues at the GATT, and a single dispute settlement there (on leather), our approach has been to seek to secure Japanese market opening by attempting verbal persuasion rather than by initiating action, either unilateral or multilateral, against Japan. One tactic that was frequently discussed but not employed by the United States was the application of U.S. trade law to restrict Japanese access to the U.S. market, either to induce Japan to open its market or to retaliate against Japanese policies restricting or distorting trade.

The principal tactic of the Administration then has been "negotiation by persuasion."

C. Results

The major result of our efforts was the issuance by the Japanese Government of five "packages" of measures to diminish some barriers, including tariff reductions, legal changes in standards procedures, the opening up of tobacco and telecommunications monopolies to foreign competition, and others. But while these steps afforded some improvement in access, they produced no significant increase in U.S. sales, or any new orders such as Japan was getting here. First, implementation of the steps announced has in many instances not been carried out, so that no actual market-opening benefit has ensued. Second, major barriers to highly competitive U.S. imports remain in place, without prospect of removal. And third, new policies have been announced that are market-restrictive.

Moreover, this more-or-less annual package approach, while responsible for some progress, has been essentially a sporadic and reactive response by Japan to U.S. pressures, rather than a sustained, self-initiated program of market liberalization. Once a package has been issued to stave off U.S. pressure, a period of inaction has ensued, allowing frustrations to build. The packages may thus have contributed to the cycle of crisis and public acrimony - with the United States in the unwanted but unavoidable role of unsatisfied demandeur - that has plagued the U.S.-Japan trade relationship.

Your personal relationship with Prime Minister Nakasone, while creating the umbrella under which officials pursued issues, also had the unfortunate result of leading Japanese officials to operate from the belief that it sheltered Japan from "excessive" U.S. actions.

To be helpful to Prime Minister Nakasone, who faced Lower House elections in December 1983, Mr. President, you decided not to push hard on trade issues during your November 1983 visit to Japan. You and the Prime Minister agreed that followup mechanisms would be established by both governments to address outstanding trade issues. Unfortunately, much of our effort during the followup had to be devoted to fending off new, potentially very damaging protectionist proposals by the Japanese in high tech areas where we should have great opportunity to compete.

In short, then, the approach we have taken to our trade issues with Japan, which has involved four years of intensive consultations, and the raising of the issues at every level up to and including yourself, Mr. President, has produced some improvement in our access in specific areas, but no notable increase in our sales, or share of the Japanese economy. And, particularly important, there has been no significant increase in our exports of competitive manufactured goods to Japan, nor, indeed, in those of Japan's other trading partners.

In view of this fact, Mr. President, and after reviewing the results of our efforts over the past four years, we have concluded that a new approach is needed in our trade policy toward Japan.

III. THE NEW APPROACH

Two elements of the new approach on which full agreement was reached in the Trade Policy Committee and the Cabinet Council on Commerce and Trade were:

1. The U.S. would engage the Japanese in intensive, high level negotiations with the objective of securing Japan's removal of all market barriers in selected sectors identified as key to U.S. export potential in Japan;

2. U.S. willingness to use leverage in response to Japanese refusal to remove barriers or to implement targeted objectives.

There is generally strong support from most agencies on a third element, but several expressed reservations:

3. Obtaining a commitment by Prime Minister Nakasone to publicly announce as a national goal of Japan to double its imports of manufactured goods from all sources and to implement a program to achieve that goal over two to three years.

The reasons for the change requested are self-evident.

First, we need to provide our negotiators with the means and leverage to overcome Japanese resistance to the removal of specific barriers. Unless the Japanese know that we are prepared to act when barriers are kept in place, they will have little incentive --or need-- to remove them. It was agreed that the exercise of the leverage available to us would be reviewed by the Cabinet on a case-by-case basis, and exercised with great care.

Secondly, while negotiations to remove all remaining Japanese market barriers must go forward with increased intensity and with a commitment of high level resources, it is our experience to date that the removal of barriers will not, in and of itself, produce a substantial actual increase of competitive imports in the Japanese market. Japanese consumers, especially the corporate consumers, conditioned to equating imports with raw materials and exports with finished products, will require a major stimulus to redirect that psychology to accepting imports that displace Japanese products.

That is why the establishment of a national goal of doubling manufactured imports is vital. The setting, and achieving, of national economic goals plays a major role in Japanese society. Every Japanese is deeply proud of Japan's economic miracle, the achievement of the great growth in Japan's GNP which was launched by Prime Minister Ikeda in his announcement of the national goal of "income doubling" in 1960. Today, the sole, but significant, shadow on Japan's economic - and, ultimately, political - well being is her troubled trading relations with this country, and with virtually all of her trading partners. An "import doubling" goal, like the "income doubling" goal, is achievable and appropriate to Japan's national system and psychology.

On a more global basis, Japan, like the U.S., has strongly expressed its desire for a "New Round" of trade negotiations to further liberalize world trade and strengthen the trading system. No step could have more dramatic, and positive, impact on the world trading nations than such an announcement. It could represent our most significant single step in achieving this mutually desirable goal of a New Round.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

January 7, 1985

The Honorable James A. Baker, III
Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

Dear Jim:

In conjunction with our desire to unveil in a suitably productive way the Administration's farm policy proposals, I share with you four recommendations I have recently made to the President.

Your assistance in helping us secure this Presidential involvement will be most appreciated.

Sincerely,

Jack

JOHN R. BLOCK

Enclosure

1/8/85

JAB

Any personal follow-up? Or to Fuller to handle?

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

JAN 4 1984

The President
The White House
Washington, D.C.

Dear Mr. President:

As we enter the New Year I find myself energized and enthused about the challenge to bring revolutionary change in our agriculture policy. We have a unique opportunity to lead in the most significant farm policy debate ever.

With complete dedication and persistence, a successful crusade to write market-oriented agriculture policy is a realistic possibility.

Furthermore, an agriculture where farmers get their income from the market and not the government will assure agriculture's contribution to a balanced budget by eliminating open-ended budget exposure.

Mr. President, your leadership will be essential to the success of this effort. I therefore respectfully make these requests:

1. Invite agricultural leaders to the White House and urge them to support your plan.

2. Do the same to the Congressional leaders interested in Agriculture.

3. Include in your State of the Union Address the necessity of reform of the Agriculture programs to bring prosperity to the industry.

4. Send a major message to the Congress urging the passage of your 1985 farm legislation.

Respectfully,

John R Block

John R. Block

January 4, 1985

MEMORANDUM FOR THE HONORABLE
JAMES A. BAKER III
CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT

FROM: Donald T. Regan DTR

This morning you mentioned to me that the President had inquired as to whether or not the Treasury tax reform proposal was holding up investment decisions and, if so, would that hurt the economy.

While we were talking, our senior tax people here at Treasury were meeting with the Committee for Economic Development (CED). As you know, this organization is made up of representatives from top corporate life in the United States. It involves itself in all sectors of the economy with an eye to attempting to be helpful through conferences, papers, studies, and the like to assist the growth of the American economy. I would like to quote a few paragraphs from the paper they left with us today regarding our tax plan:

> "There was discussion of the effects on current investment decisions as a result of the discussions of the Treasury proposal. Many 'fringe' activities have been delayed or stopped cold. These include particularly those activities utilizing external financing for speculative activities such as real estate development, mergers, and acquisitions in a variety of essentially tax sheltered activities. Life insurance companies note great dropoffs in credit applications from such borrowers.
>
> "The main stream capital investment programs of firms represented in the group have continued with no change despite the publicity on Treasury's proposals. Executives of those firms said their own strategies to preserve or expand market share or profits are sufficiently important so that the potential for some future changes in their tax treatment has no effect in delaying the timing or reducing the size of such capital plans.

> "The Treasury proposal can be expected to have a small stimulative effect on some main stream corporate spending plans that are moving through internal and external approval processes, that if allowed to proceed on regular schedules, would extend beyond the expected cutoff date for grandfathering existing tax treatment under the new Treasury legislation. If, for example, cutoff dates were to occur at the end of 1985, some acceleration can be expected to try to complete the approval for tax purposes before the grandfathering date.
>
> "The net result seems to be that 'main stream' corporate investment in directly productive capital projects is not being materially affected. On the other hand, credit applications for tax shelter and other fringe products are being delayed and halted in many cases."

Based upon this, and other anecdotal evidence that I have received, you can tell the President that I believe very few, if any, real <u>economic</u> decisions are being held up because of our proposal. Obviously, investment decisions which have little or no economic purpose are being held up as investors are wary of getting stuck in such plans--which is what we wanted to do in the first place.

Also, assure the President that if I find anything to the contrary, I will notify him, and you, immediately.

response by Japan to U.S. pressures, rather than a sustained, self-initiated program of market liberalization. Once a package has been issued to stave off U.S. pressure, a period of inaction has ensued, allowing frustrations to build. The packages may thus have contributed to the cycle of crisis and public acrimony - with the United States in the unwanted but unavoidable role of unsatisfied demandeur - that has plagued the U.S.-Japan trade relationship.

Your personal relationship with Prime Minister Nakasone, while creating the umbrella under which officials pursued issues, also had the unfortunate result of leading Japanese officials to operate from the belief that it sheltered Japan from "excessive" U.S. actions.

To be helpful to Prime Minister Nakasone, who faced Lower House elections in December 1983, Mr. President, you decided not to push hard on trade issues during your November 1983 visit to Japan. You and the Prime Minister agreed that followup mechanisms would be established by both governments to address outstanding trade issues. Unfortunately, much of our effort during the followup had to be devoted to fending off new, potentially very damaging protectionist proposals by the Japanese in high tech areas where we should have great opportunity to compete.

In short, then, the approach we have taken to our trade issues with Japan, which has involved four years of intensive consultations, and the raising of the issues at every level up to and including yourself, Mr. President, has produced some improvement in our access in specific areas, but no notable increase in our sales, or share of the Japanese economy. And, particularly important, there has been no significant increase in our exports of competitive manufactured goods to Japan, nor, indeed, in those of Japan's other trading partners.

In view of this fact, Mr. President, and after reviewing the results of our efforts over the past four years, we have concluded that a new approach is needed in our trade policy toward Japan.

III. THE NEW APPROACH

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Attachment A

Table 1

IMPORTS OF MANUFACTURED GOODS*
(Constant 1983 Dollars)

	Per Capita		% of GNP	
	1970	1983	1970	1983
Japan	$ 144	$ 267	0.8	2.8
United States	353	728	1.3	5.2
Canada	1,347	1,936	5.8	14.7
France**	634	1,135	3.0	12.1
FRG	768	1,428	3.3	13.3
Italy**	384	616	3.5	9.9
Netherlands	1,815	2,347	2.1	25.4
United Kingdom	541	1,218	2.7	15.2

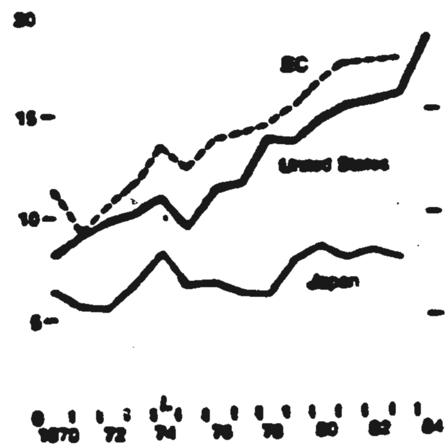
*Source: CIA; ITA, U.S. Department of Commerce; USTR.
**Based on GDP figures.

As Table 1 shows, Japan's imports of manufactured goods are very low, lower on a per capita basis and as a share of GNP than any of the other major industrialized nations. Japan's heavy dependence on imported raw materials does not account for the disparity between its small relative volume of manufactured imports and those of other resource-poor industrialized economies, as a comparison of the Japanese data in the table with those for West Germany demonstrates.

Moreover, import penetration in manufactured goods in Japan has remained low throughout the past 15 years, despite the various market-liberalizing measures that Tokyo has announced, especially when contrasted with the sharp growth of import penetration in this country and the EC, as Graph 1 documents.

Graph 1

IMPORT PENETRATION IN MANUFACTURES
(by value in percent)



Source: Morgan Guaranty Trust Company of New York. Value indicates imports as percent of domestic market measured by the sum of domestic value added and imports. EC data excludes imports from within the Community.

Attachment B

U.S. TRADE POLICY OBJECTIVES TOWARD JAPAN

During its first term, the Administration set five objectives for U.S. trade policy toward Japan, which were formally adopted by the Trade Policy Committee in February 1983:

1. Obtaining overall access for U.S. participation in the Japanese economy in goods, services, and investment similar to that which Japan enjoys in the U.S. economy.

2. Ensuring trade composition and volume which reflect U.S. competitiveness.

3. Ensuring fair competition between U.S. and Japanese firms in U.S., Japanese, and third country markets, and eliminating distortive or disruptive effects that may arise from Japanese Government industrial policies or corporate practices.

4. Avoiding protectionist measures.

5. Inducing Japanese leadership in free trade commensurate with Japanese economic strength and Japan's stake in the system.

THE WHITE HOUSE

WASHINGTON

December 6, 1984

Dear Don:

In response to your letter of November 2 concerning the 1984 Presidential Rank Awards, I am enclosing a memorandum written by Craig Fuller explaining the selection procedures. I hope this adequately covers your concerns, but if you have any further questions please do not hesitate to let me know.

Best wishes.

Sincerely,

Jim

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

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, D.C. 20220

THE WHITE HOUSE

WASHINGTON

NOVEMBER 27, 1984

MEMORANDUM FOR JAMES A. BAKER III

FROM: CRAIG L. FULLER Craig

SUBJECT: 1984 Presidential Rank Awards -- Complaint by Secretary Regan on the Number of Treasury Nominees

Background

This is the third year of Presidential cash awards to outstanding career members of the Senior Executive Service. The awards were created as part of the 1978 Civil Service Reform Act. The Act stipulates that 1% of the Senior Executive Service (a maximum of 70 persons) are eligible to receive the Distinguished Award, with a stipend of $20,000. Up to 5% of the career SES (350 persons) are eligible to receive the Meritorious Award. The stipend is $10,000.

Nominations are made by departments and agencies and reviewed by OPM in a two step process:

1) OPM's Office of Personnel Investigations makes an initial review of all nominations;

2) the nominations and results of the initial inquiry are then reviewed by three boards of distinguished private citizens who rank the nominations on a scale of 1 to 3, with 1 being minimally justified and three being highly justified.

The scores are tallied by OPM and forwarded to the White House for review, and the President's subsequent approval.

White House Review/Treasury Nominations

All OPM recommendations were reviewed through White House staffing. Presidential Personnel and OPD made recommendations concerning certain individuals and to reduce the total number of Rank Award nominees. Seventy of 151 OPM nominations were returned to OPM for circulation to agency heads for their final approval and to cut checks from their FY 84 budgets. These nominations were returned to the White House and forwarded to Presidential Personnel for approval by the President.

The Department of Treasury nominated thirty-three persons. Only nine cleared the OPM review process and were forwarded to the White House for consideration. Though only three persons had the unanimous recommendation of OPM as being highly justified, five of the nine Treasury nominees have been forwarded to the President for his approval.

Treasury is second only to NASA (6) in receiving the highest number of final Rank Award nominees.

Problems With the Rank Award Program

There are several reasons that led to applying a more critical White House review of the Rank Award nominees and reducing the total number of nominees over those of the last two years. They are as follows:

- Publicity from the first two years of the awards has been unanimously negative outside the Washington area - "highly paid bureaucrats receiving huge bonuses for simply doing their job."

- There is a general lack of objective criteria in the nomination and review process for these awards. "Sustained extraordinary accomplishment" is the declared measure. It is alleged that one of the major departments simply rotates half of its career SES members for nomination every other year, while giving each the highest possible ranking.

- While there has been some positive morale benefit to members of the SES by the institution of this awards program, there has been some resentment for the program by non-SES career employees.

  Recently, Presidential Management Improvement Awards which are open to all federal employees, were reinstituted. These awards are based on verifiable savings or enhanced use of federal funds. It has been suggested that promotional attention be shifted from the Rank Awards to the Management Improvement Awards.

- All agencies were free to award up to $20,000 in bonus awards to career SES employees who do not receive Rank Awards. This office worked with several agencies to provide advanced notice of probable Rank Award nominees, to allow agency heads the option to make bonus awards in lieu of Rank awards. Therefore an agency head retained the opportunity to reward a Senior Executive who had dropped out of the running for a Rank Award.

- The Rank Awards are the highest award given to career Senior Executives. By reducing the number of recipients, the awards will carry even more prestige.

THE SECRETARY OF THE TREASURY

WASHINGTON

November 26, 1984

MEMORANDUM FOR JAMES A. BAKER III
CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT

FROM: Donald T. Regan DTR

SUBJECT: Council of Economic Advisers Vacancies

You are, of course, aware that the Chairmanship of the Council of Economic Advisers has been vacant since July. It is my understanding that Bill Poole also plans to leave the CEA early next year. Although I can make a strong argument that the President, any President, doesn't need the CEA to be economically well-advised, the fact is that the CEA does exist by Congressional mandate. That being the case, I believe that it could only be a source of embarrassment for the President, and a point of criticism by Congress and the media, to have two vacant seats on the CEA, no Chairman, and no nominations pending at the time the Administration submits its FY '86 budget.

Accordingly, I strongly recommend that the decision regarding the CEA be addressed in the very near future. Depending upon the President's wishes as to what economic advice he wishes to have, from whom, and how, the CEA can be structured both in people and in format to serve the President. Time will be needed to secure the necessary financial and security clearances and still enable the President to nominate someone as soon as Congress returns.

I would like to see at least three individuals considered for the Chairmanship:

Dr. Beryl Sprinkel, Under Secretary for Monetary Affairs at the Department of the Treasury, who after four years in this Administration, has enormous experience in both domestic and international finance. Prior to coming here, he was well known as a forecaster for the Harris Bank of Chicago.

Dr. Rita Ricardo-Campbell, who now serves as a member of the President's Economic Policy Advisory Board and is very well respected in Social Security and health economics.

Dr. Albert H. Cox, Jr., formerly Chief Economist for Merrill Lynch and now special consultant to Merrill Lynch Economics, Inc.; he is a Texan and has been a Ronald Reagan supporter since 1964. He also was a special assistant to Paul McCracken.

(I have attached Dr. Cox's resume; I am sure that John Herrington has resumes for Drs. Ricardo-Campbell and Sprinkel.)

I list these candidates in no particular order and, of course, I would be willing to look at others. But to reiterate, I think it quite important that this matter be resolved quickly.

cc: Edwin Meese III
    Michael K. Deaver
    John S. Herrington

August, 1984

BACKGROUND NOTES

DR. ALBERT H. COX, JR.

1. Personal:

Born:	St. Louis, Missouri, October 13, 1932
Wife:	Frances
Children:	Cynthia (22) and Bruce (20)
Home Address:	80 Tanglewylde Avenue, Bronxville, New York 10708
Business Address:	Merrill Lynch Economics, Inc. One Liberty Plaza, New York, New York 10080

2. Education:

B.B.A. and M.B.A. (Finance), University of Texas, 1954 and 1956
Ph.D., University of Michigan, 1965 (Fields: Finance, Economic Theory, International Trade)

3. Employment:

With Merrill Lynch & Co. since 1970:
Currently Special Consultant to Merrill Lynch Economics, Inc. and Managing Director, Merrill Lynch Capital Markets Group.
Formerly Chairman, Merrill Lynch Economics (1981-82); President (1976-80); Chief Economist, Merrill Lynch & Co. (1976-81); Executive Vice President, Chief Economist, and Director, Lionel D. Edie & Co. (1970-76); Director, Merrill Lynch Capital Fund (1976-80); Director, Lionel D. Edie Capital Fund (1973-76)

Special Assistant to the Chairman, Council of Economic Advisers, Executive Office of the President, Washington D.C. 1969-1970.
Vice President and Economist, First National Bank in Dallas 1964-1969.
Secretary, Banking and Financial Research Committee, American Bankers Association, New York 1963-1964.
Assistant Vice President and Associate Economist, Republic National Bank, Dallas, 1962.
Economist, First National City Bank, New York 1960-1961.
Assistant Professor of Finance, Southern Methodist University 1959-1960.
Research Analyst, Federal Reserve Bank of Chicago 1957-1958.
Lecturer in Finance, University of Texas 1955-1956.

4. Publications:

Book: Regulation of Interest Rates on Bank Deposits
Michigan Business Studies, 1966

Articles:

"Defensive Open Market Operations and the Reserve Settlement Periods of Member Banks" (with Ralph F. Leach), Journal of Finance, March, 1964.

"Perpetual Prosperity: The Hardest Stretch of the Road," Financial Analysts Journal, March-April, 1966.

"Regulation of Interest on Deposits: A Historical Review," Journal of Finance, May, 1967.

"Economic Policymaking Must Change," New York Times, January 6, 1974.

"Tax Credit as an Inflation Fighter" (with George J. Wino), New York Times, September 22, 1974.

"Is Unemployment a National Disaster," New York Times, March 9, 1975.

"Environmentalism: The Economy's Hidden Enemy," Bankers Monthly Magazine, March 15, 1975.

"Monetarism in Theory and Practice," Bankers Monthly Magazine, September 15, 1977.

"Crisis Syndrome," Bankers Monthly Magazine, March 15, 1981.

"Neglected Signs of an Emerging Prosperity," Bankers Monthly Magazine, March 15, 1982.

"Economic Outlook Trends: Favorable and Optimistic," The Real Estate Professional, July/August, 1982.

"Reaganomics Needs a Fresh Start," Bankers Monthly Magazine, September 15, 1983.

"Will the Voters Rescue Reaganomics?," Bankers Monthly Magazine, March 15, 1984.

5. Clubs and Associations:

National Association of Business Economists; American Economic Association; Economic Club of New York; Bronxville Field Club, Siwanoy Country Club.

6. <u>Other</u>:

Associate Editor, Business Economics (Journal of the National Association of Business Economists) 1966-1969.

Board of Directors, National Association of Business Economists, 1970-1973.

Banking, Monetary and Fiscal Affairs Committee, Chamber of Commerce of the United States of America, 1972-1974.

Economic Advisory Board, U.S. Department of Commerce, 1975-1976.

Chairman, Economic Advisory Committee, Securities Industry Association, 1979-1980.

Inflation Policy Task Force, President-elect Ronald Reagan, 1980.

Contributing Economist, Bankers Monthly, 1970 --

Television Appearances - Wall Street Week, McNeil-Lehrer Report, Take Two (CNN), ABC, NBC, CBS News.

THE WHITE HOUSE

WASHINGTON

November 20, 1984

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF TRANSPORTATION
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF ENERGY
THE ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY
THE CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE COUNSELLOR TO THE PRESIDENT
THE CHIEF OF STAFF
THE ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF LABOR
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY
THE DIRECTOR, NATIONAL SCIENCE FOUNDATION

FROM: WILLIAM P. CLARK, CHAIRMAN PRO TEMPORE
CABINET COUNCIL ON NATURAL RESOURCES AND ENVIRONMENT

WPC

SUBJECT: Formation of a Cabinet Council on Natural Resources and Environment Working Group on Risk Assessment

Over the last year, the Interagency Risk Management Council (IRMC) has made a great deal of progress in addressing the challenges raised by regulatory decision-making in the context of scientific uncertainty. The Council, made up of the Environmental Protection Agency, the Food and Drug Administration, the Occupational Safety and Health Administration, the Department of Agriculture and the Consumer Product Safety Commission, has examined approaches to scientific analysis and has begun to develop consistent criteria to assess risk, within the confines of those five agencies' varying statutory mandates.

The initial work has proved so promising that I am establishing a Working Group on Risk Assessment, in order to get the greatest possible government-wide benefit from this kind of coordinated effort. The Working Group will discuss and coordinate the methodology for risk assessment on issues affecting multiple federal agencies. The group will build on the work done by the IRMC, the National Academy of Science report on risk assessment, and the Office of Science and Technology Policy's work on cancer assessment. We hope the Working Group will enable the Federal government to develop a consistent risk assessment protocol, eliminate duplication in testing and research, and enable the individual agencies to make informed decisions about risk management, according to their statutory responsibilities.

William Ruckelshaus has agreed to serve as Chairman. The Working Group will be limited in membership to heads of agencies and staff of the Executive Office of the President; sub-groups will be convened to address specific issues. A meeting to discuss the Working Group's organization and agenda will be held on Friday, November 30 at 2:00 p.m. in the Roosevelt Room. Please have your office contact Mary Beth Riordan (456-6252) by COB Thursday, November 29, as to whether or not you will be in attendance.

THE SECRETARY OF EDUCATION
WASHINGTON

November 8, 1984

Note:
Heads up re
WDR.

The President
The White House

Dear Mr. President,

Because of personal circumstances that I have discussed with Jim Baker, I submit my resignation as U. S. Secretary of Education effective December 31, 1984.

The past four years have been the most challenging and exciting in my professional life. Serving the country as a member of your cabinet has been a signal honor.

I leave my position feeling that we are in the midst of a lasting and meaningful academic renewal that will benefit millions of learners in our nation's schools and colleges. It has been a pleasure to serve under your leadership in our quest for excellence in education.

Thank you for the privilege of serving in your cabinet, and may God bless you as you carry out your awesome responsibilities of providing leadership and direction for our great Republic.

Sincerely,

Ted

T. H. Bell

11 7

Dele—
Ted will announce to staff tomorrow.
Let's discuss release of letter.
CF

UNCLAS

CLASSIFICATION

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

MODE

DACOM # 21

DEX #

TTY #

PAGES 5

RELEASER JF

DTG 040024Z Nov 8

FROM/LOCATION/

1. SECRETARY HECKLER

TO/LOCATION/TIME OF RECEIPT

1. MR. BAKER // MILWAUKEE

2.

3.

4.

INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

1.

2.

SPECIAL INSTRUCTIONS/REMARKS: FOR MORNING DELIVERY

RR Dave Stockman

(1) Revolving Fund at GSA can do.

(2) Call Dave + Marg. Heck. back

UNCLAS

CLASSIFICATION

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

November 3, 1984

MEMORANDUM TO THE HONORABLE JAMES A. BAKER, III
Chief of Staff
The White House

FROM: Margaret M. Heckler

Mitch Snyder, the leader of the Committee for Creative Non-Violence, began a hunger strike 50 days ago to force the Federal Government to do two things. First, he wanted a HUD-sponsored report which referred to the total number of homeless withdrawn and discredited because he believes the report substantially underestimates the total number of homeless. Secondly, he demanded $5 million dollars of Federal funds through a Department of Defense appropriation to be used to make the current temporary District of Columbia homeless shelter into a permanent shelter which could serve as a model for the rest of the nation.

Mitch's fast has garnered much attention from the media and several Members of Congress have spoken out on his behalf. Sixty Minutes will be airing a feature on him tonight built around material filmed last spring, but including an unusual live segment updating the current state of affairs at the District of Columbia shelter.

Previously, it has been our position that the current shelter in the old Federal City College building would only be appropriate until more suitable facilities could be identified and put in service. For over nine months, our attempts to gain cooperation with the city of Washington have been in vain. Mayor Barry refused to cooperate and sees Mitch Snyder and the homeless as a Federal problem.

GSA had previously agreed to put fire safety equipment in place including a functioning sprinkler system. Also toilet facilities and showers were to be put in good working order. During the course of discussions late into Saturday night, it appeared that Mitch Snyder will agree to give up his hunger strike based on the Federal Government committing to meet the conditions in the attached document. These conditions, although committing a substantial amount of Federal money, fall far short of his original demand and are likely to be the best arrangement that could be reached. Throughout our discussions with Mitch Snyder, we have continued to reaffirm the underlying premises of our original commitment to the homeless. That is we would make available suitable surplus Federal property and work with local communities. The Federal Task Force on the Homeless' role has been restricted to helping provide the physical shelter and create relationships with charitable provider organizations. The additional commitment to the District of Columbia shelter remains within the bounds of our assumed role.

Positive action at this time will forestall ill-conceived Congressional action which would create a new class of entitlements.

Margaret M. Heckler

Attachment

STATEMENT BY MARGARET M. HECKLER

President Reagan has asked me to authorize the renovation of the temporary shelter at Second and D Streets, N.W., to make it into a model physical shelter structure to house the homeless in the District of Columbia.

The Federal Task Force for the Homeless, which I chair, has been in constant negotiations with District of Columbia and the Mayor's office since last April in a concerted effort to find suitable alternative sites to solve the long-term needs of the homeless population in the District of Columbia. The proposals we have made for alternative sites have been unacceptable to officials of the District of Columbia. Because of this and with the oncoming cold weather, there is a need for an immediate solution for the homeless in the shelter.

Our experience clearly indicates that the involvement of local government is essential if local shelter programs are to succeed. This is why the Federal Task Force responds directly to local community officials in providing available surplus federal facilities. Programs in Atlanta, Denver, San Diego, and other cities bear out the effectiveness of this approach.

A recent example illustrates how an effective partnership can work. The Federal Task Force worked with the Department of Defense to provide a rehabilitated facility to house homeless people in Philadelphia. That same cooperation is being duplicated throughout the country, and I expect the District of Columbia will follow suit.

We call upon Mayor Marion Barry to join in partnership with the Federal Government by providing social services in the District of Columbia shelter to help these fragile citizens of his city.

The Federal Government will rehabilitate the structure (at Second and D Streets, N.W.,) to create a model physical shelter structure to house the homeless in the District of Columbia to be used as long as a critical need exists, with special attention to preserving dignity of the homeless through the following:

1) Adequate locker facilities for securing personal belongings of those utilizing the shelter

2) Provision of adequate shelter space for separate men's and women's quarters

3) Adequate kitchen facilities for food preparation

4) Laundry room facility

5) Emergency first aid station

6) Consultation rooms for social service providers

7) Adequate fire prevention sprinkler system.

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

November 3, 1984

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Chief of Staff
The White House

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4) Laundry room facility
5) Emergency first aid station
6) Consultation rooms for social service providers
7) Adequate fire prevention sprinkler system.

THE SECRETARY OF THE TREASURY
WASHINGTON 20220

11/17
To CF:
What's the story? Thanks
JABIII

November 2, 1984

Dear Jim:

While we have not received official notification, I understand that only five of our thirty-three Presidential Rank Award nominees for FY 84 have been approved. This decision is extremely disappointing in that it does not reflect the outstanding achievements of our nominees. I am deeply concerned about the impact these results will have on our executives' morale and on the Presidential Rank Awards Program in the Department of the Treasury.

Our nominees are among the best executives in this Department. Surely in a complex organization the size of Treasury with over 125,000 employees, there are more than five career executives who deserve this prestigious recognition. We had anticipated that a large proportion, if not all, of our nominees would be selected. We publicized the program and strongly encouraged all our bureaus to participate by recommending their most outstanding executives. I sent personal letters of congratulations to all of the executives who were nominated.

As you know, Rank Awards are a major inducement for joining the SES. Not only do the Awards carry monetary compensation, but also very unique honorary recognition. With the past and current restrictions imposed on SES performance awards, we had hoped there would be increased top level support for the Presidential Ranks Program. The disappointing results of this year's nomination process have severely diminished these expectations.

I hope that future selections for the Presidential Rank Awards will more accurately reflect the outstanding performance and achievements of our career executives.

With best wishes.

Sincerely,

Don

Donald T. Regan

The Honorable
James A. Baker III
Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

cc: Craig Fuller

Central Intelligence Agency

Washington, D.C. 20505

26 October 1984

The Honorable James A. Baker, III
Chief of Staff and Assistant
to the President
The White House
Washington, D.C. 20500

Dear Jim:

Enclosed is the material I talked to you about last night.

Sincerely,

Bill

William J. Casey
Director of Central Intelligence