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THE WHITE HOUSE

WASHINGTON

May 4, 1984

MEMORANDUM FOR SENIOR STAFF

FROM: LEE L. VERSTANDIG *lee*
ASSISTANT TO THE PRESIDENT
FOR INTERGOVERNMENTAL AFFAIRS

SUBJECT: WEEKLY SUMMARY OF DEPARTMENTAL AND
AGENCY INTERGOVERNMENTAL ACTIVITIES

Attached is a summary of events and activities anticipated by the Intergovernmental Affairs Offices of the Departments and Agencies for the next two weeks. If you would like any further information on these events or issues, please let me know.

PAST WEEK:

I traveled to Florida and met with four mayors from the St. Petersburg area; toured the Tampa Enterprise Zone with Mayor Martinez (R); participated in a TV taping for Tampa Jobs Week; met with state legislative leaders in Tallahassee; and addressed 125 business leaders in Jacksonville.

At the final meeting of the Unitary Tax Working Group, Governors Deukmejian and Thompson presented the states' position that they are willing to back-off if the solution is right at the "waters edge" method with taxation of dividends and the U.S. Government's willingness to give help with enforcement.

WEEK AHEAD:

I will meet with the Executive Committee of the National Republican Legislators' Association and we will monitor the work of the NCSL State Federal Assembly Meeting in D.C.

WEEK OF MAY 7

**SUMMARY OF ANTICIPATED EVENTS OF INTERGOVERNMENTAL AFFAIRS OFFICES
OF THE DEPARTMENTS AND AGENCIES**

Monday May 7	Tuesday May 8	Wednesday May 9
<ul style="list-style-type: none">- HUD officials participate in American Planning Association's Annual Conference in Minneapolis.- FHWA holds Disadvantaged Business Enterprise Regional Conference in Atlanta (May 7-9).- Sec. Donovan holds JTPA event in conjunction with DOL Women's Bureau and meets with labor officials in Indianapolis. WH IGA participates.	<ul style="list-style-type: none">- HUD officials participate in Economic Development Conf. in Garden Grove, CA and Senior Housing Seminar in Rancho Mirage, CA.- Lee Verstandig participates in a tribute to Father Ritter in Hamilton Township, New Jersey.- National Association of Regional Councils (NARC) holds annual meeting in Seattle. WH IGA participates (May 5-8).	<ul style="list-style-type: none">- Lee Verstandig addresses 40 HHS regional officials.- NCSL State Federal Assembly meets in D.C. Sec. Regan speaks and WH IGA participates (May 9-11)
Thursday May 10	Friday May 11	
<ul style="list-style-type: none">- HUD officials participate in Conference on Minority and Women Owned Businesses in Housing in Philadelphia.	<ul style="list-style-type: none">- National League of Cities Energy Committee meets in D.C.	

**SUMMARY OF ANTICIPATED EVENTS OF INTERGOVERNMENTAL AFFAIRS OFFICES
OF THE DEPARTMENTS AND AGENCIES**

Monday May 14	Tuesday May 15	Wednesday May 16
<ul style="list-style-type: none"> - Sec. Donovan addresses American Legion Conference in Pittsburgh, PA. 		<ul style="list-style-type: none"> - State Legislators from MI, MN, MS, OH, IN and Members of Parliament from Canada will meet in Springfield, IL to discuss Acid Rain. (5/16-18) - WH IGA staff meets with IGA officials of all Departments and Agencies.
Thursday May 17	Friday May 18	FUTURE
	<ul style="list-style-type: none"> - Sec. Block holds third public "Listening Session" in Atlanta, GA, - NGA hosts session on farm credit issues in Denver. - National Federation of Municipal Analysts meet in Chicago. Treasury official speaks on revenue sharing studies. 	<ul style="list-style-type: none"> - <u>May 19</u> - Gov. Harris (D-GA) and former President Carter depart to visit Japan and Taiwan. - <u>May 20-23</u> - Western Governors meet in Palm Springs, CA. Sec. Clark plans to speak. - <u>May 21</u> - Cash Management Task Force meets. - <u>May 20-24</u> - Sec. Donovan participates in events in Houston, Dallas & Ft. Worth. - <u>May 31 - June 2</u> - NCSL Executive Committee meets in Cincinnati.

THE WHITE HOUSE

WASHINGTON

April 20, 1984

MEMORANDUM FOR SENIOR STAFF

FROM: LEE L. VERSTANDIG *lee* ✓
ASSISTANT TO THE PRESIDENT
FOR INTERGOVERNMENTAL AFFAIRS

SUBJECT: WEEKLY SUMMARY OF DEPARTMENTAL AND AGENCY
INTERGOVERNMENTAL ACTIVITIES

Attached are calendars of events and activities anticipated by the Intergovernmental Affairs Offices of the Departments and Agencies for the next two weeks. If you would like any further information on these events or issues, please let me know.

PAST WEEK:

The National Conference of Black Mayors (NCBM) was held April 18-21 in St. Louis. The Administration was represented by Secretary Regan, Secretary Block, Labor Under Secretary Ford and my office. Ford advocated the Administration's youth employment opportunity wage legislation and the NCBM subsequently passed a resolution in support. Mayor Barry (D-DC) was elected President.

I sent a letter and package of information on Crime Victims Week to 330 elected officials including Governors, Attorneys General, Chairmen of Judiciary Committees in state legislatures and appropriate local officials.

I sent a letter and package of information on women's issues to 710 Republican and Democrat Women State Legislators.

WEEK AHEAD:

I plan to travel to Pennsylvania and Illinois to meet with Governors Thornburgh and Thompson, Mayors and State legislators. I will tour enterprise zones and discuss Administration efforts.

The National Governors' Association is expected to release a study that shows states' fiscal conditions improved slightly in 1984.

**SUMMARY OF ANTICIPATED EVENTS OF INTERGOVERNMENTAL AFFAIRS OFFICES
OF THE DEPARTMENTS AND AGENCIES**

Monday April 23	Tuesday April 24	Wednesday April 25
<ul style="list-style-type: none"> - Lee Verstandig meets with Gov. Thornburgh, legislative leaders and tours enterprise zone in Harrisburg, PA with Mayor Reed (D). In York, PA, Verstandig tours enterprise zone with Mayor Althaus (R). - Sec. Pierce participates in UDAG ceremony in Richmond, VA. - HHS staff meets this week with Los Angeles County Supervisors re: shock/trauma centers. 	<ul style="list-style-type: none"> - Western Governors Assn. Task Force on Agriculture meets in Minnesota. - HUD officials meet with Southwest Indian Housing Authorities Assn. in Las Vegas. - HUD cosponsors Ohio Fair Housing Conference (4/23-24) in Columbus. - HUD Asst. Sec. Bollinger and Gov. Spellman (F) speak on Small Business Revitalization Program in Seattle, WA. - Lee Verstandig tours enterprise zone with Mayor Pfuhl(R) in Johnstown, PA. 	<ul style="list-style-type: none"> - Northeast International Cmte. on Energy (6 New England Govs. and 5 Canadian Premiers) Symposium in Providence, R.I. DOE participates (4/25-27). - Assoc. Attorney General Jensen speaks at Victim-Witness Protection Act Seminar in D.C. - HUD Asst. Sec. Barksdale will speak at Nat'l Housing Conf. in Los Angeles and in San Diego - NGA Hazardous Materials Transportation Working Group meets in D.C.
Thursday April 26	Friday April 27	FUTURE
<ul style="list-style-type: none"> - Assoc. Attorney General Herrington speaks at Conference on Sexual Victimization of Children in D.C. - HUD Asst. Sec. Monroig speaks at Fair Housing Ceremony in Richmond, VA. - Secretary Dole and elected officials participate in ceremony for new ground transportation for Dulles Airport. - NGA Transportation Committee staff meets in D.C. 	<ul style="list-style-type: none"> - DOE participates in Energy Conf. in West Des Moines, IA. Approximately 150-200 local officials expected. - Verstandig tours enterprise zone with Mayor Anderson (R) in Decatur, IL and meets with Gov. Thompson and legislative leaders in Springfield. 	<ul style="list-style-type: none"> - <u>May 5</u> - National Assn. of Regional Councils (NARC) holds annual meeting in Seattle. Acid rain will be a key issue. - <u>May 7</u> - Sec. Donovan holds JTPA event in Indianapolis and addresses Women's Bureau JTPA Workshop. - <u>May 9-11</u> - NCSL State Federal Assembly meets in D.C. Sec. Regan speaks, WH IGA participates.

**SUMMARY OF ANTICIPATED EVENTS OF INTERGOVERNMENTAL AFFAIRS OFFICES
OF THE DEPARTMENTS AND AGENCIES**

Monday April 30	Tuesday May 1	Wednesday May 2
<ul style="list-style-type: none"> - Lee Verstandig tours enterprise zones in Tampa and participates in Job Week Ceremony with Mayor Martinez (R). - Verstandig meets with Florida legislative leaders in Tallahassee. 	<ul style="list-style-type: none"> - OMB meets with state employment commissioners. - Final meeting of Unitary Tax Working Group (T). - NACO Western Conference in Hawaii (May 1-4). 	
Thursday May 3	Friday May 4	FUTURE
<ul style="list-style-type: none"> - National Conference of State Legislatures (NCSL) holds conference on International Trade in Nashville, TN (5/3-5). 		<ul style="list-style-type: none"> - <u>May 18</u> - National Federation of Municipal Analyst meets in Chicago. Treasury official speaks on revenue sharing studies. - <u>May 19</u> - Gov. Harris (D-GA) and former President Carter depart to visit Japan and Taiwan. - <u>May 20-23</u> - Western Governors meet in Palm Springs, CA. Sec. Clark plans to speak. - <u>May 21</u> - Cash Management Task Force meets.

6/11/84 - Copy sent to Lee Verstandig
FILE

THE WHITE HOUSE
WASHINGTON

May 31, 1984

✓
Cruz do. RR
will have just
arrived at
Ranch.

MEMORANDUM FOR JAMES A. BAKER, III
MICHAEL DEEVER

FROM: LEE L. VERSTANDIG *lee*

SUBJECT: FORUM FOR A MAJOR DOMESTIC POLICY ADDRESS

I would strongly recommend consideration of this unique opportunity for the President to deliver a major domestic policy address to a most significant bipartisan audience between the Democratic and Republican Conventions.

The President has been invited to address the National Governors' Association (NGA) summer conference in Nashville, Tennessee July 29-31, the week following the Democratic National Convention. In my opinion, this is the only intergovernmental constituency group whose summer meeting lends itself to a Presidential visit.

Only two Presidents in the past 30 years have addressed the nation's governors outside of Washington. Presidents Eisenhower (June 24, 1957) and Nixon (September 1, 1969) both warned of the danger of over centralized and over bureaucratized federal government and called for returning a greater share of authority and responsibility to the states.

The President has been espousing this principle and thus this forum would enable him to reaffirm those principles in a very dramatic setting and at a very opportune time.

While I recognize that the President's attendance at the NGA annual meeting would require him to leave California following the opening of the Olympics, I feel the trip would be worthwhile. I strongly believe this may be the last opportunity for the President to make an official address on major domestic policy and to reaffirm his commitment to Federalism before such a prestigious national group.

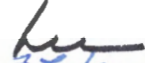

As Eisenhower and Nixon did, the President can use this forum to deliver another historic address. I would very much like to talk to you further about this proposal.

THE WHITE HOUSE
WASHINGTON

May 31, 1984

R.F.
✓

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

FROM: LEE L. VERSTANDIG 
FRANK J. DONATELLI 

SUBJECT: 50 States -- Status Report

This memorandum reviews the activities of our two offices in preparing a report for the "50 States Project" on efforts to eliminate sex bias from state laws.

Research

Our detailee from the Department of Transportation has been working on the project for two weeks. He has reviewed all 50 state files, and initiated some independent legal research. Those efforts indicate:

- 1) The quality of the state files (i.e., the amount of information we have as to what a state has or has not done to date) varies considerable -- generally, according to the level of cooperation between a governor's office and this Administration. Thus, some of the files (e.g., California, Delaware, New Jersey) are reasonably complete, but many are not. Most require at least some additional research in one or more areas.
- 2) It appears that many states do have several positive developments to report. These developments include comprehensive reviews of state statutes for gender bias; enactment of corrective legislation; and passage of laws in other areas (such as sexual assault and spouse abuse) that help treat women more fairly than in the past. Many of those took place during the 1970's, but several new efforts (e.g., North Dakota, Iowa, and Wyoming) have been attributed to this Administration's focus on the issue.

The areas in which information is lacking have been compiled on a state-by-state basis. Our detailee is continuing his legal research, checking for recent enactments in each state.

Report

Our plans are to prepare a short (two-page) concise review of each state's efforts in the gender bias field, focusing on these general areas (to the extent applicable):

- Whether the state has conducted a survey of its statutory law for gender-biased terms, and to what extent corrective legislation has been enacted.
- What substantive legal changes a state has made in areas such as marital property, sexual assault, spouse abuse, child support, and pension bias, to improve equity for women.
- What types of ongoing monitoring mechanisms (e.g., a Commission on the Status of Women) the state has established to guard against sex bias in current law and new legislation.

While the report would emphasize new developments (e.g., Iowa's February 1984 report on recommended gender-neutral legislation), it would also point out efforts by other states over the past decade. The report would also disclaim endorsement of any specific legislative proposals, and avoid any "scoresheet" approach to grade or rank the respective efforts of the states. (Some states will, of course, appear to have done more than others.) These narratives would be supplemented with appropriate legal citations, thereby enhancing the value of the report as a general resource guide in the area.

In addition to the state-by-state reviews, we plan to include general overview of the various efforts undertaken by the states, including a brief discussion of some of the constitutional (i.e., 14th Amendment "equal protection") principles involved, and a reminder of the parallel efforts under way to eliminate gender bias from Federal law.

Timetable

While the time frame is tight, we still expect to have reasonably complete drafts of all 50 state profiles finished by June 15. We also hope to have most (if not all) of the overview prepared by that date.

THE WHITE HOUSE

WASHINGTON

May 23, 1984

MEMORANDUM FOR JAMES A. BAKER III
MICHAEL K. DEAVER

FROM: LEE L. VERSTANDIG *lee*

SUBJECT: National Association of Commissions for Women
Visit to the White House on June 13

The National Association of Commissions for Women (NACW) is having its annual meeting in Washington on June 13. Over the last several months the NACW has been trying to arrange a White House tour and reception with a drop-by by the President or the First Lady. After discussions with Faith Whittlesey, Mike Deaver and Maureen Reagan, I have come up with the following plan.

At 9:30 a.m. on June 13 the members of the group will get a V.I.P. tour of the White House conducted by Carol McCain's Office. At 10:30 a.m., my office will host a reception for the 200 members of NACW in the Indian Treaty Room. I have invited approximately a dozen sub-Cabinet women Administration officials to mingle with the group. The members of the Association have been appointed by the various governors and thus it is a bipartisan group.


cc: Sherrie Cooksey
Margaret Tutwiler

THE WHITE HOUSE

WASHINGTON

May 18, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: LEE L. VERSTANDIG 

SUBJECT: WESTERN GOVERNORS' ASSOCIATION MEETING
MAY 20-23, 1984

As I mentioned this morning in the Senior Staff meeting, the Western Governors' Association will be meeting next week (May 20-23) in Palm Springs, California. Governor George Deukmejian (R-CA) is hosting this first annual meeting.

WGA was formed this past February with the merging of the Western Policy Office (WESTPO) and the Western Governors' Conference. Nineteen Western Governors are members of the Association, and all have indicated their attendance. Governor James Thompson (R-IL), Chairman of the National Governors' Association, will also be present.

Democrats control the leadership of WGA. The Chairman is Governor George Ariyoshi (D-HI) and the Vice Chairman is Governor Richard D. Lamm (D-CO).

The principal topics of discussion at the meeting are: Water Policy, Immigration Reform, Acid Rain, Agriculture Policy, Silver Sales from the Strategic Stockpiles and International Trade. Policy resolutions will be considered by WGA on Wednesday, May 23. I expect the most controversial policy resolutions will concern Acid Rain and Immigration Reform. We could also see an Anti-MX Missile resolution.

Since there is no prefiling requirement for resolutions at the meeting, any topic could be raised for formal discussion. There is some concern that the open format will invite critical statements from aggressively partisan Democrat Governors. With the California primary so close at hand, there is likely to be the opportunity for considerable media attention.

Secretary Bill Clark will be meeting with the Governors in closed session on Monday, May 21, to discuss water policy. Following the private meeting, the Secretary is expected to have a brief press availability.

EPA Administrator Bill Ruckelshaus will address the final plenary session of the WGA on Wednesday, May 23.

At the opening session on Monday, I will make brief remarks and bring the greetings of the President in the form of a letter. I will meet privately with many of the governors during the day on Monday.

Andy Card of my office and Departmental IGA representatives will also attend the conference.

THE WHITE HOUSE
WASHINGTON

April 13, 1984

Did You Ask To
See This?

MEMORANDUM FOR JAMES A. BAKER, III

FROM: LEE L. VERSTANDIG *lee*
SUBJECT: MAILING TO WOMEN ELECTED OFFICIALS

Attached is a copy of the mailing we discussed that I am sending out today.

It is going to a total of about 700 women elected officials. That list includes all Republican state legislators, about 100 Republican local officials and about 200 Democrats.

I have previously been in touch with this group and plan another mailing in June.

Please let me know if you have any ideas.

THE WHITE HOUSE

WASHINGTON

April 13, 1984

Dear Senator Abrams:

As I have indicated, I intend to keep you posted on various issues which may be of interest to you and your constituents. I have enclosed, for your information, the following materials:

- o fact sheets on economic issues;
- o a brief 1983 year-end assessment at the Department of Defense;
- o a pamphlet describing the Presidential Academic Fitness Awards Program;
- o a description of the programs within the Department of Commerce's International Trade Administration;
- o a copy of the President's remarks to the women business owners of New York on April 5, 1984; and
- o a fact sheet on the Administration's accomplishments benefiting women.

I hope that you will find these materials to be of help to you in your work and as an opinion leader in your state. I would appreciate it if you would let me know if you need additional information on these or any other issues or programs.

Please continue to keep in touch. I appreciate your thoughts.

Warm regards,

Lee L. Verstandig
Assistant to the President
for Intergovernmental Affairs

The Honorable Rosalie Silber Abrams
6205 Wirt Avenue
Baltimore, MD 21215



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

March 28, 1984

Talking Points on the Economy

After a slow start early last year, the U.S. economy registered strong growth during the remainder of the year. The first quarter of this year continued the pattern of strong growth. Inflation remains low and all of the fundamentals are in place for an enduring expansion.

- o The 9.7 percent annual rate increase in real GNP in the second quarter of 1983 was the largest since 1978 and was followed by a 7.6 percent gain in the third quarter and a 5.0 percent rise in the fourth. The early "flash" estimate for the first quarter of this year is 7.2 percent real growth.

- Thus far, the recovery is on track and the estimated 6.2 percent real GNP growth during the four quarters of 1983 was close to the average cyclical experience of a 6.8 percent increase in the first year following a recession.

- o The unemployment rate has dropped from 10.7 percent in December 1982 to 7.8 percent in February 1984 -- a far faster decline than expected by almost anyone.

- o Total employment has jumped by nearly 5 million workers during that span.

- o We are seeing good strength in a number of more specific indicators of activity -- such as retail sales, industrial production, housing starts, and inventories.



In general, the recovery has been well-balanced and its strength comparable to that of past experience.

o It is particularly favorable that this recovery -- unlike those following the three prior recessions -- is proceeding in an environment of exceptionally low inflation.

-- The increase in the CPI was 3.8 percent during the twelve months of last year; the increase for producer finished goods prices was only 0.6 percent -- both down from double-digit increases in 1979 and 1980.

-- The more comprehensive GNP price deflator rose by 4.1 percent in 1983 (fourth quarter to fourth quarter), having fallen from as much as 10.2 percent in 1980.

o There has been some acceleration in price increases in the last few months, which has pushed consumer price inflation into the 4 to 5 percent annual rate range, at least in part reflecting the impact of severe weather on food and energy prices. While we do not expect the lows reached over the past year to be sustained, wage settlements and productivity performance suggest that inflation nonetheless will remain moderate.

One of the more important features of the economic expansion up to now has been what might be termed its capacity for self-financing. The financing demands of U.S. businesses and consumers have easily been met in the financial markets, despite the deficit financing demands of the Federal Government. Looking back over the past year or so, there have been a sizeable rise in corporate cash flow, a significant drop in interest rates from mid-1982 levels, a large rise in stock prices since August 1982 despite recent declines, and vastly enlarged financial flows to the security markets, both from domestic sources and from abroad.

- o The book value of corporate profits surged by over \$60 billion over the four quarters of 1983.
- o The quality of those profits has also improved markedly.
 - Inventory profits, which had artificially boosted corporate results by more than \$40 billion in 1979 and 1980, averaged less than \$10 billion in 1982 and 1983.
 - And depreciation, which had been consistently understated between 1974 and mid-1982 because of the interaction of tax laws and inflation, is finally in a position of contributing to rather than draining from profits, thanks to reduced inflation and the shortened service-lives contained in the Economic Recovery Tax Act of 1981.

-- As a result, after adjusting for inventory valuation and capital consumption allowances, corporate profits in the fourth quarter of 1983 were \$106 billion (annual rate) higher than in the fourth quarter of 1982.

The outlook for 1984 and beyond continues to be very favorable.

- o Real growth in 1983 was 6.2 percent, compared to the Administration's July forecast of 5-1/2 percent real growth (fourth quarter to fourth quarter).
- o The Administration's January forecast pointed to 4-1/2 percent real growth in 1984 and the first quarter was even stronger than expected.
- o Our inflation forecast is for a moderate 5.0 percent rise in the GNP deflator over the four quarters of 1984.

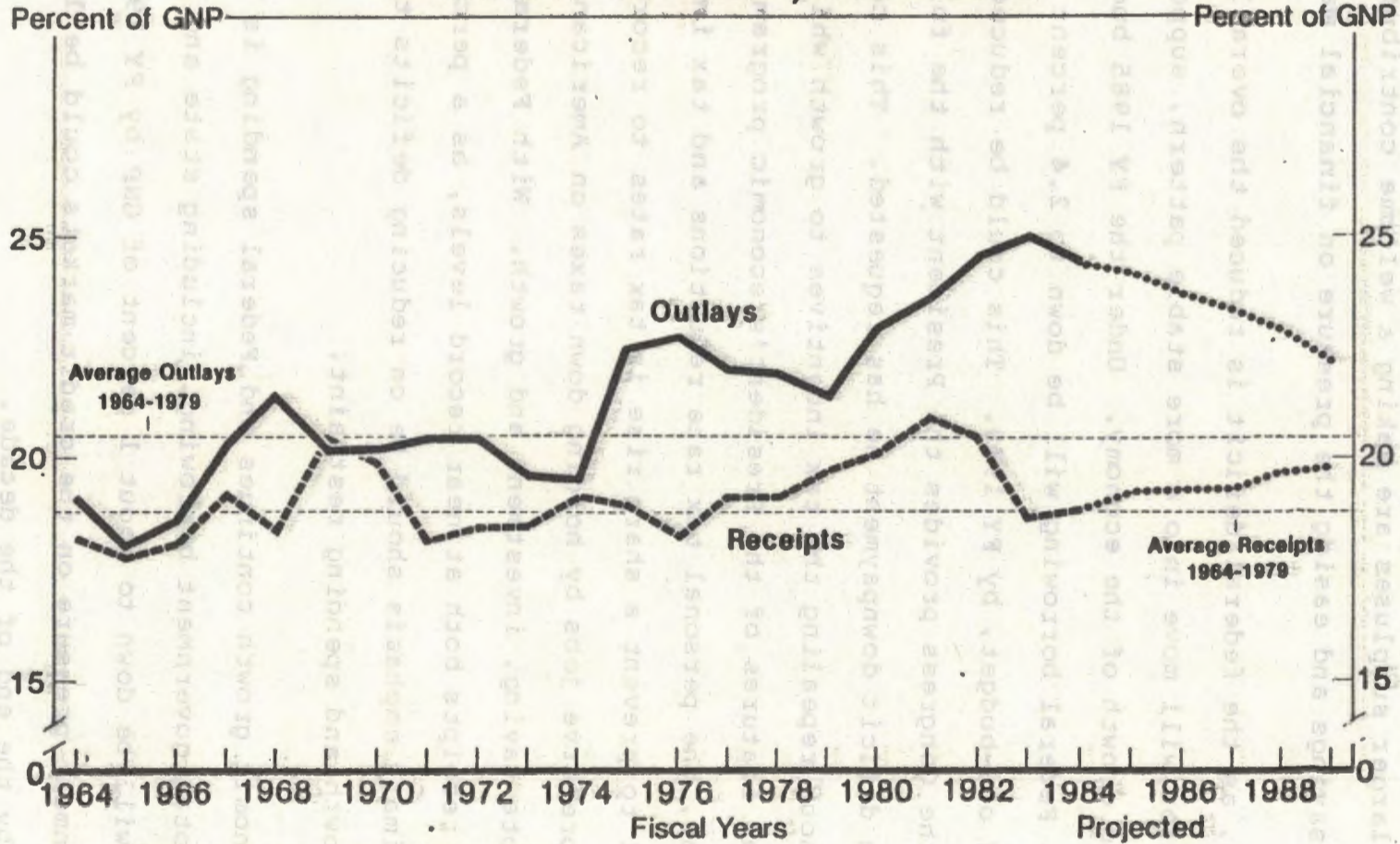
The federal deficit is still too large but economic expansion has contributed to a marked improvement in the state and local fiscal position -- at least in the aggregate. In 1983 the aggregate state and local budget surplus came to more than \$50 billion -- about \$36 billion on pension funds and some \$15 billion on operating budgets. This stands in marked contrast to an operating deficit of nearly \$2 billion in 1982

and an overall surplus of some \$31 billion. Temporarily at least these larger surpluses are making a welcome contribution to national savings and easing the pressure on financial markets.

In time, as the federal deficit is reduced the overall fiscal position will move into a more stable pattern, supporting the continued growth of the economy. Under the FY 1985 budget assumptions, Federal borrowing will be down to 2.4 percent of GNP, on- and off-budget, by FY 1989. This could be reduced further if the Congress provides the President with the full \$150 billion deficit downpayment he has requested. This can be done without repealing the tax incentives to growth which are essential features of the President's economic program. In particular, the personal tax rate reductions and tax indexing are critical to prevent a sharp rise in tax rates to record levels, to preserve jobs by holding down taxes on American labor, and to promote saving, investment and growth. With Federal outlays and receipts both at near record levels, as a percent of GNP, the primary emphasis should be on reducing deficits through economic growth and spending restraint.

If economic growth continues and Federal spending is held in check, total government borrowing, including state and local surpluses, will be down to about 1 percent of GNP by FY 1989. Thus, government pressure on the credit markets could be largely eliminated by the end of the decade.

OUTLAYS AND RECEIPTS AS PERCENT OF GNP, 1964-1989



Note: Outlays include off-budget federal entities.

WHAT IS LEFT OF THE TAX CUT?

FY 1981 — FY 1989

(\$ billions)

Fiscal Years
1981 through 1989

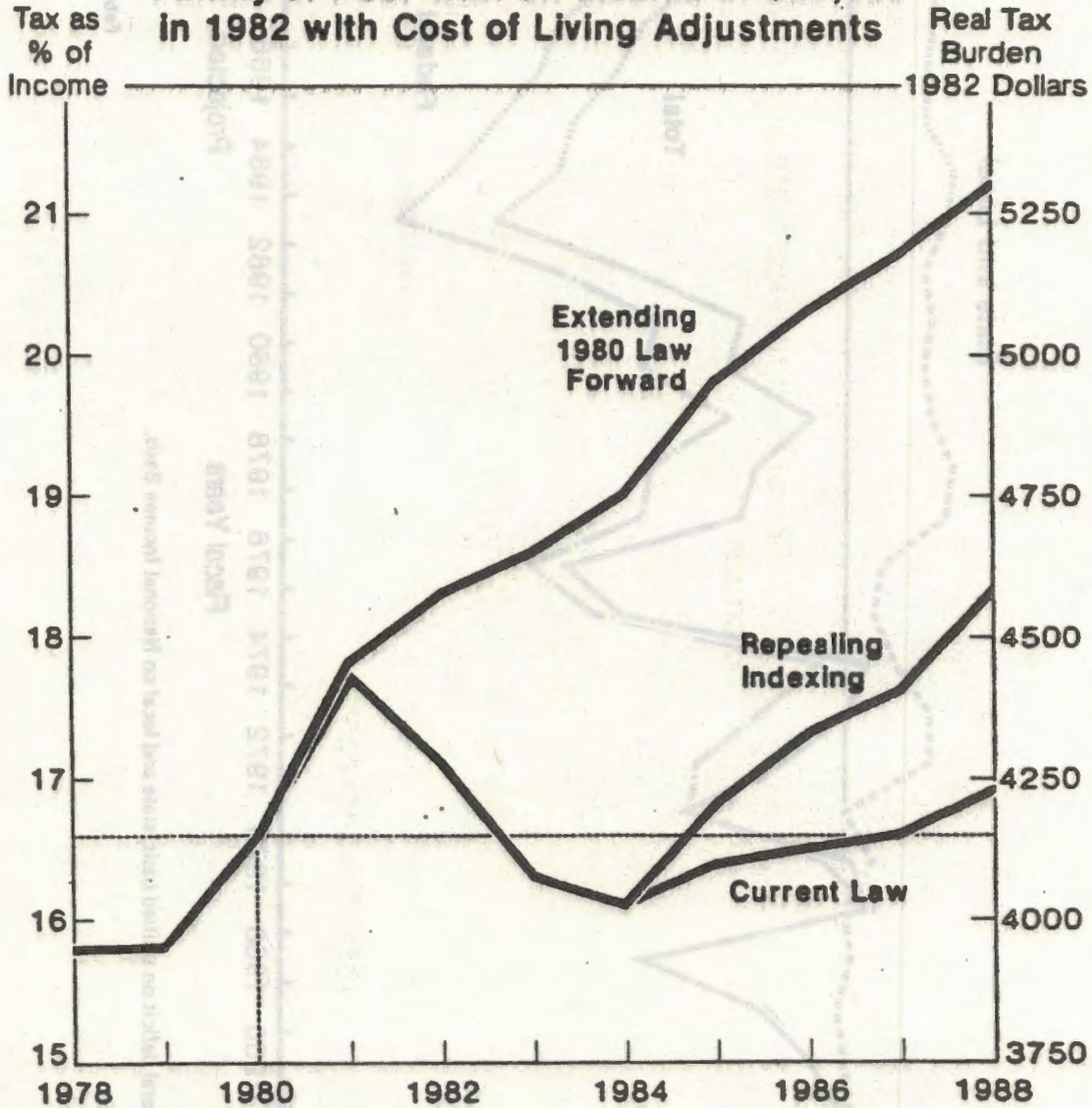
Tax Cut:	Economic Recovery Tax Act of 1981 (ERTA)		-\$1,488.4 billion
Tax Increases:	Inflation-Induced Bracket Creep	+\$649.8	
	1977 Social Security Tax Rate Increases	+\$287.5	
	Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)	+\$310.6	
	Gasoline Tax Increase	+\$ 28.0	
	1983 Social Security Amendments	+\$ 90.2	
	Other	<u>+\$ 9.1</u>	
Total Tax Increases			+\$1,375.2 billion
Net Tax Cut			-\$ 113.2 billion
Nine Year Average Net Tax Cut			-\$ 12.6 billion

February 2, 1984 A87

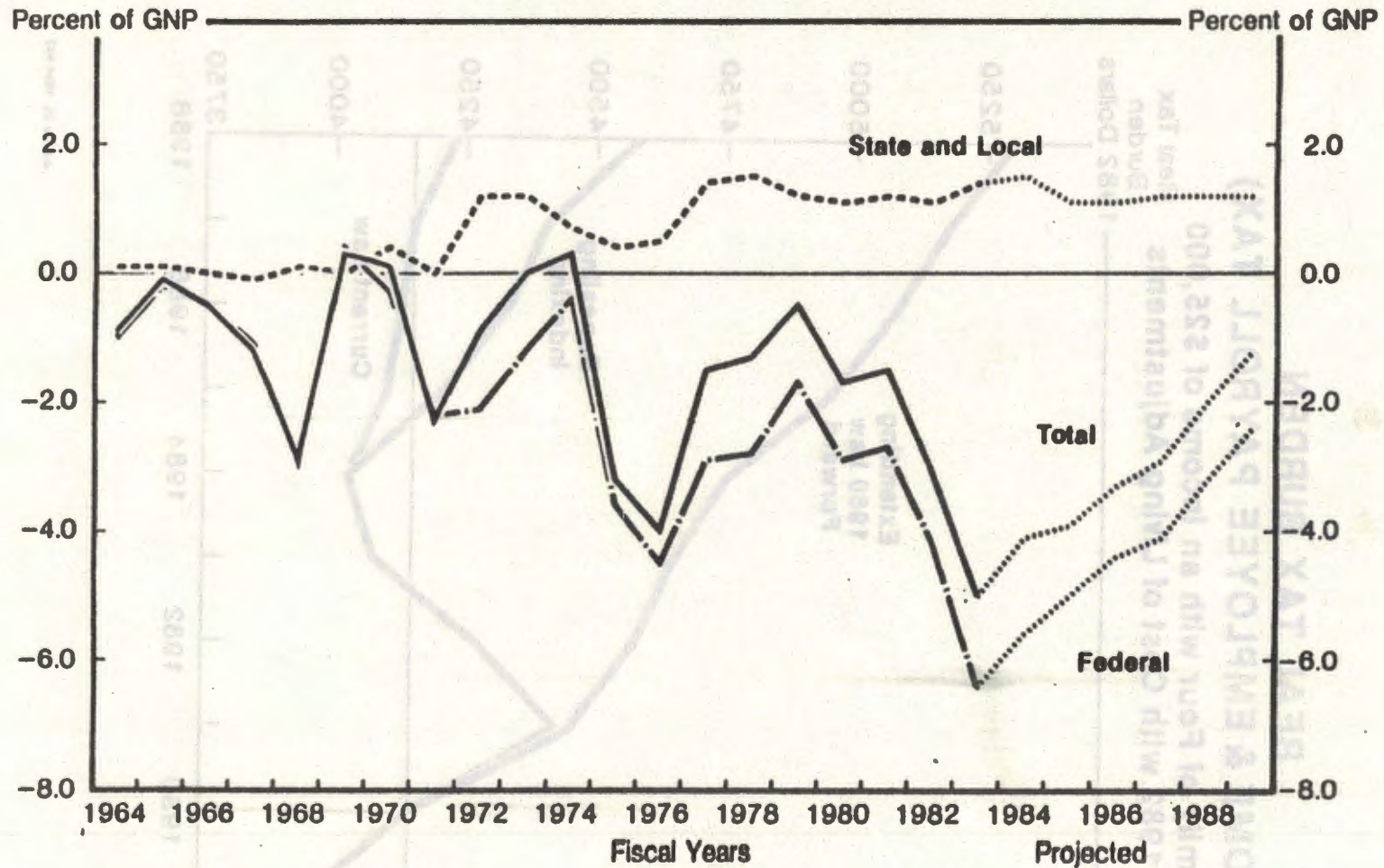
OUTGAYS AND RECEIPTS AS PERCENT OF GNP

REAL TAX BURDEN (INCOME & EMPLOYEE PAYROLL TAX)

Family of Four with an Income of \$25,000
in 1982 with Cost of Living Adjustments



TOTAL GOVERNMENT SURPLUS OR DEFICIT



Note: Federal deficit on unified basis, state and local on National Income Basis.

February 27, 1984-A76

WHITE HOUSE TALKING POINTS

March 29, 1984

NEW FIGURES SHOW CONTINUED ECONOMIC EXPANSION

- o New homes sales rose and the leading index of economic indicators was up a solid seven-tenths of one percent in February.
- o The annual rate for new home sales of 721,000 in February was 22% higher than a year ago and 8% above the January rate.
- o The leading index has shown a steady rise for the last year and a half -- a very strong showing. The index has not declined since August of 1982 (a previously reported decline for November 1983, has been revised to "unchanged").
- o The President's program was designed to achieve sustained growth with low inflation. Today's reports, added to other recent economic good news, show that's been achieved.
- o Inflation: Below 4 percent in 1982 and 1983, continues at a moderate pace early in 1984.
- o Housing starts and auto sales are surging. Housing starts for February hit a 2.2 million annual rate and domestic auto production is above the 8 million rate.
- o Unemployment: The drop has been dramatic, from 10.7% to 7.8% in just 15 months. More Americans are working now than ever in history and almost 5 million have found jobs in just the last 14 months.
- o GNP growth: The economy grew over 6% last year; the Administration has forecast growth of 4.5% this year and most economists agree it'll be in that range.

WHITE HOUSE TALKING POINTS

March 9, 1984

UNEMPLOYMENT RATE CONTINUES TO DROP

- o This morning the Bureau of Labor Statistics released the unemployment figures for the month of February, 1984.
- o There is another record high on the employment front. There are now 103.9 million civilian Americans working.
- o The number of employed has increased by nearly 5 million in the past 15 months.
- o The rise in employment in the last 15 months is stronger than in any post-war recovery period.
- o The number of unemployed has dropped by 3.1 million during this same 15-month period.
- o The unemployment rate for all civilian workers has dropped from 10.7 percent in November, 1982 to 7.8 percent in February, 1984.
- o The drop in unemployment (both civilian and total) from January to February 1984 was two-tenths of a percent.
- o Both these unemployment rates are the lowest we've seen since September 1981.
- o Particular improvement has occurred among adult men, who were the hardest hit during the recession. Their jobless rate declined from 10.0 percent in November 1982, to 7.0 percent in February.
- o The jobless rate for adult women declined by 2.2 percentage points during the recovery, and at 6.9 percent in February, was almost down to the July 1981 level of 6.7 percent.
- o Employment growth has been particularly strong in the services and manufacturing industries. The services industry, which actually grew by more than a half a million during the recession, gained another 1.1 million jobs during the recovery.

A Brief Year-End Assessment at DoD

The Reagan Defense Program

To redress the neglect of the 1970s -- when defense's share of the U.S. budget was decreasing sharply while Soviets were continuing a full scale military buildup -- President Reagan set out in January 1981 to restore America's defenses.

The Reagan Administration faced "double-duty": act quickly to increase the basic readiness and sustainability of our forces, so that they could meet an immediate crisis if one arose; at the same time make up for lost years of investment by undertaking the research and development and force modernization needed to meet threats that may arise in the future. During the past year, those investments -- both short-term and long-term -- have been paying dividends.

Readiness and Sustainability

In the past fiscal year, the personnel situation continued its dramatic improvement. Morale in military units is high, pride and performance are strong, and the statistics show why:

- o Recruiting. Now 91% of all new recruits are high school graduates, up from 68% in 1980. That is particularly significant considering that only 75% of today's youth population have high school diplomas. The Army, which usually has the most difficult recruiting job, had its best recruiting year in history. And those recruiting successes are happening at a time when the economy is also improving, a time when the skeptics said young Americans would turn their backs on the military.
- o Retention. The Navy and Air Force have the toughest re-enlistment challenge because of the demand of private industry for experienced personnel with good technical training. The demand is greater than ever, but today more servicemen and women are choosing to make the Service a career than ever before. Last year, both the Navy and Air Force had record high re-enlistment rates -- 68% and 79% respectively. That means more experienced, mature leaders to train new recruits.
- o Reserves. America has always depended on its citizen soldiers to help carry the burdens of the nation's defense. In the past year the strength of the Selected Reserves rose to over one million for first time since 1961. That is better than a 24% increase since 1979. Guard

and reserve forces are also receiving modern new equipment, such as the M-1 tank and Bradley fighting vehicle, the F-16⁺ fighter aircraft and the Perry-class guided missile frigate.

Improved compensation, including higher base pay, better travel and housing allowances, bonus and incentive pay, has helped attract and retain qualified, motivated people to a military career.

Our readiness investments have also purchased the spare parts, fuel and other supplies we need to keep our forces fully operational. That enables us to provide more thorough and realistic training. The results of that training were most recently demonstrated by the outstanding performance of our paratroopers and Marines in Grenada, and the fine performance of all our Services during the past year in training exercises with allies throughout the world.

As a result of our readiness improvements over the past three years, 39% more of our major military units are now categorized as fully or substantially ready for combat. At the same time, our capability to sustain our forces in combat has also increased as we rebuild stocks of war reserves that had not kept pace with our potential adversaries.

Modernization

The Soviet Union outnumbers the United States two to one in military personnel and in even greater margins in most categories of equipment. To maintain the balance of power necessary to deter war, the United States must maintain a qualitative edge. Our force modernization programs are long-term investments that give each Service the capability to deter numerically superior Soviet forces.

- o Army. Because the Army had been depending on 1960s-era equipment, its ability to deter the massive Soviet land force had been eroding. Today the Army is strengthening each element of its Combined Arms Team with equipment that increases the mobility, firepower, and survivability of U.S. ground forces. The M-1 tank recently proved its tremendous capability in annual NATO tank competition, performing better than any U.S. tank in history. The Army's new Bradley Fighting Vehicle gives infantrymen the mobility and firepower to fight alongside the tankers. And giving support and protection to those ground forces, are the new Multiple-Launched Rocket System (MLRS) providing long range artillery fire and the Stinger missile system that improves defenses against the sophisticated aircraft being added to Soviet Air Forces.

- o Navy. The fleet had fallen from over 1,000 ships to 468 ships in the 1970s. It is now built back up to 516 ships as 23 modern, more capable ships were delivered in 1983. Virtually all the new ships are now being completed on time and at the budgeted cost. With the global expansion of Soviet influence in recent years, we are demanding more and more of our Navy. The saga of the Battleship New Jersey since it was recommissioned by President Reagan last December, epitomizes the global role of the Navy. It left San Diego on a shakedown cruise to Asia and South Pacific. Then it was called back to Central America to support U.S. forces training there. Then it was sent to the Eastern Mediterranean where it is still supporting the peacekeeping force. In its first year, the New Jersey put 30,000 miles under her keel.
- o Marine Corps. To give amphibious forces greater firepower and range, the Marines are replacing their 105mm howitzers with 155mm howitzers. To improve mobility, they are modernizing their helicopter fleet with CH-53E helicopters capable of lifting far greater loads, including the new long-range howitzers. To give more responsive air support to ground troops, the Marines are continuing to purchase AV-8B attack aircraft, which are capable of short take-off and landing at primitive airfields.
- o Air Force. Over the past ten years, the Soviets have been building new aircraft at twice the rate of the United States. We have increased the production rate for the tactical F-15 and F-16 fighters, two of the finest aircraft in the world. We have also begun a full-scale acquisition program that will increase our inter-theater airlift capability by two-thirds by the end of the decade.
- o Strategic Modernization. To strengthen nuclear deterrence and provide the necessary incentives for negotiations of genuine arms reductions, we have made significant progress in modernizing all three legs of the TRIAD. Guided by the recommendations of the Scowcroft Commission, the ICBM modernization is on track: two successful flight tests of the MX/Peacekeeper have been completed, and we have begun working to develop a small single-warhead ICBM. America's first new heavy strategic bomber in more than thirty years, the B-1B, is now in production -- on schedule and within cost. To provide our submarine force the increased payload and improved accuracy required to threaten hard targets, we are building new TRIDENT II missiles.

Management

In modernizing our forces, we cannot afford any waste or inefficiency. The extensive procurement reforms begun in 1981 are now paying dividends.

The Defense Department is aggressively attacking fraud and inefficiency.

- o Prosecuting fraud: In the last fiscal year, there have been 657 convictions and \$14 million in fines, restitutions and recoveries resulting from DoD and Justice Department cooperation.
- o Internal audits: Our auditors are helping managers find inefficiencies and solutions. In the past fiscal year they identified total potential savings of 1.6 billion dollars.
- o All our investigations and audits are helping us to uncover and more effectively pursue long-standing problems in need of attention and reform -- spare parts over-pricing, inadequate competition, and cost over-runs.

Spare parts reform is a complex and massive management challenge. We have not concentrated on major weapons systems alone. DOD inventories contain almost four million different items, many of them low-cost bolts and washers. It has always been difficult to keep track of prices for all those parts. Secretary Weinberger has laid down firm policies designed to institutionalize improvements and gain firm control over spare parts pricing. The policy reforms include tougher contracts, challenging high prices, obtaining refunds, continuing audits, and enhancing competition. Most contractors have received the message and have developed programs of their own to do a better job managing spare parts.

Besides getting tougher with irresponsible contractors and negligent employees, DoD is also rewarding employees for productivity initiatives. On November 16, Secretary Weinberger presented a new "Award for Productivity Excellence" to 31 employees who are responsible for saving the taxpayers more than \$60 million.

Competition is a key element of the Defense Department's procurement reform program. Competition advocates are now working in all buying commands to challenge all non-competitive purchases. We are seeing results. Competition in aircraft spares has tripled. To assure continued competition, new contracts include provisions designed to provide the data necessary to seek second sources of supply in purchasing parts.

Eliminating cost over-runs and providing program stability. In March, the Defense Department reported to Congress that for the first time in ten years its year-end costs for major weapon systems decreased. To maintain control over costs, the Defense Department is enforcing realistic budget estimates to halt the past practice of over-optimistic estimates

that make a weapon system appear affordable but leave a legacy of cost over-runs. The Department is also making the tough decisions necessary to eliminate marginal programs and maintain high priority programs at stable and efficient rates.

The Result

Our military has better equipment at lower cost and the taxpayer has more return on his defense investment. We have the most qualified force of servicemen and women in history. Our forces are ready for whatever may arise, and they are becoming progressively stronger as we continue our long term defense program.

Friend and foe see that America is once again willing and able to defend the peace. We are demonstrating to our adversaries that we are committed to maintaining the balance of power essential for a credible deterrent. And we are demonstrating to our allies that we once again accept our responsibilities as a world leader. And now our allies are responding by sharing the burdens of defending freedom throughout the world. In short, we are building the collective strength for a safer, more stable world.

END



MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

THE WHITE HOUSE
WASHINGTON

February 17, 1984

A number of years ago, when studies showed the strength and stamina of young Americans were declining, we established a Presidential Physical Fitness Award. When excellence in athletics was identified and rewarded, young people responded by working harder to become more physically fit. In this spirit, I am delighted to introduce the President's Academic Fitness Award, a nationwide program to motivate students to perform to the full extent of their academic abilities.

The National Commission on Excellence in Education warned of declining academic standards and achievement and recommended major reforms in our educational system. As a first step, the Commission recommended that we renew our commitment to academic achievement. We can no longer take academic accomplishments for granted. "Train up a child in the way he should go," Solomon wrote, "and when he is old he will not depart from it." That is the compact between generations that we must keep.

Our most precious national resource is our children; our hopes and strengths rest with them. Our great nation needs to challenge our young people to achieve their full potential. A strong academic foundation enriches individual lives, but it is also necessary for the continued health of our democracy, our free enterprise system, and our position as a world leader.

I encourage every student to work hard in school, earn good grades, and dedicate their early years to the pursuit of learning. I will be proud to present the Presidential Academic Fitness Award to many highly motivated and deserving young Americans.

PRESIDENTIAL ACADEMIC FITNESS AWARD GOALS

In the initial program, Presidential Academic Fitness Awards will be presented to students prior to graduation time in May or June of 1984. The goals for the first year will be to:

- ★ Recognize graduating seniors who have attained a high level of academic achievement and pursued a solid core of academic courses.
- ★ Encourage students to achieve and maintain academic fitness.
- ★ Encourage parents to support and supervise their childrens' academic efforts at home.
- ★ Sustain a national interest in the academic fitness of our nation's youth.



For more information contact your local school or write to: Presidential Academic Fitness Awards, U.S. Department of Education, P.O. Box 23749 Washington, D.C. 20026-3749

STATEMENT FROM THE SECRETARY OF EDUCATION



UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

SECRETARY OF EDUCATION

March 1, 1984

At this critical time in the history of American education, we have an unprecedented opportunity to renew the tradition of excellence in education in all our schools.

The President's Academic Fitness Award is a challenge to our youth to achieve high academic standards. We want to encourage our students to enroll and excel in academic courses recommended by the National Commission on Excellence in Education.

In cooperation with many distinguished affiliated schools, we will recognize thousands of outstanding students whose achievement and effort have been exemplary. We hope that these awards will be as successful in motivating students to strive to realize their full academic potential as the physical fitness awards have been in encouraging students to strive to be physically fit.

T. H. Bell



SELECTION CRITERIA FOR AWARDS

Presidential Academic Fitness Awards will be made to graduating seniors who have met the following criteria:

- ★ Attained a B+ average or equivalent, accumulated over grades 9, 10, 11 and the first semester of grade 12. The B+ average is defined as equivalent to 3.3 on a 4 point scale or an 85 on a 100 point scale.
- ★ Received a score in the 11th or 12th grade, placing them at or above the 80th percentile on any nationally recognized standardized achievement test battery or any nationally standardized college admissions examination, such as SAT or ACT.
- ★ Completed by graduation at least 12 high school or higher level course units in the "New Basics." The National Commission on Excellence in Education recommended the "New Basics" to include: English, mathematics, science, social studies, foreign languages, and computer science.

TO:

U.S. Department of Education
Presidential Academic Fitness Award Program
P.O. Box 23749
Washington, D.C. 20026-3749



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OF EDUCATION
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Presidential Academic Fitness Award Program



FACT SHEET

PRESIDENTIAL ACADEMIC FITNESS AWARDS PROGRAM

A challenging nationwide program has been introduced for the purpose of motivating students to strive to achieve at the outer limits of their ability. A number of years ago when students were found to be declining in physical stamina and strength, President Lyndon B. Johnson implemented a Presidential Physical Fitness Awards program. President Reagan, recognizing a similar need to promote Academic Fitness today, has announced the Presidential Academic Fitness Awards (PAFA) program. It is expected that this program will do as much to promote Academic Achievement as the physical fitness program has done for physical fitness and sports.

As a pilot effort for the first year of the program, Presidential awards will be made in the spring of 1984 to graduating seniors in public and private schools that elect to participate. Letters have been sent to secondary school principals and school superintendents explaining the criteria and procedures for making Presidential awards. Principals are requested to notify the U.S. Department of Education no later than April 20, 1984, of their decision to participate in this year's program.

The minimum criteria for 1984 Awards to graduating seniors are:

1. Attained a B+ average or equivalent, accumulated over grades 9, 10, 11, and the first semester of grade 12. The B+ average is defined as equivalent to 3.3 on a 4 point scale or an 85 on a 100 point scale.
2. Received a score in the 11th or 12th grade, placing them at or above the 80th percentile on any nationally recognized standardized achievement test battery or on any nationally recognized standardized college admissions examination such as the SAT or ACT. (NOTE: We recognize the various types of standardized tests that may be used are not comparable -- a student scoring at the 80th percentile on one test may not attain a similar score on another test. However, we believe that during the first year of this award program, a score at or above the 80th percentile on any of these tests is an appropriate standard.)
3. Completed by graduation at least 12 high school or higher level course units (in grades 9 through 12) in the "New Basics." The National Commission on Excellence in Education recommended the "New Basics" to include: English, mathematics, science, social studies, foreign languages, and computer science.

The above are minimum standards for the awards. Any school that wishes to establish higher requirements may do so. In addition to those students who have met the above criteria, high school principals may recognize a limited number of students this year who, in the judgment of their principals, have demonstrated an outstanding effort and are deserving of a Presidential Academic Fitness Award but did not meet the regular award criteria. These awards may not exceed 10 percent of the number who meet the PAFA criteria.

Each qualifying senior will receive a certificate embossed with the Federal Seal, the signatures of the President and Secretary of Education. Each awardee will also receive a lapel pin. Questions and information can be obtained by calling the PAFA toll free number (800-621-2999). Correspondence should be addressed to:

U.S. Department of Education
President's Academic Fitness Awards Program
P.O. Box 23749
Washington, D.C. 20036-3749

The minimum criteria for 1984 Awards to graduating seniors are:

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- Investigates dumping complaints to determine whether foreign goods are being sold in the United States at less than fair value.
- Investigates countervailing duty petitions to determine whether foreign governments are subsidizing their exports to us.

TRADE VITAL TO AMERICAN WELFARE

ITA's job is to promote U.S. trade around the world. To that end, it serves American business in all aspects of international commerce, both at home and abroad, so that healthy, growing trade may create jobs for our workers, strengthen our economy, and provide a better standard of living for all Americans.

EXPORT FACTS

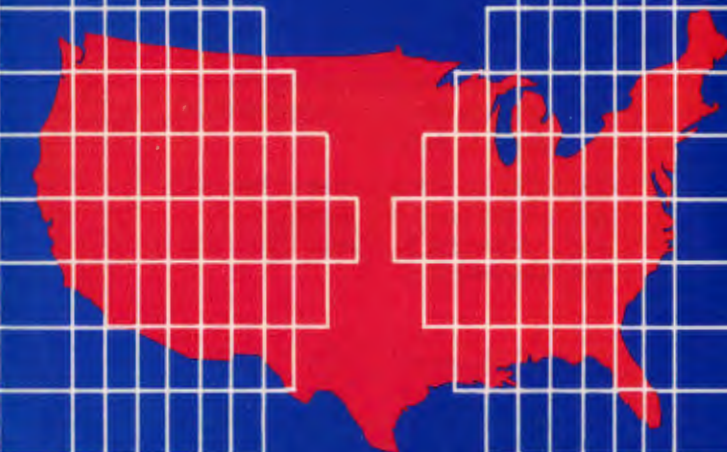
- The United States is the world's largest economy, the largest market, the leading exporter and importer. Our two-way trade has been running at nearly \$500 billion since 1980.
- The United States exported about 8 percent of its Gross National Product in 1980, almost double the percentage in 1970. This compares with 24 percent for West Germany, 22 percent for Great Britain and 13 percent for Japan in 1980.
- From 1891 through 1970, the United States had an unbroken string of trade surpluses. After 1970, we've had deficits in every year except two.
- Canada is the United States' leading market followed by Japan, Mexico and the United Kingdom. Canada is also the United States' leading supplier, followed by Japan, Mexico, and the United Kingdom.
- Capital goods is the United States' leading export sector, followed by industrial supplies and materials, and

exports created 25,000 U.S. jobs in 1982.

- One of every eight manufacturing jobs in the United States depends on exports.
- Two out of five acres of U.S. farmland currently produce for export.
- Exports of U.S. business services are nearly one-fifth as large as U.S. exports of goods—business services exports totaled \$40 billion in 1982.
- Exports create ripples throughout the economy. For example, in 1980, while the primary metals industries directly exported only \$7 billion of their products, an additional \$26 billion of primary metals were exported in the form of American-made computers, aircraft, tractors, and other manufactured goods.
- Exports make it possible to pay for the imports we need. Two-thirds of our imports are critically needed raw materials that we do not or cannot readily produce.
- Exports account for 5 million jobs in the United States (estimated for 1982).
- A relatively small number of U.S. companies account for most U.S. exports.
- Five of the largest U.S. exporters of manufactured products account for 10 percent of total U.S. exports.
- Twenty-five of the largest U.S. exporters of manufactured products account for 27 percent of U.S. exports of manufactured goods.
- Fifty of the largest U.S. exporters of manufactured products account for 40 percent of U.S. exports of manufactured goods.
- One thousand of the largest U.S. exporters account for over 70 percent of total U.S. exports.
- The Commerce Department estimates that only 30,000 of 300,000 U.S. firms export.

SERVING AMERICAN BUSINESS

INTERNATIONAL
TRADE
ADMINISTRATION



There was a time in America when none of us gave much thought to world trade.

We had everything we needed or wanted, right here at home. Our manufacturers could prosper in our vast domestic market and never concern themselves with the possibility of finding new customers overseas.

But times have changed. Today we are part of an interdependent global economy. We aren't self-sufficient any more. We must trade to survive.

We need every foreign market we can get—to pay our energy bills, to offset our enormous trade deficits, to create jobs for American workers, to keep our economy healthy.

World trade has grown at an astonishing rate, but the U.S. share of it has dropped sharply. Our manufacturers find foreign competition in all their markets—including the market at home. We face an unprecedented challenge that makes trade a national priority.

America's economic welfare in all its aspects, both international and domestic, is the mission of the U.S. Department of Commerce. The Department's International Trade Administration (ITA) focuses on strengthening the nation's trade and on getting more U.S. companies to export.

ITA works on many fronts to help U.S. businesses reap the benefits of world trade and to ensure that trade is both free and fair.

COMMERCIAL CORPS

Overseas, ITA serves as eyes and ears for the U.S. business community. In major U.S. cities, it counsels businesses on international trade. ITA:

- Maintains a corps of Foreign Commercial Service officers, stationed in countries around the world, to assist U.S. exporters in those countries

foreign commercial and industrial trends for the benefit of the U.S. business community.

- Manages the U.S. Commercial Service, a network of offices in major cities throughout the United States, whose staff, in consultation with Washington headquarters, counsels U.S. firms on exporting: how to get started ... where and how to find buyers and distributors abroad ... how to compete for foreign government contracts.

TRADE PROMOTION

To strengthen and promote America's international trade, ITA:

- Sponsors overseas commercial exhibitions of U.S. products and conducts trade missions, catalog exhibitions and sales seminars abroad to introduce U.S. manufacturers directly to foreign buyers.
- Collects and publishes commercial and marketing information on each region of the world and on each country to help U.S. companies do business in specific markets.
- Encourages formation, under a 1982 law, of export trading companies, new export tools that may be particularly helpful to small and medium-sized companies.
- Supports the economic well-being of the U.S. textile industry, domestically and internationally, by negotiating and monitoring bilateral import agreements and conducting a U.S. textile and apparel export expansion program.
- Helps U.S. firms compete for contracts related to major foreign projects and equipment systems.
- Seeks to improve U.S. industry competitiveness and performance in international markets, implements U.S. trade laws, and removes foreign trade

TRADE, ECONOMIC POLICY

To facilitate U.S. trade and help in formulation of U.S. international economic policy, ITA:

- Strengthens the U.S. international trade position by developing and carrying out trade policies to improve U.S. market access abroad.
- Maintains country specialists, organized by region (Europe, the Western Hemisphere, East Asia and the Pacific, Africa, the Near East and South Asia), whose expertise is available to U.S. business.
- Collects information and analyzes opportunities in specific country markets abroad.
- Supports U.S. participation in multilateral organizations that oversee international trade such as the General Agreements on Tariffs and Trade (GATT) and the Organization for Economic Cooperation and Development and monitors compliance under GATT agreements.
- Maintains a Trade Advisory Center to which U.S. business may bring problems arising from the Multilateral Trade Negotiations and other international trade agreements.

EXPORT, IMPORT ADMINISTRATION

For reasons of national security, foreign policy, short supply or market disruption, certain exports and imports may have a detrimental effect on our national well-being. To offset that effect, ITA:

- Administers and vigorously enforces our country's export control laws, our anti-foreign boycott law, and our industrial mobilization program designed to assure availability of materials essential to national defense.

THE WHITE HOUSE

Office of the Press Secretary

New York, New York

For Immediate Release

April 5, 1984

REMARKS OF THE PRESIDENT
TO THE WOMEN BUSINESS OWNERS OF NEW YORK

Empire State Ballroom
Grand Hyatt Hotel
New York, New York

1:13 P.M. EST

THE PRESIDENT: Thank you. Thank you very much. Good afternoon, and thank you for that warm reception. I'm delighted to be back in the Big Apple. And I've been eager to get to one of these conferences for women in business ever since the Small Business Administration's Office of Women's Business Ownership under Carolyn Gray started co-sponsoring them.

It's a special honor to be here with you, the members and friends of Women Business Owners of New York. You and your firms make up a vibrant part of the New York economy, employing thousands of men and women, providing goods and services that range from bookbinding to financial consulting. Each of you knows from personal experience that American women have the vision, the talent, and the determination to make great contributions to our nation's economy. And you're serving as role models for a new generation of women -- women for whom participating in the economy will be much easier because of your efforts. On behalf of all Americans, I commend you.

In our lifetime, America has begun an historical social change that offers women exciting new opportunities. Just 35 years ago, only a third of adult women held jobs outside the home. Today, more than two-thirds of the women between the ages of 25 and 44 are in paid positions. Growing numbers of women are doctors, military officers, police and firefighters; more than a third of our law students are female; and women business owners represent the fastest-growing segment of the small business community.

On a personal level, I've seen these changes clearly in the lives of the women closest to me. My mother, Nelle, never had the chance to go beyond elementary school. All her life she devoted herself to our family and held us together both emotionally and financially. For a while during the depression, she helped make ends meet by working in a dress shop for \$14 a week.

My wife, Nancy, belongs to a later generation of women, in which many were raised with society expecting one thing of them, only to discover years afterward that society had come to expect something else. Like so many women, Nancy's had both the challenges and the rich rewards of adapting. She pursued a successful career as an actress, and today she gracefully combines her role as a loving wife and mother with her many duties as First Lady.

MORE

And, you know, the government gets quite a bargain with First Ladies. They aren't on the payroll, but Nancy's office hours and duties run about even with mine. That's why she's not here at this moment. No words can express how proud I am to be the man in her life. (Applause.)

And my daughters, Patti and Maureen, belong to a new generation. Maureen, as you heard, has worked in radio and television, promoted overseas trade, run for political office. Today she's giving advice to her dad on something she understands very well: how to communicate to women, what the administration is working to accomplish. My younger daughter, Patti, seeks a career in the entertainment world. When certain people for political reasons claim that I don't understand the modern woman, I'm tempted to say, "Then how come I have two very independent daughters?" (Laughter.) (Applause.)

In my mother's time and throughout our history, women were always hard at work, seeking self-fulfillment, giving of themselves to their families, and building a better nation. Today, women in our country are just as hard-working and giving as ever. It's America that has changed and grown, giving women increased chances to reach for the stars and go as far as their God-given talents can take them.

Women in the eighties are a diverse majority with varied interests and futures. Some seek to pursue their own careers, some run for political office, some focus on the home and family, and some seek to do all these things. No role is superior to another. What's important is that each woman must have the freedom to choose her path for herself, and I'm committed to just that. The simple truth is I've been frustrated by the perception that's been created about my supposed lack of interest in the welfare of women, and I'm going to take advantage of this opportunity to reveal some things our administration has been doing and that seem to have been closely guarded secrets up until now.

Once, after making a speech, a minister, the late Bill Alexander of Oklahoma, took it upon himself to tell me the story of his first sermon. I've never forgotten it. I've always suspected maybe it had something to do with the length of my speech. He said that he had worked for weeks after his ordination on his first sermon and had been asked to speak or pray or preach at a small country church in Oklahoma, an evening service, and he arrived after working all these weeks on that first sermon that he was going to preach as a minister and looked out at a church that was empty except for one lone little fellow sitting out there amongst all the empty pews.

And Bill went down, and he said, "My friend, you seem to be the only member of the congregation that showed up. I'm just a young preacher getting started, and what do you think? Should I go through with it?"

MORE

And the fellow said, "Well, I wouldn't know about that sort of thing. I'm a little old cowpoke out here in Oklahoma. But I do know this, if I loaded up a truck load of hay, took it out in the prairie, and only one cow showed up, I'd feed her." (Laughter.) Well, Bill took that as a cue, got back up on the pulpit, and an hour and a half later said, "Amen." (Laughter.) And he went down and said, "My friend, you seem to have stuck with me and, like I told you, I'm a young preacher getting started. What do you think?" And he says, "Well, like I told you, I'm just a little old cowpcke out here in Oklahoma. I don't know about that sort of thing. But I do know this. If I loaded up a truck load of hay, took it out in the prairie, and only one cow showed up, I sure wouldn't give her the whole load." (Laughter.) (Applause.)

Now, I'm not going to miss an opportunity like this, and I'm going to take a certain advantage of the situation. I'm not going to talk an hour and a half, but you're going to get the whole load. (Laughter.) Because during the past three years, I've appointed more than 1400 women to top government positions. Not because of their sex, but because they were the best people for the jobs. (Applause.)

Now, among many other firsts, our administraton has Susan Meredith Phillips, the first woman head of the Commodity Futures Trading Commission; Elizabeth Jones, the first woman Chief Engraver of the United States Mint; and Janet McCoy, the first woman High Commissioner of the U.S. Trust Territories. And today, I'm delighted to announce that I'm sending to the Senate the nomination of Rosemary Collyer to be General Counsel of the National Labor Relations Board, and that will be another first. (Applause.)

For the first time in history, our nation has three women in the Cabinet -- Margaret Heckler, who is Secretary of Health and Human Services is in charge of the third largest budget in the world. Elizabeth Dole, who as Secretary of Transportation, oversees matters ranging from expendible rocket launches to revisions of our Maritime laws. And Jeane Kirkpatrick, who as Ambassador to the United Nations, plays a crucial role (applause) -- she does play a crucial role in our country's foreign policy.

I must tell you, shortly after she had arrived there, she informed some of her colleagues from other countries that there was going to be a change. And one of them jokingly said, "Well, you mean you're not going to stand for being kicked around?" She said, "No, we're just going to take off the 'kick me' sign."

Well, one of my proudest days in office came when I appointed Sandra Day O'Connor to be the first woman in history on the United States Supreme Court. (Applause.)

To aid women in business, our administration has put together the three-point National Initiative Program to assist women business owners. The first of the three components is the Advisory Committee on Women's Business Ownership. Now, this committee is made of twelve women and three men, all very successful in the business and professional world.

MORE

I had lunch with the Committee last week, and they told me about the hearings they're holding to learn about the problems that women business owners encounter. And if you have any suggestions for the Committee, please write to me at the White House, and I'll pass your letters on to them.

The second part of our initiative for women business owners is the Interagency Committee on Women's Business Enterprise. This committee is composed of high-level Federal officials representing the various departments and agencies of the federal government. I've charged that Committee with making certain that in dealing with women-owned businesses, the federal government sets an example for private enterprise.

A series of conferences like this one is the final part of initiative for women business owners. In addition to this New York conference, conferences for women in business have been held in places ranging from Somerset, New Jersey, to San Francisco, as you've been told -- and many more are planned. The conferences are designed to help women acquire management skills and compete more effectively, and they're all co-sponsored by private sector groups to make sure that we get private enterprises in the act.

In Atlanta for example, local private firms responded to the conference enthusiastically. A group of businesses agreed to publish a women business owner's directory for the state of Georgia at their own expense, and a group of banks established a hot line -- one number for women to call to find out about everything from the availability of venture capital to where to get help in drawing up a contract.

Now, just as we're supporting you as you make gains in private enterprise, we're making certain that women receive fair treatment under the law. Our administration has moved to amend, or eliminate statutes that discriminate on the basis of sex. At my direction, the Justice Department conducted a review of federal statutes and found 140 that give different treatment to men and women. We have already proposed legislation to correct 122 of them. Of the remaining 18, six are still under study, the rest favor women and will remain unchanged. (Laughter.) Like the law that -- well, it's like the law that establishes a Women's Bureau in the Department of Labor. And I want to mention the superb job that Dr. Lenora Cole-Alexander is doing in heading that Bureau.

At the same time, the Task Force on Legal Equity for Women has begun a thorough review of non-statutory rules, practices and procedures throughout the federal government. Whenever it finds women treated unfairly, the Task Force works with the agencies or departments to ensure changes will be made.

To reach laws and procedures beyond the federal level, we've established the Fifty States Project, a program that's working with Governors to help them find the areas where their state codes, regulations and administrative rules treat women unfairly. And I'm delighted to say that 42 states have already begun reviews of their laws and procedures, and more than half our states are already amending their laws to ensure equal treatment for women.

At the same time, the Department of Justice has been hard at work to fight discrimination in individual cases. The Department has filed the first seven suits in its history to enforce the Pregnancy Discrimination Act of 1988. And one of those suits involved the rights of some 9,000 women. Just last year, the Justice Department won a record-breaking \$2.75 million discrimination case dealing with the rights to 685 women and blacks. Perhaps most important, the Department of Justice has so far filed more charges -- or cases charging sex discrimination in employment than did the last administration during a comparable time.

Let there be no doubt -- this administration considers discrimination based on sex just as great an evil as discrimination based on religion or race, and we will prosecute cases of sex discrimination to the fullest extent of the law. (Applause.)

Now, just as we're joining you in your efforts for legal equity, we're helping in a number of ways as American women work for economic self reliance.

For those whose former spouses are delinquent in child support payments, we've moved to strengthen the federal child support enforcement system. The year we took office, some \$4 billion were owed to the children of America. Since then, our measures have raised child support collections by two-thirds. Improvements still need to be made in this area. So we proposed new legislation that would further improve collection of child support for both welfare and non-welfare families.

For those receiving aid to families with dependent children, the majority of whom are women, we've increased training opportunities that will help them secure permanent productive employment because no government hand-out can give a woman who's supporting her family the same sense of dignity as a job.

Now, our Job Training Partnership Act specifically targets these women as a group that must be served.

For workers in the federal government, I signed into law a bill that extends flexible work hours. This applies to both men and women, but it's of particular importance to women who are holding down a job while raising a family. Now they'll be better able to structure their working hours to do things like spend more time with their families and perhaps be at home when their children come home from school.

For all women, we've worked with the Congress and women's groups to provide several forms of tax relief. Relief, by the way, which could and should have been passed long ago by those in Washington who had a monopoly on power and who still claim a monopoly on compassion. Our administration has greatly reduced the income tax marriage penalty. We've eliminated a state tax that's levied on a surviving spouse giving significant benefits to those with family firms and small businesses where women have long been hard-working partners. We've put Social Security back on a firm footing and made reforms that help many divorced spouses and disabled widows. And we've expanded participation in IRA accounts, helping women whether they work at home or in paid jobs.

Nothing is more important to parents than knowing their children are being taken good care of while they're on the job. So we've almost doubled the maximum child-care tax credit. In other moves to make child care more available and affordable, we proposed tax relief for organizations that care for the dependents of working people and we're pressing for a restructuring dependent-care tax credit to make more benefits available for low- and middle-income taxpayers.

We're also working with the Congress to pass historic legislation that will reform inequities that women suffer in some private pension plans. This legislation has passed the Senate and we're awaiting a vote on the floor of the House, in case you'd like to call or write someone. (Laughter.) I have often said it is not only necessary to make the legislators see the light, it's better to make them feel the heat. (Laughter.) (Applause.) The reforms will lower the age at which employees can participate in company pension plans; protect non-working spouses from losing death benefits without their knowledge; coordinate state and federal laws so divorced spouses can collect court-awarded pension benefits more easily; require pension plans to offer survivor's benefits protection to workers after they reach 45; and permit a break in service of up to five years without loss of pension credit, a change that would help women take time to start a family but still go back to their careers.

Despite the importance of all these reforms, I've always believed the most important step we can take for women is the most important step that we can take for all our people, a dynamic, sustained economic expansion. Economic growth will provide more opportunities for women than if all the promises made in the history of Washington, D.C. were enacted into law.

Think back just three years. Raging inflation, the highest prime interest rate in more than a century, an ever-growing tax burden, government regulations that were out of control -- all these had stifled investment, smothered productivity, and brought growth to a virtual standstill.

The economic crisis hit women especially hard. Elderly women living on fixed incomes found their purchasing power eaten up by inflation. Working women saw jobs become more and more scarce. Homemakers found that 12-1/2 percent inflation made it harder and harder to buy the groceries and pay the bills. And the thousands of women who wanted to start their own businesses saw 21-1/2 percent prime interest rates slam the door in their faces.

When we took office, we made restoring economic vitality our top priority. We cut the growth of government spending, we pruned needless regulations, we chopped tax rates, and enacted an historic reform called tax indexing. Indexing means that government will never again profit from inflation at your expense.

MORE

And today, less than three years after we set our program in place, we're seeing a surging economic expansion. The prime interest rate has fallen to about half what it was when we took office. Inflation has plummeted some two-thirds to about 4 or 4½ percent. Housing starts, factory orders and retail sales are up. Compared to the last quarter of 1982, net private savings during the same period in 1983 shot up nearly 50 percent to over \$230 billion, providing new funds to fuel innovation and spur growth.

In the 15 months since the recovery began, nearly five million Americans have found work and the overall unemployment rate has fallen to 7.7 percent, marking the steepest drop in more than 30 years. And just last month it was announced that during the first quarter of 1984 our gross national product grew at the robust annual rate of more than 7 percent, proving that expansion is here to stay.

Just as the economic crisis hit women hard, today's expansion is giving them a powerful lift. The unemployment rate among adult women has dropped from 9.1 percent to 6.9 percent. More women have jobs today than ever before in our nation's history. Just as important, the jobs women hold are getting better and better. In 1983 women filled almost three-quarters of all the new jobs in managerial, professional and technical fields. And the number of women-owned businesses is growing four times faster than the number of those owned by men.

Entrepreneurs like you, who own their own, mostly small businesses, are playing a special part in this expansion. Last year alone, there were almost 600,000 new business incorporations. That's an all-time high in our history and half again the number of incorporations each year during the early '70's. At the same time, bankruptcies declined some 30 percent in the second half of 1983 compared with the same period in 1982. And small business income, as measured by proprietorships and partnerships, grew by a remarkable 18 percent. Perhaps most important, during this expansion small businesses, like the ones that many of you own, provided the most new jobs, gave the most employees the freedom to work part time and hired the most young people, senior citizens and women. The American entrepreneur is building a dazzling new future and she's just getting started. (Applause.)

We must and will go forward to keep opportunities expanding for you and all Americans. To prevent the nightmare of inflation from ever coming back, we must enact Constitutional reforms like the line-item veto and the balanced budget amendment. Please,

MORE

I'd like both of those. (Applause.) And to provide new incentives for growth, make taxes more simple and fair, I believe we must design and enact a program of tax simplification. Not tinkering here and there, but a sweeping, comprehensive reform of the entire tax code. We must, and will, enact these measures. And I'm convinced that when we do, the American economy will reach new heights of prosperity. (Applause.)

When I look at America, I see our basic industry making striking gains, and new industries, like robotics and bio-engineering, gathering strength. I see America leading the world in a technological revolution that's putting men and women into space and adding years to life here on earth. I see a country of open, self-confident people, serving as a force for peace among nations. And I see women, who are holding families together, entering the workforce, starting new enterprises, and doing it all with courage and confidence. America is back.

And now, I know that many of your companies gross millions of dollars a year, but I'd like to share a letter I received that tells about a woman who started a business that's more modest. The letter comes from a person called Betty Lou, and I believe it shows the enterprising spirit of American women. She wrote, "Mr. President, I'm a simple person in that I have a simple -- have simple needs. My husband, a Vietnam veteran of the Marine Corps is a union steamfitter. When we got married, he was out of work for two years, but we learned how to budget around it and still were able to save money. Now that construction work is available in our area, we know we still have to save. We both know that nothing comes from nothing. You make your own fortune, so to speak."

So, to help make ends meet, Betty Lou writes, "With only \$530 and a big smile, I began a new venture. I had no previous business management experience and didn't know exactly where I'd end up. But I had the chance. Now, three years later, I own and operate my own wordprocessing company. It has grown from that initial \$530 to an annual income for 1983 of \$41,000. From an older technology machine costing \$3,000 to a new system costing \$22,000. From one person logging a huge number of hours, to two, full-time employees, each logging over 40 hours a week. We have pride in the work we do, and are even more proud of the fact that we're being given the chance to do it. And who knows what goals can be achieved in 1984?" She closed, adding that they're a young couple in their early thirties and they've already built a new home for themselves.

Well, whether founding their own companies like Betty Lou and so many of you, or holding down any of the millions of jobs our economy provides; or devoting themselves to caring for their loved ones and raising happy, healthy children; or doing all these things, I know that women will play a vital part in leading our nation into the future -- and that there will always be American women who are American heroes.

Thank you. And God bless you. (Applause.)

ADMINISTRATION ACCOMPLISHMENTS BENEFITING WOMEN

Economic Recovery Tax Act Of 1981

- o ERTA benefited all taxpayers and their families by reducing personal income tax rates 25 percent over three years and indexing the tax system beginning in 1985. It also contains provisions which specifically benefit women. These include:
 - Reducing the "marriage tax penalty" by allowing a partial deduction from the combined salaries of married couples, permitting two-wage earning families to keep more of what they earn.
 - Greatly broadening the eligibility for all IRAs and increasing the maximum allowable contribution from \$1,500 to \$2,000 per year for wage-earning individuals and to \$2,250 for an wage-earning individual and his or her non-wage-earning spouse.
 - Making fundamental changes in estate tax law which effectively exempt 99 percent of all estates from estate tax.
 - Creating an itemized deduction up to a maximum of \$1,500 for the expenses of adopting "special needs" children.
 - Increasing child care tax credits for all working parents, especially those with lower incomes for whom the tax credit nearly doubled.
 - Making employer contributions to day care non-taxable to employees.

Tax Equity

- o On October 24, 1983, the President announced four proposals to advance tax equity. These proposals would benefit women by:
 - Increasing the maximum IRA contribution from \$2,250 to \$4,000 for a wage-earning individual and his or her spouse. The amount which any family earning \$4,000 or more can invest in an IRA for retirement no longer would be affected by whether both spouses are employed. Spouses not employed outside the home and spouses with part-time earnings less than \$2,000 are the primary beneficiaries of this new provision.

- Permitting taxable alimony received by a divorced person to be treated as compensation in determining the deduction for IRAs. Current law does not permit divorced taxpayers to treat alimony as compensation for purposes of establishing an IRA unless a spousal IRA contribution for that individual was made in at least three of the last five years before the divorce.
- Permitting non-profit dependent care organizations to be treated as tax exempt irrespective of whether they are organized for charitable or educational purposes. This provision provides an incentive for taxpayers to support non-profit dependent care organizations.
- Restructuring the dependent care tax credit to increase the tax benefits for low and middle income taxpayers and single heads of households. The IRS currently allows an individual tax credit equal to a maximum of 30 percent of qualifying dependent care expenses for a taxpayer with an adjusted gross income of \$10,000 or less, sliding to a 20 percent credit for taxpayers earning more than \$28,000. The maximum credit is \$720 for one child, \$1440 for two or more. The proposed credit would go to 40 percent of qualifying expenses for taxpayers earning less than \$11,000, sliding to 10 percent for taxpayers earning \$50,000. The credit is phased out at an adjusted gross income level of \$60,000 or more.

Pension Equity

- o On September 29, 1983, the President proposed the Pension Equity Act of 1983 to promote economic equity for women. This Pension Equity Act would make the following changes in ERISA:
 - Lower the minimum age of insurable pension plan participation from 25 to 21.
 - Lower the minimum age for vesting from 22 to 21.
 - Permit maternity or paternity leave without a loss of pension credits for participation and vesting purposes.
 - Clarify that State courts can award spouses' pensions as part of child support and alimony orders.

- Expands the rights of divorced spouses to survivor benefits, and requires the right of survivorship to pension benefits unless a married couple otherwise specifies.

Legal Equity

- o On December 21, 1981, the President announced the appointment of the Task Force on Legal Equity for Women. He directed the Justice Department to identify Federal statutes and regulations that discriminate on the basis of sex. The Task Force, chaired by Dorcas Hardy, Assistant Secretary of Health and Human Services, is to implement the Justice findings.
 - The Department of Justice submits its findings to the President quarterly. He has directed that agencies correct any sexually discriminating language in Federal regulations. In 1982, the President actively supported the Federal Equity Act designed to correct gender-based language in Federal statutes.
 - In 1983 proposed amendments to the bill to correct additional statutes that the Department of Justice had identified as sexually discriminatory.

Fifty States Project

- o In 1981, the President established the Fifty States Project to assist in correcting State statutes which discriminate on the basis of sex.
 - The President has met with State representatives to outline how the nation's governors can act to identify and correct discriminatory State laws.
 - The project monitors State compliance and reports its findings to all States and women's commissions.

Presidential Appointments

- o During his first three years in office, the President has appointed more than 1400 women to top policy-making positions. These include:

The Missing Children's Act

- o In 1982, President Reagan signed the Missing Children's Act which authorized access to a national computer system to help trace missing children.

Pornography

- o In 1983, the President established a Cabinet Council Working Group on Pornography to coordinate the efforts of the U.S. Customs Service, the U.S. Postal Service, the Department of Justice, and the Federal Bureau of Investigation in enforcing Federal anti-obscenity laws.
 - The U.S. Customs Service has dramatically increased seizures of obscene materials imported into the U.S. and is cooperating with other Federal agencies and State and local governments to initiate criminal charges against the addressees of obscene material. Seizures of imported obscene materials rose 200 percent during 1983.

Uniformed Services Spouses Protection Act

- o In 1982, the President signed the Uniformed Services Spouses Protection Act which established the legal rights of divorcees to equity in the military pensions of their spouses.

Task Force on Domestic Violence

- o On September 19, 1983, the Attorney General announced creation of a Federal Task Force on Domestic Violence to investigate spouse abuse, and abuse of the elderly.
 - The Task Force has completed hearings throughout the nation to investigate the causes and remedies of domestic violence, the possibility of changing the classification of certain acts of domestic violence from civil to criminal acts, thereby enabling the State to prosecute offenders.

Single Parent Assistance

- o Since 1981, the Department of Housing and Urban Development has supported two model efforts which focus on the housing, day care, counseling, and training needs of -women heads of households.

- Supreme Court Justice Sandra Day O'Connor.
- Cabinet Secretaries Elizabeth Dole and Margaret Heckler and Ambassador Jeane Kirkpatrick.
- Women also head the Federal Mine Safety and Health Review Commission, the Commodity Futures Trading Commission, the National Institute of Museum Services, the Federal Election Commission, the Federal Labor Relations Authority, the Postal Rate Commission, the Consumer Product Safety Commission, the Appalachian Regional Commission and the Peace Corps.
- 57% of all Reagan political appointments (Schedule C) have gone to women. Twice as many top White House staff jobs are filled by women as under President Carter (24 to 12).

Child Support Enforcement

- o The Administration has acted to strengthen and improve Child Support Enforcement program enacted in 1975 based on the model of then Governor Reagan's initiative in California.
 - In 1983, the President proposed legislation, now pending, to strengthen State child support enforcement. The bill would establish funding based on State performance in increasing collections from absent parents and reducing overhead costs. New State laws and procedures, such as mandatory wage withholding in cases of delinquent payments, also would be required.
 - In 1982, the Department of Justice eased internal restrictions upon federal involvement in parental kidnapping cases, thereby expanding assistance available from the FBI in helping locate parents who take children in violation of court orders and flee across State lines.
 - Efforts on behalf of families who are not receiving welfare would be expanded significantly.
 - The Department of Health and Human Services is also providing considerable technical assistance to State enforcement programs.
 - --Collections rose from \$1.5 billion in FY1980 to almost \$2.5 billion in FY1984.

- HUD is working with the Departments of Labor and Health and Human Services to develop a third model program, Project Self Sufficiency, for single heads-of-households.
- These programs utilize Section 8 existing certificates, block grants and technical assistance through Federal-State-private partnerships.
- o On July 23, 1982, the President signed the Flexible and Compressed Work Schedules Act which permanently allows agencies to adopt flexitime schedules for Federal employees.
 - This measure is particularly significant for working mothers who use the flexibility to schedule work hours to assist them in meeting their responsibilities at home and the office.

Business Women

- o On June 22, 1983, the President established the President's Advisory Committee on Women's Small Business Ownership to review the status of female-owned businesses and make recommendations to the executive branch on issues relating to this sector.
 - The SBA also recently funded a program to improve women's access to private credit sources and assist female-owned firms bidding for Federal contracts.
- o Interagency Committee on Women's Business Enterprise. The President appointed this Committee to promote, coordinate and monitor Federal sector efforts that will help to assure equitable opportunities for and improved government services to women business owners. This Committee is composed of high level Federal officials from various departments and agencies.
- o Conferences. At President Reagan's direction the Small Business Administration is hosting a series of national conferences with local co-sponsors which will offer practical training.

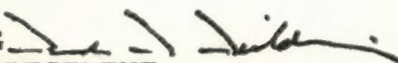
February 1984

THE WHITE HOUSE

WASHINGTON

April 11, 1984

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: FRED F. FIELDING 
COUNSEL TO THE PRESIDENT

SUBJECT: Gifts from Foreign Officials

Page F-8 of the White House Office Staff Manual (January 1984) summarizes Federal law regarding gifts to government officials from foreign governments. The manual provides that:

A. Federal law prohibits any government official from accepting a gift from a foreign government or subdivision or from a public multinational organization if the value is more than \$100 (judged by U.S. retail value). If the gift cannot be refused without embarrassment to the government of the foreign country or the United States, it may be accepted but it becomes the property of the United States.

B. Gifts over \$100 in value should be turned over to the White House Gift Unit where they will be recorded, for purposes of the annual report on foreign gifts, and subsequently turned over to the General Services Administration for disposition.

C. Gifts under \$100 received from a foreign government may be retained by the staff member but must be reported on the annual public financial disclosure form under the same conditions as domestic gifts. [Also discussed at page F-8.]

Please be advised that by regulation prescribed by the Administrator of General Services, the figure \$100, which was earlier raised to \$140, has been increased, effective March 28, 1984, to \$165.

It is essential that you continue to observe the law governing such gifts. Please feel free to direct any questions to this office.

THE WHITE HOUSE

WASHINGTON

February 29, 1984

MEMORANDUM FOR JAMES A. BAKER, III

FROM: LEE L. VERSTANDIG *lee*

SUBJECT: GUAM OIL AND REFINING COMPANY, INC. (GORCO)

On Monday, February 27, 1984, the President met with the Nation's Governors. During the question and answer period following the President's remarks, Governor Ricardo Bordallo (D-Guam) asked the President about the termination of the fuel supply contract between the Department of Defense and Guam Oil and Refining Company, Inc.

Background

The Guam Oil and Refining Company, Inc. (GORCO), the U.S. oil refinery on Guam, had a five-year contract with the Department of Defense to supply fuel to the military. The contract was signed January 1, 1981, and required annual price negotiation. GORCO's recent bid was \$17 million over other contractors. GORCO's annual sales last year amounted to over \$300 million -- 85% of the sales were to the military with the remaining 15% to Guam and Saipan.

The Department of Interior learned of the contract disputes the middle of January and met with the President of GORCO and the Department of Defense to express concerns regarding the adverse impact to the economy of Guam should the contract be terminated. Secretary Clark asked Secretary Weinberger if a six-month moratorium would be possible to allow for review of the impact and allow Guam to prepare for a possible termination. Defense could not grant an extension to GORCO because of the price differential and the contract was terminated the end of January, with an agreement that DoD would purchase GORCO's remaining supply. Defense has since entered into contracts with other U.S. companies to meet its fuel needs.

Action

The Departments of Defense and Interior are very concerned about the impact the termination of the contract and the possible closure of the refinery will have on the economy of Guam. Interior would like to demonstrate to the people of Guam there is Federal concern for the adverse impacts caused by the DoD action and that the Federal Government intends to help the community adjust to those economic impacts. Interior is proposing that an organized interagency approach be developed to study the problems and make recommendations on mitigating measures (letter attached). As a first step, Interior intends to send a team, made up of representatives of Defense, Energy, and Interior, to Guam in March to determine the scope of such an effort.

Attachment