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WITHDRAWAL SHEET

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Date: 3/1/99

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|-----------------------|---|--------|---|
| 1. memo | Nancy Kennedy to Baker thru MB Oglesby and Pamela Turner re board of directors/TVA 1 p. | 3/8/84 | <i>P6, P6 86</i> <i>CR</i> <i>10/5/00</i> |

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
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- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
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- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
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- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

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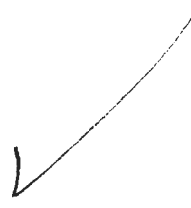
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THE WHITE HOUSE

WASHINGTON

April 10, 1984



MEMORANDUM FOR JAMES A. BAKER ✓
MICHAEL DEEVER
JOHN HERRINGTON

FROM: M. B. OGLESBY, JR. *Bo*

SUBJECT: Tennessee Valley Authority Board Vacancy

Senator Baker's recommendations, for our consideration, to fill the TVA Board vacancy are:

John Waters, currently President of Tennessee Bar Association; or

Bob Farris, currently Tennessee Commissioner of Transportation

Resumes will be forwarded.

We should give Senator Baker's recommendations the highest priority in our selection process.

THE WHITE HOUSE

WASHINGTON

April 9, 1984

MEMORANDUM FOR JAMES BAKER
MIKE DEEVER
DICK DARMAN
JACK SVAHN

FROM: M. B. OGLESBY, JR. *Bo*
NANCY J. RISQUE *Nancy*

SUBJECT: Legislation to "clarify" congressional
intention re: Title IX

Senate and House Democrats and Republicans are beginning to move legislation. We have alerted appropriate congressional offices to get on top of this. People are going to be looking for guidance soon.

You will recall that a sense of the House resolution (H.Res. 90) stating its commitment to the "comprehensive nature" of Title IX, passed November 29, 414-8, with our Republican leadership.

There is lots of room for mischievousness on this and I believe we need to decide what we want asap.

Background

House: Claudine Schneider (R-RI), the originator of H.Res. 90, earlier today re-introduced legislation "clarifying" Title IX coverage. Reportedly she includes Title VI and Section 504 as well. House cosponsors include Jack Kemp (R-NY), Barber Conable (R-NY), as well as Pat Schroeder (D-CO) and Don Edwards (D-CA). A press conference is being planned, as well as joint hearings this week between House Education & Labor and Judiciary committees.

Senate: Bob Packwood (R-OR) and Ted Kennedy (D-MA) introduced similar legislation. We are advised that the following senators will be included as original cosponsors of their bill: Dole, Durenberger, Heinz, Kassebaum, Percy, Specter, Stafford, Stevens, and Weicher. Others may join, including Quayle and Lugar.

The attached is FYI.

Dear Republican Colleague:

We are writing to urge your support for legislation which we believe clarifies the existing laws written to guarantee equality of opportunity for all regardless of race, gender, age or physical impairment.

As a result of the recent Grove City College v. Bell Supreme Court decision, Title IX of the Education Amendments, the only statute prohibiting gender discrimination in education, will be enforced solely in programs or activities that directly receive federal funds. The regulatory interpretation, however, had been institution-wide prior to the Court's ruling.

We fear that this "pinpointing" of Title IX coverage will create a burdensome morass of paperwork for the Department of Education. As Secretary Terrel Bell remarked recently, "We haven't been tracing (funds) down to the program or activity where you go...Now what is a program or activity?" Furthermore, the decision is already wreaking havoc in federally-funded universities and school districts confused over the impact of the Supreme Court's decision on them.

Other statutes which guard against discrimination - Section 504 of the Rehabilitation Act for the disabled, Title VI of the 1965 Civil Rights Act for minorities and the Age Discrimination Act of 1975 for the elderly were all written with language identical or similar to the Title IX statute. Because of the court's opinion in Grove City College v. Bell, we believe both Title IX and these other anti-discrimination laws may be interpreted in a restrictive manner unintended by Congress. Therefore, we believe there exists a need for legislation to clarify, not expand all four statutes in order to avoid the "patchwork discrimination" sure to evolve from such "pinpointed coverage" suggested by the Supreme Court.

The clarification legislation, currently in draft form, will soon be introduced in both Houses with bipartisan support. We urge your speedy cosponsorship of this highly worthwhile effort. Equality of opportunity for the nation's disabled, its senior citizens women and minorities is not a partisan issue; please don't allow it to become one. Contact any of us or call Barbara McSweeney with Claudine Schneider at 52735 or Tom Schatz with Ham Fish at 55441.

Sincerely,

Hamilton Fish, M.C.

Claudine Schneider, M.C.

Olympia Snowe, M.C.

Barber Conable, M.C.

Barbara Vucanovich, M.C.

Jim Leach, M.C.

Joel Pritchard, M.C.

THE WHITE HOUSE
WASHINGTON

JAB



As you can
see Michael is
very upset —
we will also hear
from Percy —

RS.

M. B. OGLESBY, Jr.

Office of the Republican Leader
United States House of Representatives
Washington, D.C. 20515

April 6, 1984

Honorable Caspar W. Weinberger
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Cap:

I have just been informed that the Department of Defense has awarded a substantial contract for the production of engines for mine-sweeping vessels to an Italian firm.

While I obviously don't have all of the facts at my command, the very thought of spending millions of dollars creating new jobs in Italy while unemployment remains so high in my area where Caterpillar Tractor Company is the major employer and one of the American firms bidding on the engine contract, makes me wonder if we haven't lost our common sense.

I find it pretty hard to believe that we are so obligated to do business with foreign companies when there are Caterpillar workers in my District out of work, out of unemployment compensation, out of personal savings and wondering how they are going to put food on the table for their families.

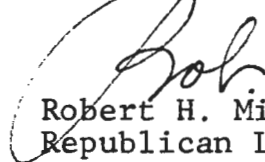
We have been going the extra mile to make sure that the national defense budget isn't completely cut to ribbons in the movement to reduce the deficit, and here we are using precious tax dollars allocated for defense to create new jobs and more employment in Italy. I have to wonder if some of your people haven't lost touch with what is going on around here or what problems still exist in areas where the economy remains depressed.

I have never suggested that defense dollars be squandered for the sake of improving the economic conditions of any area, but I really doubt that this can be described as one of those situations. I suspect that Caterpillar has probably been the victim of unfair trade advantages brought about by more government subsidies of foreign industries.

April 6, 1984

I would appreciate a full and complete explanation of where this matter stands, and if the explanation isn't good enough, I fully intend to offer an amendment to the Defense authorization or appropriation bill to negate the purchase.

Sincerely,



Robert H. Michel
Republican Leader

RHM:dhj

cc: The President

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 29, 1984

MEMORANDUM FOR JAMES A. BAKER III

THRU: M.B. OGLESBY, JR. *MO*
FROM: W. DENNIS THOMAS *JD*
SUBJECT: Textile Import Policy

Congressmen Jim Broyhill (R-NC) and Carroll Campbell (R-SC) provided the attached press clippings and asked that they be forwarded to you.

Mr. Broyhill acknowledged that he had talked to you by phone on this issue and anticipated being in touch with us very soon with a set of specific proposals.

Smith Criticizes Administration On Textile Imports

By LOU PARRIS
Staff Writer

GREER — Fourth District congressional candidate Jeff Smith criticized the present administration Thursday for what he says is "election year maneuvering" that has failed to effectively deal with textile imports.

"What bothers me is competing against seventeen-cent-an-hour wages in some foreign country," Smith said. "The present administration can get action in the State Department, if they want it."

However, a top ranking official of the American Textile Manufacturers Institute said Thursday that the present administration has "gone the extra mile" toward solving the import problem.

Ellison McKissick, an Easley industrialist and first vice president of ATMI, said the Department of Commerce has shown improved efforts toward stamping out illegal import shipments.

"Customs is putting a lot more teeth into it, and we're optimistic enforcement will be better in the year to come," McKissick said.

Smith, a Greer Democrat running against three-term Republican Rep. Carroll Campbell of Fountain Inn, called a news conference to criticize Campbell's approach to problems of the textile industry.



Herald-Journal Photo

JEFF SMITH
Congressional Candidate

Spa Herald

He said politically expedient "quick fixes" have not saved the jobs of thousands of textile workers in the 4th District, which is Union, Spartanburg and Greenville counties. He said efforts must be focused on a strong legislative approach.

Campbell defended his movements in the textile imports battle, and he said Thursday that President Reagan has promised another executive order dealing with enforcement of import quotas.

The congressman, in a strongly worded letter to Reagan Thursday, accused the State Department of trying to return the nation to "failed policies of the past." He also accused the State Department of not carrying out executive policies set out in the Dec. 16 White House statement on textile imports.

"There has been a tremendous amount of movement (in dealing with textile imports), but even with that I am not satisfied," Campbell said Thursday. "I'm going to continue to fight it, and I speak to it legislatively and administratively."

Smith said the effort is more important than "partisan politics, political philosophy or election year maneuvering."

He said Campbell's visits with the president in a half dozen "highly publicized" meetings is not bringing relief to the 4th District.

"After his most recent meeting in December, our present congressman reported that he had gotten 95 percent of what he had requested on behalf of the textile industry, and he said he would look for some rather immediate impact," Smith said.

"Well," he said, "we've seen the impact. January, the month after the meeting where Mr. Campbell said he got 95 percent of what he requested, imports reached the highest monthly level in history."

Smith said statistics show that textile imports were up 54 percent above January last year and yarn imports up 90 percent for the same period.

He said "repeatedly begging" the White House won't provide long-term solutions.

"If we are to meet our responsibility and protect the economic health of the 4th District, we must seek a legislative solution to the problem and not put all our eggs in the basket of partisan politics," Smith said. "We cannot depend upon the shifting tides of partisan politics to protect our textile industry from unfair competition."

The Democratic Party candidate said he supports Congressman Butler Derrick's legislation, which he considers a step toward removing partisan politics from the enforcement of stronger trade policies.

Derrick's proposal gives statutory authority to the Committee on Implementation of Textile Agreements.

"It provides for automatic triggering mechanisms which set our quota enforcement procedures into action automatically when certain levels of imports are exceeded," Smith said. "It also prevents any

country from carrying an unused portion of its quota into the next calendar year."

The Derrick proposal is not a full answer to the nation's textile problems, Smith said, but he considers the bill a "good example of sound, responsible and balanced legislative effort, as opposed to the headline-grabbing election year quick fix."

He said that while there are other pending bills that would contribute toward the long-term fix, he sees a need for comprehensive trade law reform.

"We need some automatic enforcement instead of this push and pull every time we get in trouble," Smith said.

He said the 4th District representative must be an advocate of the textile industry and not political party philosophy.

"Mr. Campbell draws great strength in what he says is a close relationship with President Reagan," Smith said. "The 4th District representative needs to be independent of the national party."

Campbell was among Republican congressmen charging earlier this month that the president's new policies on bringing imports under control are not being enforced strictly enough.

The charges were made in a March 6 letter to Commerce Secretary Malcolm Baldrige, Secretary of State George Shultz and U.S. Trade Representative William Brock.

The letter was drafted by Campbell and signed by fellow Republicans Sen. Strom Thurmond, and Sen. Jesse Helms and Rep. James T. Broyhill of North Carolina.

The group also wrote the president a letter about the problem.

"We thought he should be aware of it," Campbell said.

The State Department responded in a letter to Campbell on Wednesday, but Campbell said Thursday that the response is "inadequate."

"There was no reference at all to our concern about reports that some 60 eligible (import enforcement) calls had not been made," Campbell responded in a letter to the president.

He said the State Department letter "undermines what the administration is trying to do for the textile/apparel industry."

"By totally ignoring its mandate to approve calls which create a threat of market disruption, the State Department is trying to return us to the failed policies of the past where, by the time a call could be made, the damage to the industry had already occurred," Campbell's letter reads in part.

His letter to the president further reads:

"I am extremely disturbed that the State Department apparently is ignoring with impunity the clear policies of your administration and, at the same time, is harming our nation and my congressional district by blocking legal efforts to curb textile imports."

Campbell said he was assured Thursday that an executive order reinstructing the State Department on enforcement and dealings with ~~front~~ is forthcoming.

Smith says he's eager for race with Campbell

By Al Dozier

Piedmont Capital Bureau

Columbia

Fourth District Congressional candidate Jeff Smith, now officially blazing the campaign trail, said he would rather campaign against Rep. Carroll Campbell than Democrat Marion Tyus, but Campbell has yet to announce his plans to seek re-election.

He will, press secretary Cindy Patrick said. But she said her boss is much too busy now with congressional matters and probably won't declare his candidacy until some time in April, she said.

Meanwhile, Campbell has turned down at least one opportunity for a joint appearance with Smith, who said he is looking forward to debating Campbell.

As for Tyus, Smith said he has no axes to grind.

"I certainly regard Mr. Tyus as a serious candidate," Smith said in an interview. "But my differences are with Campbell."

Tyus, the 69-year-old retired motel operator who was a political unknown when he threw a scare at Campbell two years ago by accumulating 37 percent of the vote, has announced his candidacy. Once again, Tyus has no campaign organization and no funding effort in the works.

Smith, a Greer lawyer, was at work Thursday, campaigning before a home-town crowd at the Chamber of Commerce in Greer. He said he supported 3rd District

Rep. Butler Derrick's resolution that would provide "triggering mechanisms" to ensure that textile import levels are properly enforced.

The bill would provide for the congressional textile review committee to "set our quota enforcement procedures into action automatically when certain levels of imports are exceeded," Smith said.

Smith pledged to aggressively work on behalf of the textile industry and criticized Campbell's handling of textile industry problems. He said Campbell's meetings with President Reagan concerning textile problems did not effectively address the flood of foreign textile imports.

Campbell, from his office in Washington, said a call for legislation to address foreign textile imports was rather late. He said action on his own resolution is pending.

Campbell's bill calls for tighter regulation of imports, restrictions on foreign manufacturing procedures and would ensure labeling of origin on all imported textile products.

Campbell said Reagan's action to revise criteria for consultation calls that guide the congressional textile review committee would ensure that many foreign textile products would be heavily restricted or completely rejected.

Smith, 35, has developed a campaign theme emphasizing "long term" solutions instead of



Carroll Campbell

what he considers the short-sighted programs adopted by the Reagan administration.

He has criticized huge federal budget deficits, saying they were spawned by the Reagan administration, and is advocating a "pay as you go" spending process to balance the federal budget.

Had such a program been adopted when proposed in 1982, the budget would be balanced in 1985, Smith said, attributing that finding to the Congressional Budget Office.

Smith, a former supporter of Sen. Ernest Hollings' bid for the presidency, so far has not embraced any of the other contenders. He describes himself as "uncommitted."

Campbell, who will run Reagan's campaign in South Carolina as well as his own, can also be expected to talk economics. His newsletters frequently tout an economic recovery that brought



Jeff Smith

interest rates down and restored jobs lost during the recession.

While acknowledging the popularity of Reagan in the Upstate and his close association with Campbell, Smith is banking on the traditional independence of South Carolina voters.

"It just hasn't happened in South Carolina," Smith said of a possible Reagan coattail effect delivering votes in Greenville, Spartanburg and Union counties to the GOP camp. "In the past when we have had big turnouts for a presidential candidate the voters have been willing to split the ticket."

Two years ago a good turnout of Democratic voters helped Tyus, and Smith is predicting another strong showing for the presidential election year.

Libertarian Ray Pike of Spartanburg, a political newcomer, has also entered the race.

Textiles

Continued from Page 1A

ports are also increasing.

The industry is making money, he said, but if current import trends continue 50 percent of the domestic market could be lost by the 1990s.

"Somehow, we've got to get some teeth in this thing," said Kent, referring to the existing network of trade agreements.

He said industry representatives have told politicians in Washington they want results.

"The political route is the one you have to go. I think they're definitely getting the message," he said.

Hunter Gallman, a senior vice president with Lowenstein in Lyman, said his company has been forced to close four print cloth mills in the past three years because of rising imports.

"The administration either wasn't capable or wasn't willing to go all out" to fight imports, said Gallman.



Campbell

In response to the industry pressure, Campbell and other Republican congressmen from the Carolinas banded together and trooped to the White House in December to make their case to the president.

Reagan, a few days later, made a pledge to tighten import controls.

The initial returns from the action were impressive. The administration

increased the number of calls on imports to 112 in December, compared to the 38 made in all of 1982.

Still, imports were up in January, and Campbell was again forced to publicly complain to the administration.

In a letter to the president last week, Campbell said the administration's actions on textiles were "harming our nation and my congressional district by blocking legal efforts to curb textile imports."

Campbell, however, has been careful to avoid directly criticizing



Smith

the president for the problem.

Instead, he has blamed the bureaucracy, which he says has ignored the president's wishes to halt imports.

Smith has responded that Campbell's attempt to portray the president as not in control of his own administration is "absurd."

A central question over the issue is the fairness of the attack.

Campbell, as a GOP congressman without the inherent clout of a Republican senator, can only do so much to influence administration policy.

And the problem itself is complex.

"Our problem has come when we're dealing with a controlled society that pays slave wages and then targets part of our industry to sell in this market below their production costs," Campbell said, "so they can break our industry so then they can come back and take over that share of the marketplace. Government has a legitimate function to try to protect their people from that type of practice."

But the congressman said he understands some of the other pressures the administration is feeling.

It is working with a State De-

partment with some of the foreign nations involved in the import problem. And the administration has been built on a belief in free market values.

Asked if his attack on Campbell, with the implication that Campbell could somehow change the situation, was fair, Smith said he believed it was.

He said his criticism has not hinged so much on what Campbell has done, but on the expectations he created back home.

Over the years, Smith said, Campbell has taken the import problem to the White House and later assured the industry and its workers that things would be better, that the president was on the problem.

That created, said Smith, raised hopes that were not realized.

"I think blame can be fixed to anyone who assumes to make promises for the administration," he said.

where by the time a call could be made, the damage to the industry had already occurred. As you well know, avoiding market disruption was the central goal of the new December policy," said Campbell in his Thursday letter to Reagan.

The congressman added that "I am extremely disturbed that the State Department apparently is ignoring with impunity the clear policies of your administration and, at the same time, is harming our nation and my congressional district by blocking legal efforts to curb textile imports."

The State Department said "calls have not been made only in cases where data on imports, domestic production and prices do not support a finding of market disruption."

Campbell's Democratic challenger, Greer lawyer Jeff Smith, said at a Thursday news conference in Greenville County that Campbell's highly publicized visits to the White House gave him plenty of publicity but did nothing to save jobs lost to the import overload.

Campbell's newest letter to President Reagan is "the same old song. We've heard it before," he said.

Campbell threatened in December to "go to war" with Reagan if the president didn't take strong action to curb textile imports, Smith said. "Well, the action hasn't been taken. The problem is getting worse. The time has come now for our present congressman to keep his promise and make a break with the president on this crucial issue."

The Democrat also said Campbell's argument that Reagan's wishes are being ignored by the Washington bureaucracy implies "that Reagan cannot control members of the executive branch, and I don't believe that."

He said it does indicate Reagan's commitment may not be what it's been reported to be.

Smith said a legislative approach instead of politically expedient "quick fixes" is the answer to the im-

port problem and endorsed a bill introduced recently by 3rd District Rep. Butler Derrick as "the best first step."

The Derrick bill gives statutory authority to the Committee on Implementation of Textile Agreements, which was created several years ago by executive order to monitor textile imports. The bill also provides for automatic triggering mechanisms that set U.S. quota enforcement procedures into action automatically when certain import levels are exceeded, Smith said.

Reagan promised tighter controls on textile imports in December after he was confronted on the issue by Campbell, Sen. Strom Thurmond, R-S.C., Rep. Jim Broyhill, R-N.C., and Sen. Jesse Helms, R-N.C.

Following the December meeting, the White House said it would "utilize additional criteria for addressing import increases in categories not presently controlled which, if met, will establish a presumption of market disruption or threat thereof."

Campbell said the Thursday letter from the State Department indicated the administration was not living up to its December promise.

In his letter later Thursday to Reagan, Campbell said "this situation is intolerable and I respectfully request that the State Department be instructed on this issue."

Of more than 70 categories of imports that could have been blocked during December, Campbell and the other Republicans said the government took action in only 10.

That gave rise to an increase in textile imports in January.

The State Department also said Thursday that the administration's December pledge to tighten controls may have led to a rush by foreign nations to move textiles into the United States in anticipation of tougher limits later in the year.

Page 1A

Administration defends textile import record

By Chris Weston and Susan Clary
News staff writers

WASHINGTON — The Reagan administration on Thursday defended its record on policing textile imports — a defense sharply criticized by 4th District Rep. Carroll Campbell.

The swordplay between the administration and Campbell, one of the president's top political supporters, came on a day when Campbell's re-election challenger was jabbing the Republican congressman back home on his textile record.

The defense offered by the administration was in response to a March 6 letter to the president and the secretary of state from Republican congressmen from the Carolinas. The lawmakers asked the administration to explain why it took no action to halt textile import violations in as many as 60 categories during December.

W. Tapley Bennett Jr., an assistant secretary of state, said in a reply to Campbell on Thursday that the administration had complied fully with international trade agreements contained in the Multi-fiber Arrangement and in 28 bilateral textile agreements.

Bennett said the administration, under the trade agreements, can only



Campbell Smith

make calls to halt imports if there is evidence of domestic market disruption.

Campbell said his discussions with White House officials on Thursday led him to believe that Reagan, in a pending letter, would mirror the State Department's position. But Campbell said it was assured that Reagan would issue a new executive order on textile fraud and enforcement.

After receiving the State Department explanation, Campbell wrote the president on Thursday again to charge that the State Department was ignoring new guidelines Reagan instituted on Dec. 1 in response to pressure from the Carolinas Republicans.

Campbell said Reagan pledged in December that calls would be made to halt imports if there was a threat of market disruption, not evidence of disruption.

"The State Department is trying to return us to the failed policies of the p-

See Textiles, Page 6A

Textile imports rise as campaign issue

WASHINGTON — One measure of the difficulty Republican Rep. Carroll Campbell's re-election may face could be the success he has in deflecting charges he has failed to carry the ball for the textile industry.

That issue blossomed last week when Jeff Smith, Campbell's Democratic challenger for the 4th District seat, called a press conference to question Campbell's industry credentials and his professed clout with the Reagan administration.

On the same day Campbell wrote another in a series of highly critical letters to the president complaining about the administration's textile import record.

Campbell, a conservative, holds top posts in the president's re-election campaign.

Smith expects to be outspent by Campbell. But he said, in a recent interview, he has a hefty club to use in his fight — the growing tide of textile imports that has flooded the domestic market under the Reagan administration.

"It will be an important issue," said Smith.

Campbell is caught in something of a vise over the issue.

In a recent interview, Campbell expressed frustration over having to endure the attacks, support the Reagan administration, and fight the problem.



By Chris Weston
The News Washington bureau

Campbell acknowledged he is feeling heat, not just from his political opponents, but from the politically important textile barons and the workers they employ in his home district.

Campbell declined to use the word "pressure"

to describe his dilemma, but he said he does feel a sense of urgency from the industry to deliver something from the administration.

"I don't feel too much pressure. I get a lot of complaints. They say this is happening and that is happening and it's more of an information thing," said Campbell, referring to the textile industry. "I don't have to have any pressure. All I have to see is a plant that's having to go down and people being put out of work and that's pressure enough for me."

But finding a solution, he said, has been a difficult chore.

"You're not superman. You don't have a magic wand and you can't go out and solve problems overnight,"

said Campbell.

The dilemma Campbell has encountered over the textile import problem is one shared by all Southern Republicans in textile-producing states.

To advance their political careers, they became closely identified with the Reagan administration and take credit for its successes.

Now, the textile industry — while enjoying an increase in profits — has turned up the heat over deterioration of its market from imports during Reagan's term in office.

The problem affects Campbell perhaps more acutely than other Republicans because he faces a vigorous re-election challenge.

Textile industry officials have said, in no uncertain terms to their Republican congressmen, they want action from the administration on imports.

Joseph Jennings Jr., president of Mount Vernon Mills in Greenville, said "I think people felt that it had really reached a critical stage — that the imports had been growing so fast for so long."

Tom Kent, the president of Kent Manufacturing in Pickens, said that while industry profits are rising, im-

See Textiles, Page 21A

GREENVILLE NEWS

3-29-84

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR M.B. OGLESBY, JR.

FROM: MARGARET TUIWILER

DATE: MARCH 23, 1984

SUBJECT: STAN PARRIS

Please find attached a March 16, 1984 memo from Jim Rosebush to Mr. Baker regarding Stan Parris. Mr. Baker has asked that I check with you to see if a copy of this should go to Parris.

Please advise.

Many thanks.

MDT

cc: James A. Baker, III ✓

THE WHITE HOUSE

WASHINGTON

March 16, 1984

MEMORANDUM TO: JAMES A. BAKER, III .

FROM: JAMES S. ROSEBUSH *JSR*

Thank you for your memo of March 7. As you know, when we go on the road, we always inform Congressional offices of our visits to their districts. I must admit, it has not been our practice to do so for events which take place at the White House. Stan Parris is the only one who has complained.

At your suggestion, we are now beginning the practice of informing Congressmen of events here involving their constituents.

Stan Parris will be invited to the photo op we had planned for next Thursday when the three students, former drug users from Family Center, are here to meet Mrs. Reagan.

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR JAMES BAKER ✓
MICHAEL DEEVER

THRU: M. B. OGLESBY *Bo*

FROM: W. DENNIS THOMAS *JD*

SUBJECT: Meeting with Congressman Newt Gingrich (R-Georgia)
and Vin Weber (R-Minnesota), March 22, 1984

Congressman Newt Gingrich (R-Georgia) requested a meeting with you to discuss his work on the Conservative Opportunity Society themes including recommendations for activities at the Republican Convention and tax simplification initiatives.

Congressman Gingrich and Congressman Vin Weber (R-Minnesota) are leaders of an ad hoc group formed to establish a positive conservative agenda. This group, known as the Conservative Opportunity Society (COS) has endeavored to further conservative goals through a series of issues and activities. In addition to their recent leadership in the school prayer issue, hearings with black athletes and the all night House session, they have developed a four point agenda:

1. A fairer and simpler tax system which further lowers marginal tax rates to increase incentives for labor and capital, while broadening the tax base and shrinking the underground economy.
2. Urban enterprise zones to help revitalize the nation's most economically depressed areas, creating jobs and entrepreneurial opportunities for minorities and the disadvantaged.
3. Spending strategy:
 - a. Executive line-item veto to help get spending under control in a prudent manner.
 - b. Limited executive authority to impound funds over the next two fiscal years, at least 25% from the defense budget.

4. Monetary policy reform. Long overdue reform of monetary policy to consolidate our progress in reducing inflation, and to help ensure long-term price stability, so interest rates can fall to their historical levels.

The attached outlines their proposal in more detail.

This meeting is to allow Gingrich and Weber an opportunity to discuss their legislative program and offer their thoughts on Republican Convention activities.

To: All Republicans
Re: Reps. Lott, Kemp, Gingrich, Coats, Weber, Mack, Lungren,
Walker, Vucanovich, Gregg, Miller

Re: Working Draft of a Proposed Legislative Strategy
for 1984 -- and Beyond

A REPUBLICAN AGENDA FOR FULL EMPLOYMENT WITHOUT INFLATION:
THE AMERICAN OPPORTUNITY SOCIETY

In 1984, we Republicans have both an unparalleled opportunity and an unparalleled challenge. Our opportunity is to build upon the Reagan "new beginning" we helped make just four years ago, and win a mandate from the American people to become once again the dominant political party in America, as we were from Lincoln to Coolidge. The challenge is to provide and implement the ideas which can come to grips with the social and economic problems which still must be conquered on behalf of Americans.

Becoming a governing majority doesn't mean just beating Democrats; it means providing superior leadership and ideas. Yet politics is a democratic and honorable means for seeking a better life for Americans. And the full fruition of our American renaissance can only be realized if there is a continued Republican Renaissance -- especially among House Republicans -- of ideas, energy, integrity, and bold leadership.

It is not enough for our Party to rest on the laurels of its accomplishments of the past four years or of Ronald Reagan's leadership: The control of inflation, the halving of interest rates, the beginning of sound recovery and the dramatic drop in unemployment. Continued progress requires constant effort and attention. And besides, the American people are by nature forward looking. They are more interested in hearing our vision for the nation's future than in hearing what we have done for them in the past. By trying to run on past successes, the Republicans, indeed are in danger of being thrown on the defensive on issues like the deficit -- a new concern among Democrats -- in the midst of their patent success. The only way to remedy this is to put forward a positive, forward-looking vision of where the country should be headed, and an agenda for getting there.

For more than 200 years, Americans have shared in a unique effort to achieve within our midst a society of opportunity. In its broadest sense, this means a nation in which human beings are empowered to live life in its fullness at every level and in every aspect: a nation of free people under God, continuously pursuing liberty and justice for all. America still is, in our cherished phrase, "a city on a hill," which cannot be hidden: a beacon of hope to all the world if we succeed, and a warning and source of discouragement should we fail. Thus our nation, like our party, finds that its privilege is inseparable from its responsibility: to show that the dignity of human beings is an

everyday reality, and not just an attractive philosophy. Yet the fact that we still fall short of the dream should only reinforce our determination to try harder.

A fundamental aspect of realizing such a society is achieving a socially responsible free-enterprise economy. This is not the only part, nor even the most important part, because man does not live by bread alone. But man does live by bread, and material prosperity can help free mankind from servitude to external circumstances, and turn his attention to the higher things. So economic and material well-being is fundamental to achieving the abundance of life to which Americans aspire.

At the heart of the American opportunity society has always been the hope of new possibilities for ourselves and our children. America has been the one place on earth where you could climb as high or as far as your efforts and God-given talent could take you. Fulfillment in America is not reserved only to the winners. There is a kind of victory in good work, no matter how humble.

And opportunity means more than individual self-fulfillment: it means not only good work, but also good works. Wages and the saving of wages are not merely a means of amassing comforts for oneself. They mean being able to meet your obligations to your family, providing your children with greater hope for a better life, and passing on the fullness of life to others. They mean better homes -- and better family life; better schools -- and better education; loving your neighborhood -- and loving your neighbor.

Yet for many years now, economic opportunity in America has been caught up in a political dilemma. The Democratic and Republican parties found themselves impaled on the Phillips Curve, that false tradeoff between inflation and unemployment. Democrats have promoted spending schemes for stimulating the economy and redistributing income, but the result was higher inflation. Republicans too often replied with tax increases to match the Democratic spending increases, but the result was to push many Americans off the ladder of employment opportunity entirely.

Americans were often told to choose between inflated growth or no growth at all, and this Phillips-Curve economic tradeoff dominated the economic and political agenda. The central problem reached its crisis in the late 1970s when we began to suffer the logical outcome of this destructive political environment: a combination of rising prices and stagnant economic growth, called "stagflation."

In 1980, our revolution began when we heeded Teddy Roosevelt's dictum that Democrats are the conservative party, but Republicans are the revolutionary party. In our platform and through Ronald Reagan's candidacy we Republicans adopted a new position, which even now seems radical to some. We said that non-inflationary economic growth is not only desirable; it is possible. We know it

is possible because we have done it before in this country. We Republicans demolished the Keynesian demand-management consensus which drove most major economic decisions in both parties since the Second World War. While mistakes have been made, sometimes by erring on the side of timidity, our economic policies are leading the nation and the world to noninflationary recovery. It is critically important that this year the Republicans put forward an agenda which will consolidate our ultimate goal, an American society of equal opportunity and employment for all.

If we put forward such an agenda, and make it an integral part of the party's 1984 national platform, the 1984 elections will provide the Republican Party with a mandate for achieving that goal. Full employment without inflation was identified in our 1980 platform, but it cannot come to fruition without further effort. It not only remains our major economic goal; it is the way we can once and forever demolish the myth that our party believes that the well-being of some Americans must be sacrificed for that of others, through the inflation/unemployment tradeoff.

We must propose a bold agenda for the rest of the decade to implement our goal of full employment without inflation; a four part legislative initiative on tax, budget and monetary reform. This initiative should be the core of a 1984 legislative and political strategy. The four parts are integrally tied together. They are not separable, but rather simultaneous and mutually supporting. Taken together, they make up a comprehensive economic proposal of universal scope.

The components are:

1. A fairer and simpler tax system which further lowers marginal tax rates to increase incentives for labor and capital, while broadening the tax base and shrinking the underground economy.

2. Urban enterprise zones to help revitalize the nation's most economically depressed areas, creating jobs and entrepreneurial opportunities for minorities and the disadvantaged.

3. ^{Spending} Budget strategy:

A. Executive line-item veto to help get spending under control in a prudent manner.

B. Limited executive authority to impound funds over the next two fiscal years, at least 25% from the defense budget.

4. Long overdue reform of monetary policy to consolidate our progress in reducing inflation, and to help ensure long-term price stability, so interest rates can fall to their historical levels.

PART ONE: TAX REFORM

We offer comprehensive tax reform to meet the aim, expressed by President Reagan, of a fairer, simpler, more efficient tax system with greater economic incentives.

Politically, the Democrats have conceded the tax-incentive issue to President Reagan. Or rather, after having opposed his 25% across-the-board cut in marginal tax rates and other tax incentives, they are now trying to out-Reagan Reagan in broadening the tax base and lowering marginal tax rates.

For example, the Bradley-Gephardt plan is in many ways a vast improvement over former Democratic ideas on taxes of the past twenty years. In some ways, it is also a great improvement over current law. Where Democrats bitterly denounced President Reagan for cutting the top tax rate from 70% to 50%, the Bradley-Gephardt plan lowers that rate to 30%. Where Democrats complained that it was unfair to cut everyone's tax rates by the same percentage Bradley-Gephardt is specifically designed to retain the post-Reagan distribution of the tax burden.

On the other hand, Bradley-Gephardt is still far too complex. There is one personal exemption for adults, and a different (smaller) one for families with children. While claiming to retain deductions for items like mortgage interest, property taxes, and charitable contributions, Bradley-Gephardt actually allows only partial deductions. Sometimes deductions depend on gross income, and at other times on taxable income -- effectively forcing people to figure out their taxes twice.

Bradley-Gephardt also repeals inflation-indexing of the tax code, which is unfair and hits lower- and middle-income taxpayers the hardest. This is especially a problem because, by retaining three progressive tax rates, Bradley-Gephardt would have considerable "bracket creep" under inflation.

In their effort to find new revenue, the authors have also worsened or introduced curious distortions to the tax code. Someone who invests for income can deduct interest costs, but someone who invests for capital gains effectively cannot. Moreover, the capital gains tax rate is raised by 50%, which would be a devastating blow to the stock market. Business investment is returned to a system which is even worse than the one replaced in 1981. And the double taxation of dividends is worsened by the changes in the tax base.

Our proposal for tax reform -- it is still a draft -- should appeal to families, to working men and women, to savers and investors, and to all who seek the American ladder of opportunity. It is provisionally called the "Fair and Simple Tax" (FAST). It

is fairer, simpler, more incentive-oriented -- in a word, better -- than Bradley-Gephardt. The key elements are a flat tax rate, a broader and simpler tax base, generous allowances for families with children, and a special incentive for wage-earners.

1. A single flat tax rate, after allowances, of 25% for both individuals and businesses. (With the special provision for wage-earners, the rate would amount to 20% below \$40,000.)

2. A broader and fairer tax base. The personal exemption is doubled to \$2,000, and the standard deductions are increased. So a family of four would not pay tax on the first \$11,500 of income -- compared with \$7,400 today. For single taxpayers, the tax-exempt level would be increased by more than \$1,000.

Most of the existing tax loopholes are eliminated. The major exceptions are:

- o Charitable contributions
- o Interest, including mortgage interest
- o Real property taxes
- o General-obligation tax-exempt bonds
- o Current law on IRAs, pensions, and fringe benefits
- o Indexing

Capital gains tax rates would be somewhat lower than today's 20% top rate, whereas Bradley-Gephardt would raise the capital gains tax rates by 50% and more.

3. A special incentive for wage-earners.

Unlike income from securities or physical capital (which receives special allowances for depreciation), wage and salary income is subject to the risks of the earner's health and age. A bond can't get sick, and a human being doesn't receive allowances for wear and tear.

Our system remedies this by permitting workers to exclude for tax purposes 20% of their wages and salaries on the first \$40,000 of income. (This effectively lowers the marginal tax rate to 20%). The exclusion is phased out above \$40,000, so that wages and salaries over \$100,000 receive no exclusion. All income below \$10,000 will be considered earned income.

This feature has two additional, unique advantages.

First, it removes an inequity from current law. Since Social Security taxes apply to approximately the first \$40,000 of income, the combined Social Security and income tax rate can be up to 7 percentage points higher at lower incomes than at higher incomes. Because our earned income deduction is phased out at about \$40,000, this plan would remove the problem. (However, because the connection between benefits and contributions is unchanged, this in no way

constitutes "back door" general revenue financing of Social Security.

Second, without such a provision, any flat-rate income tax -- even with generous allowances at the bottom -- would redistribute the tax burden from higher- to middle- or lower-income taxpayers if it raised the same revenue as current law. With our earned income exclusion and a flat tax rate, the distribution of the tax burden by income class remains very close to current law.

On the corporate side, a tax rate of about 30% is applied to a tax base from which most of the existing tax loopholes -- credits, exemptions, exclusions, deductions, etc. -- are removed. The major exceptions (in addition to those listed above, if applicable) are:

- o Ordinary business expenses
- o 1981-law ACRS
- o Current-law treatment of foreign income

This plan is a considerable improvement over Bradley-Gephardt's horse-and-buggy depreciation schedules. Our top capital gains rate, at 20%, is one-third lower than Bradley-Gephardt's. Under our plan, American employees and businesses are at a considerable advantage in doing business abroad compared with Bradley-Gephardt, which puts them at a disadvantage.

In summary, then, our Fair and Simple Tax further increases incentives by cutting the top tax rate to 25%. But because of the way in which the tax base is broadened, the distribution of the tax burden does not shift, as with any other flat rate tax. Above all, families with children and wage-earners receive special protection. This is a tax plan which blue-collar working families across the country can embrace.

PART TWO: URBAN ENTERPRISE ZONES

Even with national economic recovery, we need special efforts to make sure that no-one, particularly minorities and the urban poor, is left behind. The chronically depressed areas of our nation need special compensatory incentives, and measures to encourage entrepreneurs who will create businesses, hire workers, and reduce the tragically high levels of poverty and unemployment.

On few other issues has a wider, more devoted and broad-based consensus emerged than on urban enterprise zones. Black, white, Hispanics, liberals, conservatives, Democrats and Republicans, big city mayors as well as suburban and rural areas, all support this constructive and progressive plan to help the economically disadvantaged. The legislation has already passed the Senate, is supported by the Administration, has 245 House co-sponsors including 18 Ways and Means Committee members, and has the endorsement of the Black Caucus.

For all its high intentions and great cost, the War on Poverty declared twenty years ago by President Johnson has in the cities resulted in a truce with poverty. Our inner city residents, many of them women and minorities, continue to be trapped in a cycle of poverty. They are desperate for the chance to make a better life for themselves and their children. They deserve better than to have their dreams thwarted because a handful of Democratic leaders in the House are bottling up the measure.

Current urban enterprise zones legislation provides a number of incentives for our economically depressed areas:

1. Establishes 25 zones a year for three years, upon competitive application by state and local governments. The process is designed to join the efforts of local governments and community organizations with the federal incentives.

The zones must be officially defined "pockets of poverty," with unemployment at least 1.5 times the national average, and poverty rates of at least 20% in each census tract. The zones must have a continuous boundary.

2. The bill provides a number of tax incentives for working, hiring, investing, and starting new businesses within the zones:

- o An income tax credit of 5% on the first \$10,500 of wages for all employees who work in the zones.

- o An income tax credit for employers, equal to 10% of the wages of new employees hired, capped at wages of \$17,500 per employee.

- o A special credit for disadvantaged workers, defined as those earning no more than the combined AFDC/food stamps income level. The credit would equal 50% of wages, without cap, for the first three years, phased out in the next four years to 40%, 30%, 20%, and 10%. Qualifying workers would consist overwhelmingly of women and minority teenagers.

- o Capital gains taxes are abolished on investment within the zones.

- o Investment tax credits of 3%, 5%, and 10% on various kinds of property within the zones. The 10% credit is for new construction.

Further developments which are being considered are 1) increasing the number of zones from the currently proposed 75, and 2) permitting expensing of equity investments made in the zone.

The civil rights revolution opened doors that had been closed by law. It will not be complete, however, until America's doors

of economic opportunity are fully opened and our minorities brought into the mainstream of the American economy with new jobs, higher incomes, and new enterprise.

The time has long since arrived to provide the inner city residents and minorities of this nation with the incentives they need to overcome the obstacles of poverty and urban decay. We Republicans should see to it that this program is passed. The party of Lincoln should take the lead in extending opportunities to those who are without them.

PART THREE: BUDGET STRATEGY

The best way to reduce the burden of government on the economy is to restrain the growth of government spending while increasing the size of the economy. As President Reagan has correctly pointed out, a tax increase serves neither purpose: it neither reduces the size of government nor increases the size of the economy. In fact, it works in the opposite direction, slowing down the economy and reducing the pressure for spending restraint. Raising taxes cannot reduce the government's crowding out of the private sector; it can only change the nature of the crowding out.

Moreover, it is easy to show that deficits are not caused by the undertaxation of the American people. Despite President Reagan's tax cuts, offsetting tax increases have meant that the tax burden on the economy has not declined; taxes still take 19% of GNP, which is almost exactly the postwar average. But spending has risen from 19% to 24% of GNP. That's where the deficit came from.

For all of these reasons, it is on spending that we must focus our efforts if we are truly concerned about Federal deficits or Federal pre-emption of private resources. This is the general thrust of President Reagan's economic program, and it is an effort that we Republicans and the majority of Americans join in supporting.

(A) LINE-ITEM VETO

Despite the clear mandate for spending restraint, Federal spending continues to rise, because Congress has not found itself capable, on its own, of slowing it. The problem is deep-seated and institutional in nature; it needs an institutional remedy.

We propose giving the Chief Executive a line-item veto over appropriations. The line-item veto is an indispensable tool for restraining unnecessary spending in a prudent, responsible way. Forty-three states have such a provision in their constitutions, giving their governors the power to reduce or veto individual spending items of appropriation. And it works. In fact, the very

existence of the authority results in more prudent legislative decisions in the first place, when it is clear that the power will be used if responsible decisions are not forthcoming.

The line-item veto permits us to lighten the heavy burden of Federal spending without senselessly taking a meat-axe to the budget. If the President has this authority, he can prudently and methodically scale back Federal outlays in those areas where they are unnecessary, while leaving spending unchanged, or permitting Congress to increase it, where desirable. This means not only overall spending restraint, but also more efficient use of available resources, because appropriations would no longer have to be considered on a take-it-or-leave-it basis.

The mechanism would be relatively simple. The President would receive authority from Congress to veto or reduce specific items of appropriation sent for his approval, returning the measure to the House in which it originated. If both Houses nevertheless uphold the original measure by two-thirds majorities, it shall become law over the President's veto. Otherwise, the items will stand as the President decided.

(B) LIMITED IMPOUNDMENT AUTHORITY

The second part of our budget strategy is to restore, on a limited basis, the President's authority to impound funds which have been appropriated but the expenditure of which is not needed because of economic conditions which require further Federal deficit reductions.

This legislation would specifically provide for the following:

- ' Presidential authority to "permanently reserve from obligation and expenditure" any budget authority for Fiscal Years 1984 or 1985.
- ' No reduction of any appropriation account by more than ten percent.
- ' At least 25 percent of the total amount of the reservation shall be under the National Defense functional category.
- ' No Presidential reservation shall effect the elimination of any specifically authorized program.
- ' "To the extent feasible," the President shall reserve funding proportionately and reasonably among the major functional categories.
- ' No more than 20 billion dollars may be reserved for any fiscal year.

No entitlement funding may be reserved.

A message outlining amounts, percentages, and other considerations involved in proposed reservations must be transmitted to Congress by the President.

Congress may disapprove any reservation package within 60 days by adoption of a joint resolution under an expedited procedural mechanism.

The Comptroller General is required to review all reservations to insure that they are in compliance with the Act.

PART FOUR: MONETARY REFORM

Reforming monetary policy can sound technical or philosophical, but our historical experience, from 1792 to the Civil War to 1896 to the 1930s to the 1970s, assures us that it translates into hard political reality. Honest money is a populist, blue-collar, middle-class, bread-and-butter concern.

If you are wealthy, you can protect yourself against the risk of bad money by speculating in bonds or real assets, or by hiring lawyers, accountants and brokers to figure out complicated schemes involving the tax laws and the futures markets. But the less savings you have, the more certain it is to be tied up in money which earns little interest because it must be turned over so often. You are more subject to the real loss caused by rising prices. Since only those poor enough to receive public aid are even partly protected against inflation by the government, the brunt of every major inflation falls on the working middle class -- the backbone of the American opportunity society.

None of our economic tasks is grater than to restore sound and honest money. The American people must have money which is dependable, since they entrust to it their jobs, their businesses, their lifetime savings, and their investment in the future of their families. Restoring honest money must be considered the centerpiece of an American opportunity society.

Republican platforms of the past have always recognized this fact. During the height of its dominance, the Republican Party was both the party of "the full dinner-pail" and of "honest money." The Republican Party platform of 1980 once again gave full recognition to the historical dimensions of the problem:

Ultimately, inflation is a decline in the value of the dollar, the monetary standard, in terms of the goods it can buy. Until the decade of the 1970s, monetary policy was automatically linked to the overriding objective of maintaining a stable dollar value. The severing of the dollar's link

with real commodities in the 1960s and 1970s, in order to pursue economic goals other than dollar stability, has unleashed hyperinflationary forces at home and monetary disorder abroad, without bringing any of the desired economic benefits. One of the most urgent tasks in the period ahead will be the restoration of a dependable monetary standard -- that is, an end to inflation.

Without doubt, the Reagan budget and tax reforms have laid the foundation for the strong recovery of the U.S. economy which has already occurred. But proper fiscal policy alone is not sufficient to maintain a strong, noninflationary period of growth, or to return interest rates to their historical levels of 5 or 6 percent. This is true for two reasons. First, if inflation is a decline in the value of money, it can only be cured by monetary policy. Second, improper monetary policy can offset the good effects of proper fiscal policy, as we have seen in recent years.

Strangely enough, nowhere in the legislation authorizing the Federal Reserve is there any direction that the integrity of the currency is the central bank's primary goal. The original act speaks of accommodating the needs of business, while the 1946 Employment Act speaks of "maximum employment production, and purchasing power."

Moreover, price stability means preventing price swings in both directions -- inflationary as well as deflationary. Just as inflation unfairly benefits borrowers at the expense of lenders, deflation unfairly benefits lenders at the expense of borrowers. The goal of monetary policy must be a dollar which neither rises nor falls against the things money can buy. We need neither a rising nor a falling dollar, but a stable dollar.

This has not been the case in the past dozen years. Major falls in the dollar and rising inflation have been interspersed with equally staggering rises of the dollar and deflation. In effect, the supposed Phillips Curve tradeoff between inflation and unemployment has been compounded by a continual tradeoff between commodity-price inflation and deflation. Part of the problem is institutional in nature, but the other part is caused by misguided Federal Reserve policy.

Article 1 Section 8 of the Constitution gives Congress the power to "coin money and regulate the value thereof." The independence of the Federal Reserve, a creature of Congress, was established under this authority. It is a valuable heritage, designed precisely to protect the value of our monetary standard. That independence was in no way designed, however, to prevent any change in misguided policy which threatens our monetary stability.

There are several steps which can and must be taken right now to minimize the disruption of the American and world economy by our misguided, uncertain and changing Federal Reserve policy,

while substantially preserving the independence of the central bank. These we now propose.

1. For the first time, Congress must clearly state that the overriding goal of Federal Reserve policy shall be the integrity of the dollar, which necessarily means long-term price stability.

2. As its intermediate target for conducting this policy, the Treasury Secretary and Chairman of the Federal Reserve Board shall devise an index of prices for use as its intermediate monetary target. The commodity or commodities contained in the index shall be chosen for their sensitivity to long-term trends rather than transitory or cyclical price movements. Once established, a falling of the index below its target range shall signal the central bank to ease policy, and a rise in the index above its target range shall signal a need to tighten policy.

3. It shall be the policy of the Federal Reserve to keep interest rates as low and exchange rates as stable, and to encourage economic growth, as far as such policy is consistent with long-term price stability.

4. To increase the accountability of the Federal Reserve Board, and to improve co-ordination of monetary and fiscal policies, the Secretary of the Treasury shall once again be made an ex officio member of the Board of Governors of the Federal Reserve System, as under the original law.

5. To reduce uncertainty and speculation about Federal Reserve policy, the Federal Open Market Committee shall publish policy decisions on the day the decisions are adopted.

6. In order to lay the groundwork for later domestic and international monetary reform, the Secretary of the Treasury is directed to seek the establishment of a permanent advisory task force, and ultimately an international monetary conference, made up of representatives of the major industrial nations. The purpose of both is to explore reforms which would improve world-wide price stability, stability of currency exchange rates, and the conditions for strong, noninflationary economic growth and liberal international trade.

Such a combination of policies would have prevented the wild swings in prices, interest rates, world monetary reserves, and economic growth from which Americans and our trading partners have suffered over the past dozen years. It would have checked the wild fall of the dollar of the Carter years and the debilitating rise since 1980 which has hurt U.S. industries relying on exports or competing with foreign imports. And such a policy will lay the foundation for making honest money a permanent feature of the domestic and international monetary system.

III. CONCLUSION

The proposed program is ambitious -- but no more ambitious than our remaining economic problems call for. Many of the problems were created by 50 years of ill-conceived Democratic policies. If we succeed in implementing a legislative program of the kind we have outlined, the society of equal opportunity, long awaited by generations of Americans, will be close to fruition, and the Republican vision of the nation's future can be achieved.

When Thomas Jefferson wrote in our nation's founding document that the self-evident truth that God's gift to all human beings includes the natural rights to life, liberty and the pursuit of happiness, America embarked on a venture which was unique in history. The seeds of the American opportunity society were sown. Not coincidentally, Jefferson's party dominated American politics for decades.

When Abraham Lincoln concluded from Jefferson that legitimate government is of the people, by the people, and for the people -- all the people -- the idea of equal opportunity began to flower. Not coincidentally, Lincoln's party -- the party of equal rights, the full dinner-pail, and honest money -- dominated American politics for decades.

Now, as we end the twentieth century, we have a comprehensive conservative vision of economic growth, full employment, long-term price stability, and the fulfillment of human potential. These are lofty, universal goals. But they will not happen on their own. Their realization right now requires the re-election of Ronald Reagan and a majority of Republicans in both the House and the Senate.

In fact, if our program can be enacted, and the American opportunity society reaches a new maturity, we conservative Republicans will reassume our place as the majority party long into the twenty-first century.

THE WHITE HOUSE

WASHINGTON

March 14, 1984

MEMORANDUM FOR JAMES A. BAKER III ✓
DAVID STOCKMAN
RICHARD DARMAN

FROM: M. B. OGLESBY, JR. *Bo*

SUBJECT: Senator Kasten's Recommended Strategy Regarding
STINGER Sales

Senator Kasten, based on conversations with Laxalt, Lugar, and many others, suggests that at best the vote would be 25-75 against us if the STINGER issue comes to the Floor. He is convinced we will get no Democratic votes and that this will be used against us with the Jewish voters.

As I understand it, our official request was submitted approximately two weeks ago and supposedly the 30-day clock for Congressional action is running.

Kasten is not asking for the President to withdraw the request, but he is strenuously urging that we take some steps to avoid a vote on this issue.

He is suggesting a mechanism similar to reprogramming, i.e., the turndown by the Subcommittee of a reprogramming request. This would be in the form of a letter from the Subcommittee or the full Committee leadership. (I am sure we would have serious reservations about establishing this kind of precedent.) He points out that if this issue gets to the Floor, the language which states "until and unless appropriate Jordanian missiles cannot be sold" would be subject to amendment by the liberals to demand Congressional approval of all arms sales. He suggests that this Congressional versus executive branch "institutional fight" would further complicate our lives.

In addition to the overwhelming GOP sentiment to avoid a fight, Kasten claims that Shultz and Bill Schneider agree in principle that it would be better in terms of a signal to our Arab friends not to lose the vote on the Senate Floor. He claims that State indicates the White House is insisting on forcing the matter to a vote. Kasten strongly

suggests that we cannot afford a major loss such as this and is open to any suggestions that we might have about a mechanism that we would find acceptable.

We need to get back to him both in terms of mechanism and whether or not we are sympathetic to this idea as soon as possible.

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THE WHITE HOUSE
WASHINGTON

JAB —

This is a BAD
idea!

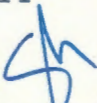
Let's discuss

B.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 8, 1984

FOR: LINDA BENNETT
FROM: GAHL HODGES 
SUBJECT: ATTACHED LETTER FROM SENATOR LAXALT

Could you please ask B. if we can make Congressman Bethune
one of your admissions for the next State Dinner guest list.

Thanks.

Attachment:
As Stated

THE WHITE HOUSE
WASHINGTON

March 1, 1984

MEMORANDUM FOR JAMES A. BAKER ✓
KENNETH DAM
BUD McFARLANE

FROM: M. B. OGLESBY, JR. *bo*

SUBJECT: Meeting with House/Senate Counselors to the
Kissinger Commission Regarding the Central
America Package

This week the House Foreign Affairs Committee began marking up the Foreign Assistance Authorization including the Central American Package. Action is proceeding on other legislative fronts. It is important to have maximum coordination of efforts between the Administration and the Hill, and to demonstrate the high level of support the White House places on the legislation.

I recommend a meeting with a select group of Members and Administration representatives in the Roosevelt Room early next week. This meeting would be a joint State/White House activity with two objectives: (1) brief Members on the status of our activities and (2) solicit their opinions and recommendations on what additional steps need to be taken.

Attached is a list of possible participants.

PARTICIPANTS

Members of Congress

House

Jim Wright (D-Texas)
Michael Barnes (D-Maryland)
Dante Fascell (D-Florida)
William Broomfield (R-Michigan)
Robert Lagomarsino (R-California)
Jack Kemp (R-New York)

Senate

Lloyd Bentsen (D-Texas)
Daniel Inouye (D-Hawaii)
Charles McC. Mathias, Jr. (D-Maryland)
Pete Domenici (R-New Mexico)
Charles Percy (R-Illinois)
Bob Kasten (R-Wisconsin)

NO

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: MR. JAMES TAYLOR
205/387-4279 (hospital)
205/384-5791 (residence)
205/387-8192 (office)

DATE: As soon as convenient

RECOMMENDED BY: M.B. Oglesby, Jr.

PURPOSE: To tell Mr. Taylor how delighted you were to meet his daughter, Lisa (Mrs. George Wallace).

BACKGROUND: On Monday, February 27, you had a lengthy telephone conversation with Senator Jeremiah Denton (R-Alabama). In the course of this conversation, you told Senator Denton that you had met Mrs. Wallace the previous evening at the Banquet for the Governors Conference. You asked the Senator if he could think of anything you might do as a gesture toward her. At that time, Senator Denton did not think it wise that you do anything. On reflection, he has come up with the suggestion that you call Mrs. Wallace's father, James Taylor, to say what a pleasure it was meeting his daughter at the banquet Sunday night.

TOPICS OF DISCUSSION: 1. Mr. Taylor, it was my pleasure when I attended the banquet with the Governors conference here in Washington recently, to meet your daughter Lisa.

2. I just wanted to give you a call to let you know how delighted that meeting was.

3. I was sorry to hear that you have been ill, and hope you will be feeling better soon.

4. Nancy joins me in sending you our warmest wishes.

DATE OF SUBMISSION: March 2, 1984


ACTION _____

THE WHITE HOUSE

WASHINGTON

February 27, 1984

MEMORANDUM FOR JIM BAKER
DICK DARMAN

FROM: M. B. OGLESBY, JR. 

The attached list reflects the acceptances for tomorrow's deficit reduction meeting. In addition, John Mack, Hal Leigh, Rob Liberatore and Tom Sliter will be attendance.

PARTICIPANTS -- February 28, 1984

Senator Dan Inouye
Senator Paul Laxalt
Senator Pete Domenici
Senator Mark Hatfield

Congressman Jim Wright
Congressman Trent Lott
Congressman Sil Conte
Congressman Barber Conable
Congressman Del Latta

Chief of Staff James A. Baker III
Treasury Secretary Donald T. Regan
OMB Director David A. Stockman
Assistant to the President Richard G. Darman
Assistant to the President (Legislative Affairs) M. B. Oglesby, Jr.

THE WHITE HOUSE
WASHINGTON

February 21, 1984

MEMORANDUM FOR JAMES A. BAKER III

FROM: M. B. OGLESBY, JR. *MB*

SUBJECT: Request from Steve Bartlett (R-Texas)

On February 29, 1984, at 9:00 a.m., in the Roosevelt Room, a distinguished group of the Board of Directors of the Dallas Chamber of Commerce and their National Governmental Affairs Committee will attend a briefing requested by Steve Bartlett (R-Texas). Dave Stockman is scheduled to address the group, and the Vice President has agreed to drop by for brief remarks and a photo session.

Would you be interested in participating in the program? If so, we'll be happy to coordinate the details.

TO: JAMES A. BAKER III

SUBJECT: Lapses in Execution for Central America Package
Vote in Senate Appropriations

As the attached sheet outlines, there was specific tasking as early as February 21.

State and CIA were consulted and concurred with our LSG decisions.

Early afternoon on Tuesday, March 6, the "cat was out of the bag" regarding our use of the low-income energy bill as a vehicle. State was called with specific requests to accelerate their broad-based contacts. State was alerted (at approximately 2 p.m.) to have the Secretary call Hatfield ASAP -- that request was repeated later in the afternoon. At 7 p.m., State was still questioning the need for the Hatfield call. I had already informed Hatfield's Staff Director, expecting State to talk with Hatfield.

More importantly, the consultation with our friends, i.e., Goldwater and the Senate Intelligence Committee, was non-existent. Their unhappiness gave additional credibility to Hatfield's complaints.

o Legislative Strategy

oo Tactics and Approach

- Amend in the Senate a "fast track" supplemental initiated in House
- Solicit Stevens' support to sponsor amendment in Senate Appropriations Committee
- Seek concurrence and support of Senate Select Intelligence Committee (SSCI)
- Consult with key players by Shultz/Casey
- Use 29 February hearing now scheduled before SSCI on Nicaragua activities
- Offer briefings and/or hearings to Stevens/Defense Appropriations Subcommittee
- Determine through consultations whether Presidential transmittal of supplemental is preferred
- Coordinate talking points and schedule through SIG-CA

oo Shultz/Casey Visits

Baker
Goldwater/Wallop/Mohniyan/Inouye
Hatfield/Stevens/Garn
O'Neill/Wright/Michel
Boland/Robinson
Addabbo/Edwards/Robinson

oo Key Players

| <u>Senate</u> | | <u>House</u> | |
|---------------|------------|----------------------|------------|
| Baker | | O'Neil/Wright/Michel | |
| <u>SSCI</u> | <u>SAC</u> | <u>HPSCI</u> | <u>HAC</u> |
| Goldwater | Hatfield | Boland | Whitten |
| Garn | Stevens | Fowler | Boland |
| Wallop | Garn | Hamilton | Addabbo |
| Durenberger | Laxalt | McCurdy | C. Wilson |
| Mohniyan | Domenici | Mazzoli | Conte |
| Inouye | Inouye | Whitehurst | Edwards |
| Bentsen | Huddleston | Young | Robinson |
| Huddleston | | | Young |

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

February 21, 1984

TO: JAMES A. BAKER
MICHAEL DEEVER
BUD McFARLANE

THRU: M.B. OGLESBY

FROM: PAM TURNER

SUBJECT: Arms Reduction Talks

Senator Percy mentioned to me that in a conversation he had with Senator Biden, Biden said he and Senator Cohen planned to report to Secretary Shultz on Thursday with regard to their assessment of the situation on arms talks. Biden and Cohen have had discussions with various Russian officials, among others, on this issue and their assessment is not optimistic.

According to Percy, Biden says the Russians felt that although the concept of builddown was a good one, the way it was explained by Rowny (i.e., piecemeal, no mention of bombers) was not nearly as appealing, and Biden thinks the Russians are not optimistic at this point that progress will be made in arms reduction talks.

The above is for your information.

THE WHITE HOUSE

WASHINGTON

February 16, 1984

MEMORANDUM TO: BETTY UBBENS

FROM: BARBARA HAYWARD ~~BA~~

RE: BLAIR HOUSE

The following people attended a meeting at the Blair House on January 24, at the invitation of Mr. Baker:

Senator Jim Wright
Senator Paul Laxalt
Congressman Trent Lott
Senator Daniel Inouye
Secretary Regan
David Stockman
Richard Darman
M.B. Oglesby

The subject of the meeting was deficit reduction. It should not be paid from Mr. Baker's entertainment account.

Thank you.

bh

Approved


James A. Baker, III

THE WHITE HOUSE

WASHINGTON

February 13, 1984

MEMORANDUM FOR: BARBARA HAYWARD
FROM: BETTY UBBENS *BU*
ADMINISTRATIVE OFFICE
SUBJECT: Blair House Expense

The attached invoice from Blair House was received in this office. In order to process it for payment, may we have a list of attendees and the subject matter of the meeting, if it is appropriate.

If this bill is to be paid from Mr. Baker's entertainment account, please have Mr. Baker indicate his approval.

The information should then be returned to me in Room 1, OEOB for processing. If you have any questions, I can be reached on x2500.

Thank you.

Attachment

THE WHITE HOUSE

WASHINGTON

February 16, 1984

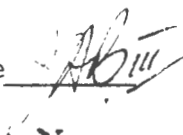
MEMORANDUM FOR JIM BAKER

FROM: M. B. OGLESBY, JR.

Jim, I recommend we proceed with the GOP Leadership meeting scheduled tentatively for Tuesday morning, February 21. I suggest the agenda include updates on Lebanon and the bipartisan deficit reduction negotiations.

We will proceed with invitations this afternoon if you approve.

Approve _____



Disapprove _____