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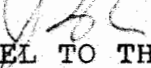
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THE WHITE HOUSE

WASHINGTON

January 16, 1986

MEMORANDUM FOR DAVID L. CHEW  
STAFF SECRETARY

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Presidential Message  
for St. Louis Globe-Democrat

Counsel's Office has reviewed the proposed message from the President to the St. Louis Globe-Democrat. There has developed over the years a "media exception" to our general policy of not sending Presidential messages for commercial events. The President did, for example, send messages on the inauguration of The Washington Times and USA Today, and Newsweek's Japanese edition. In light of this past practice, we have no legal objection to sending a message to the St. Louis Globe-Democrat.

With respect to the text of the message, however, "doing what you do so well:" in the last paragraph should be deleted, as too stark an endorsement of a commercial enterprise.

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 1 / 1

Name of Correspondent: David Chew

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Proposed Presidential message for St. Louis Globe

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUMHLL</u>	<u>ORIGINATOR</u>	<u>86,01,16</u>			<u>1 / 1</u>
	Referral Note:				
<u>Mat 18</u>	<u>R</u>	<u>86,01,16</u>		<u>S</u>	<u>86,01,16</u> <u>3 PM</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				

**ACTION CODES:**

- A - Appropriate Action
- I - Info Copy Only/No Action Necessary
- C - Comment/Recommendation
- R - Direct Reply w/Copy
- D - Draft Response
- S - For Signature
- F - Furnish Fact Sheet  
to be used as Enclosure
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- C - Completed
- B - Non-Special Referral
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
Send all routing updates to Central Reference (Room 75, OEOb).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/15/86 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 pm, Thurs., 1/16

SUBJECT: PROPOSED PRESIDENTIAL MESSAGE FOR ST. LOUIS GLOBE

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input type="checkbox"/>	<input type="checkbox"/>
MILLER	<input type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STEELMAN	<input type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LACY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Attached is a proposed Presidential message which would appear on page 1 of the first edition of the new ST. LOUIS GLOBE-DEMOCRAT on January 20. Please submit your comments to me by 2:00 p.m. tomorrow. Thank you.

**RESPONSE:**

1000 JUN 16 11 09 00

THE WHITE HOUSE

WASHINGTON

January 15, 1986

As that celebrated Missouri journalist Mark Twain might have put it, stories of the death of your newspaper have been greatly exaggerated. And that's good news for the city of St. Louis, the state of Missouri, and the United States of America.

I am delighted to congratulate the St. Louis Globe-Democrat, its new publishers, its staff, and its readers on the resumption of publication after a several-week hiatus that had lots of your friends worried. It now appears you were just clearing your throat, so to speak, before getting back into the national dialogue, a dialogue you've been an important part of since 1853. That's even farther back than I can remember!

The year the St. Louis Globe-Democrat began publishing wasn't a bad news year. Commodore Perry was opening Japan to the West, the foundation of New York's St. Patrick's Cathedral was laid, potato chips were invented, and folks were humming the latest hit -- "My Old Kentucky Home." Mark Twain was only 18, having the time of his life on the Mississippi, and still answering to the name of Samuel Clemens. Speaking of names, you had a good excuse for picking that name for your paper -- after all, the Republican Party wasn't even founded until 1854.

A lot of water has flowed down the Mississippi since then, and a lot of what was once the news you reported has become history. Some of it you helped to shape. In fact Abraham Lincoln, I'm told, once said that your paper was worth more than two Yankee divisions as a force for keeping Missouri in the Union!

You have my best wishes for many, many more years of [doing what you do so well:] keeping your readers well informed and stimulating honest debate on the vital issues of the day.

God bless you and your readers.

17TH STORY of Level 1 printed in FULL format.

Copyright (c) 1985 The Washington Post

September 5, 1985, Thursday, Final Edition

SECTION: First Section; A7

LENGTH: 1185 words

HEADLINE: St. Louis Newspaper Pressed to the Wall;  
Money, Staff Woes Plague Globe-Democrat

BYLINE: By Eleanor Randolph, Washington Post Staff Writer

DATELINE: ST. LOUIS

KEYWORD: GLOBE

BODY:

The first hint of serious trouble may have been the "coup" in June, when five top editors of the St. Louis Globe-Democrat were fired.

Then several employees complained that their paychecks bounced, and news came that medical and dental insurance had been "temporarily" halted.

One steamy afternoon, as staff members seemed near rebellion in the unair-conditioned offices of the Globe-Democrat, publisher Jeffrey M. Gluck ordered a box filled with stacks of cash sent to the newsroom and distributed on a first-come, first-served basis, with a \$100 limit for each person.

"I call it 'As the Globe Turns.' There's something new every day, every hour," said Nathaniel Helms, 35, a reporter who quit the newspaper recently to try private investigating. Helms, one of 14 employees or former employees petitioning a federal judge to order the Globe into Chapter 11 bankruptcy reorganization, has become a chief character in a real-life newspaper soap opera.

In this dismal saga, staff members are pitted against publisher and each other, using energy that would normally be turned against their formidable competition, the St. Louis Post-Dispatch.

Gluck, 32, a publishing wunderkind viewed as a hero when he arrived in St. Louis 18 months ago to save the Globe, has found his supporters turning into vocal critics as he labors to sell the paper or attract investors to keep it from folding.

The bespectacled publisher, whose soft, boyish looks belie a well-documented toughness, has not taken the revolt lightly. In response to the bankruptcy petition, Gluck filed a countermotion demanding that the 14 petitioners, 11 of whom still work for him, put up a bond for \$18 million. He said he has lost that amount because of their effort to push the Globe into bankruptcy proceedings, which froze debts and payments of debts incurred before Aug. 19, the day the bankruptcy motion was filed. "That group was made up of disgruntled staff members who felt their days were numbered here," Gluck said. "It just so happened that those 14 people literally matched our problem list, name for name."

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Gluck and his lawyers also argue that the petition, to be heard in court Sept. 27, was filed in "bad faith" because, two hours before the filing, they offered to pay the 14 what he owed them.

Lawyers for the petitioners, some of whom are becoming so angry that they call themselves "Globebusters," argued that, when they were offered \$14,000 in American Express money orders, they did not know how much money was owed them. In a motion last week, lawyers for the 14 argued that the payoff offer to prevent the bankruptcy filing "would be at best improper." Gluck called that "baloney."

The internecine warfare, with daily battles mentioned on local television news shows, hobbles a newspaper already handicapped financially. The Post-Dispatch, a bigger, richer paper, has grown even fatter in the last 18 months. Its circulation, at 265,000, is up about 30,000 from 1983 to 1984 and reportedly still climbing. At the Globe, where circulation was listed at 255,000 shortly before Gluck purchased it, the numbers have dropped by at least 40,000.

Meanwhile, the Globe Democrat has lost services because of late payments and faced loss of printing facilities. Taxes are overdue, which Gluck blames on the bankruptcy petition and insists are temporary.

For newspaper traditionalists, the Globe's obvious slide is cause for dismay, threatening to make St. Louis the latest in a long list of cities where battling newspapers have merged or expired, resulting in a local monopoly. Moreover, the two papers were at odds politically, giving readers a choice between the Globe-Democrat's Republican editorials and the Democratic voice on the Post-Dispatch editorial page.

When Gluck bought the paper in January 1984, he foiled what would have been an enormously lucrative agreement between the Newhouse Newspaper Group, which then owned the morning Globe, and the Pulitzer Publishing Corp., owner of the then-afternoon Post-Dispatch.

Newhouse and Pulitzer agreed to close the Globe and share Post-Dispatch profits under a joint operating agreement, sanctioned by the 1971 Newspaper Preservation Act. The law, which allows competing dailies to merge some operations while maintaining separate editorial staffs, was designed to foster competition. "But this time it was used for just the opposite," said Charles L. Klotzer, who publishes a spunky monthly newspaper called The St. Louis Journalism Review.

Without Gluck, who bought the paper for a reported \$500,000, the Newhouses and Pulitzers were slated to earn \$15 million a year by turning St. Louis into a one-newspaper town, according to reports at the time. Many community leaders saw Gluck as the Sir Galahad of the publishing world, saving the city's newspaper in distress. Globe reporters considering other jobs decided to stay, as Gluck fostered their natural love for scooping the bigger, slower competitor.

"Journalistically, I think competition has been good, and I'm afraid the Post-Dispatch already acts as if it is the only paper in town now," Klotzer said.

Of Post-Dispatch advertising that suggests readers start referring to itself as "the paper," Klotzer said, "It's a little arrogant."

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He also faults the Globe for what he believes is "a tendency to give in to the business side" as Gluck struggles to compete with the Post-Dispatch for journalistic scoops and advertising. Klotzer and others cite a story June 20 about how the Defense Department was investigating 45 defense contractors, including McDonnell-Douglas, Emerson Electric and General Dynamics, all based in St. Louis. Former managing editor Patrick Gauen ordered the story on page one, considering it a "fairly routine wire story" combining reports by States News Service and United Press International.

When the first edition of the paper reached Gluck's home about 11 p.m. June 19, Gluck called and had it "yanked" from subsequent editions, as he said later.

Gluck said the story, a version of which appeared in most major papers and on the Post-Dispatch front page, was published against his rule that he must clear "anything that looks like a smear job."

Gluck also said he believes that Gauen may have put the story on page one "to tweak my nose" for firing him two days earlier. Gauen said Gluck fired him at 3:30 p.m. on the day the story appeared, not two days earlier.

"I already knew I had to leave, and this was simply something to nudge me in another direction," said Gauen, who now works for the Post-Dispatch as a reporter.

As Gluck prepared recently for the court battle about the bankruptcy petition, he learned that Ralph Ingersoll II, a serious bidder for the paper, had dropped out of the running. Ingersoll owns a chain of shopping papers distributed free in suburban St. Louis.

"I wouldn't say it's a foregone conclusion now that there is going to be" a sale, Gluck said last Friday, shortly before his 370 employees received their first paycheck in weeks, cashed on the spot by Gluck's managers. "We're just going to have to turn it around the hard way," he said

GRAPHIC: Picture, Jeffrey M. Gluck . . . not taking revolt lightly.



16TH STORY of Level 1 printed in FULL format.

Copyright (c) 1985 The New York Times Company;  
The New York Times

September 12, 1985, Thursday, Late City Final Edition

SECTION: Section A; Page 33, Column 1; National Desk

LENGTH: 807 words

HEADLINE: UNION HIRES AN AGENT FOR U.P.I. SALE NEGOTIATIONS

BYLINE: By BEN A. FRANKLIN, Special to the New York Times

DATELINE: WASHINGTON, Sept. 10

BODY:

The union representing the dwindling number of reporters and editors at United Press International has hired a prominent adviser to represent their interests in negotiations to sell the financially troubled news agency.

The adviser, Brian M. Freeman, who is well-known for representing unions at troubled companies, said after the announcement today that he was 'optimistic that something will be worked out in a couple of months' to place U.P.I. in the hands of executives who would get the cooperation of the employees and salvage its union contract.

The news service filed for protection from creditors under Chapter 11 of the United States Bankruptcy Code in April and asked employees to accept wage and benefit concessions beyond 25 percent cuts agreed to in 1984.

The employees' union, the Newspaper Guild, has refused to make further concessions to the current management, and the company has said it will ask the Bankruptcy Court to void the union contract to make U.P.I. more attractive to prospective buyers.

Former Treasury Official

Mr. Freeman, a former Treasury Department official, helped negotiate the successful Government bailouts of Lockheed and Chrysler and has since represented employee unions during the reorganizations of Conrail, Trans World Airlines, and Eastern and Western Airlines.

'Getting the cooperation and support of the employees is obviously important in this business,' Mr. Freeman said today. 'In fact, it is all there is to this business - U.P.I. has no other assets.'

The management has set next Monday as a deadline for receiving nonbinding 'expressions of interest' from prospective purchasers of the news agency. Both company spokesmen and Mr. Freeman said there would be several offers, and Mr. Freeman added today that his preliminary investigations indicated they would include offers from possible buyers 'who view the employees as key players in the transaction.'

In July one unidentified group of investors made an offer of \$14 million, which was not accepted.

(c) 1985 The New York Times, September 12, 1985

Mr. Freeman's presence in the struggle between the U.P.I. management and the union is designed to 'strengthen the possibility that U.P.I. will survive,' according to William Morrissey, president of the Wire Service Guild, the union local at U.P.I.

### 'Walking a Tightrope'

'For the past 13 months,' Mr. Morrissey said at the news conference at guild headquarters here, 'the Wire Service Guild has been walking a tightrope, representing the best interests of U.P.I. employees on one hand while trying to keep U.P.I. alive on the other.'

With Mr. Freeman acting as a broker representing the union's interests, Mr. Morrissey said, 'beginning today, the Wire Service Guild will be major player in the effort to sell U.P.I. as quickly as possible to the best available buyer.'

Mr. Freeman's reputation is that of a tough negotiator for his union clients in bankruptcy and reorganization struggles, but he has also been successful in arguing for concessions from unions to revive ailing companies. Mr. Morrissey remarked today that a purchaser of the news agency might 'want something of value from the employees.'

Mr. Morrissey did not rule out some degree of employee ownership of a reorganized company, but he said, 'The more likely possibility is that employees would buy it jointly with some other party.' The desirable 'other party,' he said, would be 'a highly capitalized individual or institution, driven by principle and a desire to maintain U.P.I. as a general news service.' ----Move to Buy St. Louis Globe ST. LOUIS, Sept. 11 (AP) - A group of mostly unidentified investors is paying \$100,000 for a 45-day option to buy controlling interest in The St. Louis Globe-Democrat, which has been swamped by back taxes, unmet payrolls and a lawsuit in Bankruptcy Court.

Louis B. Susman, an attorney for the investors, identified them at a news conference today only as 'local businessmen as well as a newspaper operation that has expertise in the field.' He identified a lead investor in the group as Dan Sullivan, a businessman and attorney with offices in St. Louis and New York.

Mr. Susman said Mayor Vincent C. Schoemehl had been instrumental in the deal, making the initial contacts in an effort to keep St. Louis a two-newspaper city.

The newspaper's publisher, Jeffrey Gluck, said the potential purchasers were 'substantial, stable and a group that I would be proud to have participating in the ownership of The Globe.' Asked what his role under the new ownership would be, Mr. Gluck said: 'It will be as a stockholder. Anything beyond that has yet to be discussed.'

Mr. Gluck bought The Globe after the former publishers, the S. I. Newhouse family, announced they would cease publication at the end of 1983. Newhouse attorneys said the paper had lost money for years.

SUBJECT: BANKRUPTCIES; WAGES AND SALARIES; GIVEBACKS (COLLECTIVE BARGAINING)

(c) 1985 The New York Times, September 12, 1985

ORGANIZATION: UNITED PRESS INTERNATIONAL (UPI); NEWSPAPER GUILD

NAME: FRANKLIN, BEN A

12TH STORY of Level 1 printed in FULL format.

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The New York Times

October 25, 1985, Friday, Late City Final Edition

SECTION: Section B; Page 11, Column 4; National Desk

LENGTH: 64 words

HEADLINE: TALKS ON SALE OF PAPER END

BYLINE: UPI

DATELINE: ST. LOUIS, Oct. 24

BODY:

Daniel Sullivan, a spokesman for a group of investors considering purchase of the financially ailing St. Louis Globe-Democrat said today negotiations had been ended. Mr. Sullivan said Jeffrey M. Gluck, publisher of the paper, and his wife, Debra, had rejected an offer from his group. The newspaper sought protection from its creditors under Federal bankruptcy laws on Sept. 26.

SUBJECT: NEWS AND NEWS MEDIA; MERGERS, ACQUISITIONS AND DIVESTITURES

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT

NAME: SULLIVAN, DANIEL; GLUCK, JEFFREY M

8TH STORY of Level 2 printed in FULL format.

Copyright (c) 1985 The New York Times Company;  
The New York Times

December 8, 1985, Sunday, Late City Final Edition

SECTION: Section 1; Part 1, Page 41, Column 1; National Desk

LENGTH: 143 words

HEADLINE: Newspaper in St. Louis Suspends Publication

BYLINE: Reuters

DATELINE: ST. LOUIS, Dec. 6

BODY:

The St. Louis Globe-Democrat suspended publication Friday night after a Federal bankruptcy judge said he would appoint a trustee to manage the newspaper's financial affairs.

The judge, David P. McDonald, said he hoped to appoint a trustee as early as Monday. The trustee would assume the control of the newspaper. Jeffrey M. Gluck purchased the newspaper in February 1984.

Gerald A. Rimmel, a lawyer for the 133-year-old newspaper, said it would be at least a week before it could resume publication.

He said the judge's decision came after the newspaper's principal lender, a subsidiary of Citicorp, refused to promise to pay the printing companies that print The Globe-Democrat pending the appointment of a trustee.

Judge McDonald was acting on a petition filed in May by current and former employees seeking to force the paper into bankruptcy.

SUBJECT: BANKRUPTCIES; SHUTDOWNS (INSTITUTIONAL)

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT

7TH STORY of Level 2 printed in FULL format.

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The New York Times

December 24, 1985, Tuesday, Late City Final Edition

SECTION: Section D; Page 4, Column 5; Financial Desk

LENGTH: 313 words

HEADLINE: Offer Is Submitted For St. Louis Paper

BYLINE: By ALEX S. JONES

BODY:

The St. Louis Globe-Democrat, the bankrupt newspaper that ceased publication Dec. 6, could resume publishing in early January under the ownership of two local businessmen, according to the bankruptcy trustee appointed to the case.

Edwin S. Jones, the trustee, said yesterday that he had received an offer of \$500,000 for the newspaper's name, files, furniture and other assets from two businessmen who have also offered \$100,000 as an incentive bonus to the Globe staff and pledged to invest \$4 million to restore the paper's operations.

Mr. Jones said that the offer was the only one received and is likely to be accepted unless better offers are made immediately.

The offer was made by William E. Franke, chairman and president of the Gannon Companies, which owns and manages apartments in St. Louis and southern Florida, and John B. Prentis, a former banker and from 1976 to 1982 president of the Prandur Corporation, a manufacturer and distributor of sporting goods.

Mr. Jones said that the prospective buyers were not assuming any of the newspaper's debt, which was listed at \$8 million on Aug. 18, when it filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

The offer is contingent upon reaching accords with unions, carriers, the paper's landlord and its printer, as well as gaining court approval, Mr. Jones added.

The bankruptcy came 20 months after Jeffrey Gluck acquired the newspaper from Newhouse Newspapers, which had said it was closing the paper after years of unprofitable operations. Mr. Gluck, arguing that The Globe-Democrat could survive, successfully waged a campaign to force Newhouse to sell the paper rather than close it. Newhouse Newspapers is a partner in a joint operating agreement with the Pulitzer Publishing Company, owner of The St. Louis Post-Dispatch, under which the two companies share profits.

SUBJECT: NEWS AND NEWS MEDIA; MERGERS, ACQUISITIONS AND DIVESTITURES; NEWSPAPERS

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT

NAME: FRANKE, WILLIAM E; PRENTIS, JOHN B

3RD STORY of Level 2 printed in FULL format.

Copyright (c) 1985 The New York Times Company;  
The New York Times

December 31, 1985, Tuesday, Late City Final Edition

SECTION: Section B; Page 10, Column 1; National Desk

LENGTH: 479 words

HEADLINE: FEDERAL JUDGE APPROVES SALE OF ST. LOUIS GLOBE-DEMOCRAT

BYLINE: AP

DATELINE: ST. LOUIS, Dec. 30

BODY:

A Federal bankruptcy judge today approved the proposed sale of The St. Louis Globe-Democrat, which has stopped publishing, to a group headed by two local business executives.

Edwin S. Jones, a retired banker named as trustee of The Globe-Democrat, was given the authority to complete the sale of the newspaper's assets to the group, the Veritas Corporation, by Judge David McDonald of Federal Bankruptcy Court.

The judge's decision came after a day of testimony from Mr. Jones and lawyers for Veritas and creditors of the newspaper. In making the ruling, Judge McDonald threw out objections by some creditors.

Mr. Jones testified that the offer from Veritas was the only one he had received since he was appointed as trustee Dec. 9.

John Gillis, the lawyer for Mr. Jones, said the offer from Veritas was \$500,000 for the assets of The Globe-Democrat and \$100,000 to be paid to the newspaper's employees and \$75,000 to fulfill lifetime subscriptions to the newspaper sold by Jeffrey M. Gluck, a magazine publisher who bought the paper two years ago.

Mr. Gluck stopped publishing the newspaper Dec. 6, the day Judge McDonald announced he intended to replace him with a trustee. The judge based his decision on hearings in November on Globe-Democrat operations. Witnesses said that Mr. Gluck had not paid his employees for a month and had failed to turn over money withheld from paychecks for union dues and the United Way.

A group of former Globe-Democrat employees filed a petition to force the newspaper into bankruptcy in August, saying Mr. Gluck had not paid them.

Mr. Gluck filed for protection from creditors in September. He listed debts of more than \$8 million and assets of \$4.3 million.

Mr. Jones had asked the court for a speedy decision, saying the value of the paper declined each day it did not publish.

William E. Franke and John B. Prentis 3d, who head the new Veritas group, had also said they wanted a speedy decision. They have said they want to resume

(c) 1985 The New York Times, December 31, 1985

publication on Jan. 6. ---- Ohio Paper Halts Publication COLUMBUS, Ohio, Dec. 30 (AP) -The Columbus Citizen-Journal announced today that it would cease publication with Tuesday's issue after an attempt to sell the newspaper fell through.

The newspaper reported today that Nyles V. Reinfeld, an Ohio businessman, had given up his efforts to purchase the paper from the Scripps-Howard chain. The president of Scripps-Howard, Lawrence A. Leser, said in a statement later that there were no plans to publish the paper after Tuesday.

The newspaper's editor, Richard Campbell, said Scripps-Howard had decided to cease publication because its surveys had determined that there was not enough advertising support.

Mr. Reinfeld said he backed out of negotiations because investors had not committed the \$1.5 million needed to continue publishing the newspaper, which had a circulation of 120,000.

SUBJECT: Terms not available



26TH STORY of Level 1 printed in FULL format.

Copyright (c) 1983 The New York Times Company;  
The New York Times

November 8, 1983, Tuesday, Late City Final Edition

SECTION: Section A; Page 27, Column 1; National Desk

LENGTH: 698 words

HEADLINE: ST. LOUIS GLOBE-DEMOCRAT ANNOUNCES IT WILL CLOSE THIS YEAR

DATELINE: ST. LOUIS, Nov. 7

BODY:

The St. Louis Globe-Democrat, the oldest newspaper in Missouri, will cease publication Dec. 31, its publisher announced today.

The decision is subject to approval by the Department of Justice. The Globe-Democrat has operated since 1959 under the protection of the Failing Newspaper Act, under which papers must show proof of irreversible financial losses before closing.

The Globe-Democrat, a morning paper, is owned by the Herald Company, which is owned by the heirs of the late Samuel I. Newhouse.

When the paper's publisher, George Duncan Bauman, announced the decision to cease publication, most of the paper's 200 news employees were on hand. The employees said the announcement was a surprise.

Few Cities With 2 Papers

'The closing of the Globe-Democrat is a sad event,' Mr. Bauman said. 'However, it is a fact that few cities in the United States are now able to support two daily newspapers.'

'During the past two years, daily newspapers have ceased publication in Washington, D.C., Cleveland, Philadelphia, Buffalo, Portland and New Orleans,' he continued. 'For many years, The Globe-Democrat fought this trend. We have invested heavily in the finest editorial staff and features. We have acquired state of the art technology. We have achieved all possible efficiency through the cooperation of our employees and their unions.'

'Nonetheless, the Globe-Democrat has incurred substantial losses for many years, and we now do not foresee that any possible contraction in our operation or improvement in the general economic situation will bring relief.'

Those at the meeting said the general reaction was shock, followed by a rush for telephones to notify family members. Many staff members called The St. Louis Post-Dispatch, the only other daily newspaper in St. Louis, to get their names on hiring lists.

The Post-Dispatch, an afternoon newspaper, survives The Globe-Democrat even though most of the recent closings of American newspapers have been by afternoon papers.

(c) 1983 The New York Times, November 8, 1983

### Joint Operating Agreement

In St. Louis, the morning advantage was reduced by the terms of the joint operating agreement entered into by the two papers in 1959 and expanded in 1969 and 1979. The papers share all business and advertising functions, with only the news functions separate.

The Post-Dispatch, owned by the Pulitzer Publishing Company, handles all printing and publication for both papers. Advertising is sold jointly, and profits are shared equally.

But sources in St. Louis said there were few profits to share. Until the last fiscal year, the Post-Globe agency, as the joint operation is known, operated in the red. The agency was said to be making a marginal profit this year.

In terms of circulation, The Globe-Democrat is the healthier of the two papers. The morning paper reported a daily circulation of 257,029 as of Oct. 21; it does not publish on Sunday. The Post-Dispatch reported a daily circulation of 249,181 and a Sunday circulation of about 400,000.

### Contrasting Editorial Voices

Despite their business relationship, the two dailies offer a distinct contrast in editorial voices. The Globe-Democrat is decidedly more conservative.

Mayor Vincent C. Schoemehl Jr. announced plans to form a consortium of business leaders to investigate the possibility of buying the newspaper.

The Globe-Democrat was founded in 1875 by three St. Louis businessmen. In 1955 E. Lansing Ray, the heir of one of the founders, sold the paper to Newhouse for \$6.5 million.

Because The Globe-Democrat had given up its printing and technological functions to the Post-Dispatch, the only employees directly affected by today's announcement are the 200 news employees.

A spokesman for The Post-Dispatch said it would be "premature" to say how many of those employees would be offered jobs at The Post-Dispatch.

John Morton, a newspaper analyst with the Wall Street firm of Lynch, Jones & Ryan, said in Washington tonight that The Globe-Democrat had suffered in recent years from a general decline in the St. Louis daily newspaper market, and also from the loss of advertising to an aggressive group of free weekly suburban newspapers.

SUBJECT: SHUTDOWNS (INSTITUTIONAL); FAILING NEWSPAPER ACT; FINANCES; NEWSPAPERS

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT (NEWSPAPER); JUSTICE, DEPARTMENT OF

25TH STORY of Level 1 printed in FULL format.

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November 9, 1983, Wednesday, Final Edition

SECTION: Business & Finance; F1

LENGTH: 723 words

HEADLINE: Justice Department Seeks Buyer for St. Louis Paper

BYLINE: By Michael Isikoff, Washington Post Staff Writer

KEYWORD: GLOBE

BODY:

The Justice Department yesterday began an unprecedented attempt to stop a newspaper from shutting down by saying that it will seek a buyer for the St. Louis Globe-Democrat, which is scheduled to fold at the end of the year.

Justice Department officials decided to take the unprecedented action after concluding that the decision to close the 131-year-old newspaper, announced Monday, may have been in violation of the antitrust laws. The paper's owner, the Newhouse Newspapers group, had entered into a financial arrangement with the Pulitzer Publishing Co. to continue to share in the profits and losses of the rival St. Louis Post-Dispatch, department officials said.

"What you have is two newspapers in a town agreeing that one of them is going to fold," said Justice Department spokesman Mark Sheehan. "That is very much like a merger or an acquisition" that could be anti-competitive.

Department officials contended that, as part of a joint operating agreement between the two papers, the owners were legally required to try to find an alternative purchaser to keep the Globe-Democrat alive, an effort that may have not been made prior to the decision to close.

As a result, Justice will attempt to solicit bids for the Globe-Democrat on its own. The department yesterday asked any prospective buyers to contact the antitrust division with their statements of qualifications by 5:30 p.m. EST, Nov. 22. If any serious bids are forthcoming, the department then will afford Newhouse and Pulitzer a "reasonable opportunity" to negotiate the purchase of the Globe-Democrat before it is discontinued.

Sheehan said the solicitation of bids does not mean "we're in the newspaper brokering business." But, he added, "If there are people out there that are interested, we'd like to hear from them. And if there are people who are interested, we'll put them in touch with Newhouse to seek if they can work out a deal."

The only circumstances under which the department would take legal action in the case would be "if we find a bona fide buyer and they Newhouse officials refuse to deal with them," he said.

Charles Sabin, a lawyer for Newhouse, yesterday refused comment other than to say that the company was aware of the department's position before it decided to close the Globe-Democrat.

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The department's announcement brought little joy yesterday to Globe-Democrat staffers, who have been engaged in an uphill struggle for years to keep the paper alive. The steady decline in St. Louis' inner-city population, the rise of alternative weeklies in the rapidly growing suburbs and other factors have combined to leave the two St. Louis papers in an increasingly desperate competition for a shrinking newspaper market.

Over the past decade, the Globe-Democrat actually had inched ahead of the Post-Dispatch in daily circulation (260,000 to 235,000). But the Post-Dispatch, with a huge advantage in weekend readership and advertising, ended up the apparent survivor.

"There's certainly hope but not too much," Sue Ann Wood, the Globe-Democrat's managing editor and an employe at the paper for 28 years, said yesterday when asked about the Justice Department's action.

"We just feel that, if the joint operating agreement didn't work, it would be hard for an independent owner to come in and make a go of it," Wood said.

The morning Globe-Democrat and the afternoon Post-Dispatch have since 1961 published under a joint operating agreement in which they have pooled their profits and shared production and printing operations. In 1979, the agreement was extended to include joint business, advertising and circulation departments.

Such joint agreements--one of 24 existing across the country--are permitted a limited exemption under the antitrust laws so long as they maintain separate editorial staffs. But the prospective closure of the Globe-Democrat effectively nullifies that antitrust exemption, Sheehan said.

A wave of closures has devastated newspaper competition in recent years. The Globe-Democrat would be the seventh paper to shut down this year and the 28th since 1981, when the Washington Star and the Philadelphia Bulletin folded.

Today there are only 51 U.S. American cities with competing newspapers, less than half the number in the 1950s, according to the American Newspaper Publishers Association.

23RD STORY of Level 1 printed in FULL format.

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November 9, 1983, Wednesday, Late City Final Edition

SECTION: Section A; Page 20, Column 1; National Desk

LENGTH: 692 words

HEADLINE: U.S. SEEKS BUYER FOR ST. LOUIS PAPER

DATELINE: ST. LOUIS, Nov. 8

BODY:

The Justice Department today began actively seeking a buyer for The St. Louis Globe-Democrat, which announced Monday that it planned to cease publication Dec. 31.

The Globe-Democrat and the city's other major daily newspaper, The St. Louis Post-Dispatch, have been operated since 1959 by a cooperative newspaper agency under provisions of the Newspaper Preservation Act, which is administered by the Justice Department.

Antitrust officials were concerned that the situation in St. Louis would set a precedent that might lead other newspapers with similar agreements to decide to abandon publication for purely economic reasons.

'We're not going to sit back and hope that somebody reads the press release,' said Alan Marx, chief of the general litigation section of the Justice Department's antitrust division. 'We're going to try to find a buyer.'

If no prospective buyer emerges within 15 days, Mr. Marx said, the department will not object to the termination of the paper.

Joint Operating Agreement

The Globe-Democrat, the city's only morning newspaper, is owned by the Herald Company, a division of the Newhouse Publishing Company. In 1959, Newhouse entered into the joint operating agreement with the Pulitzer Publishing Company, owners of The St. Louis Post-Dispatch, the city's only afternoon newspaper. The agreement was sanctioned by the Justice Department.

Under the agreement, which has twice been expanded, a joint Post-Globe agency handles all business, advertising and production functions for both papers. If The Globe-Democrat does go out of business, the Herald Company would retain an interest in the agency, Nicholas G. Penniman IV, assistant general manager of The Post-Dispatch, said today.

Mr. Penniman said the Post-Globe agency went to the Justice Department last summer, warning that the Globe-Democrat was in deep financial trouble and might seek to end publication. A Justice Department investigation verified the Globe's financial troubles, Mr. Penniman said.

But because the death of The Globe-Democrat would mark the first time a newspaper involved in a joint operating agreement had gone out of business,

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the Justice Department said it would insist on strict enforcement of the Newspaper Preservation Act before approving its termination. The act requires an active search for a new owner.

#### Mayor Pledges Support

Mayor Vincent C. Schoemehl Jr. said he stood ready to help any prospective buyer. Mr. Schoemehl, a Democrat who was often the target of The Globe-Democrat's conservative editorial policies, nonetheless called its demise 'a tragedy.'

Mayor Schoemehl noted that The Globe-Democrat's conservative editorial policy provided a counterweight to the liberal editorial policies of The Post-Dispatch. 'The city needs them both,' he said.

Joseph Pulitzer Jr., editor and publisher of The Post-Dispatch, said the death of The Globe-Democrat 'would impose a heavy obligation on The Post-Dispatch.'

Other Post-Dispatch executives, citing the continuing effort by the Justice Department to find a buyer for The Globe-Democrat, chose not to comment on any prospective changes. Some Post-Dispatch executives said it was all but certain their newspaper would switch to morning publication.

The Post-Dispatch currently has a daily circulation of 249,181 and a Sunday circulation of 477,000. The Globe-Democrat, which does not publish on Sunday, has a daily circulation of 257,000.

Nearly all The Globe-Democrat's 200 employees are members of the Newspaper Guild. Robert A. Steinke, president of the guild chapter in St. Louis, promised that the union would do all it could to protect the interests of its members. But many Globe employees said they were not hopeful, either of a new owner for The Globe or of being hired by The Post-Dispatch.

Many gathered at a tavern across the street from their offices and toasted the past.

'It's a sad day for journalism in St. Louis,' said Dick Wagner, a 40-year-old editor in the paper's sports department. 'It hurt me beyond belief. You can't work for a paper for 17 years without building up some loyalty.'

GRAPHIC: photo of employees

SUBJECT: SHUTDOWNS (INSTITUTIONAL); MERGERS, ACQUISITIONS AND DIVESTITURES;  
NEWSPAPER PRESERVATION ACT

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT (NEWSPAPER); JUSTICE, DEPARTMENT OF

13TH STORY of Level 1 printed in FULL format.

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The New York Times

December 1, 1983, Thursday, Late City Final Edition

SECTION: Section A; Page 20, Column 1; National Desk

LENGTH: 922 words

HEADLINE: TEST AT ST. LOUIS GLOBE-DEMOCRAT: U.S. ROLE, IF ANY, IN SAVING  
NEWSPAPERS

BYLINE: By JONATHAN FRIENDLY

BODY:

NewsAnalysis

The planned closing of The St. Louis Globe-Democrat is providing a test of what role, if any, the Federal Government should play in saving newspapers, which historically have asserted a constitutional right to be independent of the Government. Three weeks ago The Globe-Democrat announced that it was losing so much money that it would have to close at the end of the year. This set off a hasty search for a buyer who would keep the paper going, a familiar routine in an industry that has seen daily newspapers die in Washington, Philadelphia, Cleveland and a host of smaller cities.

The Government is involved in St. Louis because The Globe-Democrat and The Post-Dispatch share printing and sales operations, as well as profits or losses, under a special exemption to Federal antitrust laws, the Newspaper Preservation Act of 1970.

The act, citing the desirability of keeping competing editorial voices even when commercial competition is not possible, declares that it is the public policy of the United States "to preserve the publication of newspapers in any city, community, or metropolitan area where a joint operating arrangement has been or may be entered into because of economic distress."

#### Legislative Limitation

But the act does not specify how the preservation is to be accomplished if the owner wants to shut his paper. The Globe-Democrat's owner, the Newhouse newspaper chain, is the first to try. The Justice Department is trying to set policies to cover that problem as well as the future behavior of the 23 other joint operations, in cities including Miami, Pittsburgh and Cincinnati.

So far, most of the decisions, made by the head of the department's antitrust division, William F. Baxter, have continued the agency's practice of giving newspaper owners broad latitude in business decisions, even if that latitude extends to killing the paper.

For example, the Newhouse chain told the agency in June that it was planning to shut the paper, but the agency did not make that fact public until the Newhouse group was ready to announce it Nov. 7.

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Then the agency said that any group interested in buying the paper had to come forward within 15 days, a short period, given the fact that it took months to sell money-making papers in Houston and Chicago.

#### Time for Offer Held Ample

Mr. Baxter's chief deputy, Helmut F. Furth, said in an interview that the 15 days was 'ample time, not to put an offer on the table, but for an expression of serious interest' that could lead to real negotiations before the scheduled shutdown. He also said the department had kept the Newhouse plans confidential because businesses needed to be able to trust the department to keep their commercial secrets.

In the past, too, the department has not used the Newspaper Preservation Act as license to second-guess owners. Mr. Furth said it was not up to the department to decide whether Newhouse had run The Globe-Democrat well or poorly after buying it in 1955 for \$6.5 million.

Documents at the department show that The Globe-Democrat agreed in 1975 not to increase its spending for news staff, sales promotion or any other operating cost faster than The Post-Dispatch did. The experience of second-ranked newspapers in other cities has been that such an increase is required to overtake the rival and regain profitability.

Other joint operation papers have made efforts to strengthen themselves. Early this year, The Deseret News in Salt Lake City started a Sunday edition, competing with its business partner, The Salt Lake Tribune, for what in other cities has been a growing and profitable area for newspapers.

The problems of The Globe-Democrat are all the more unusual because it is a morning paper and outsells The Post-Dispatch, an afternoon paper, 257,000 to 249,000. Morning papers have generally done better than afternoon dailies in big cities recently, and The Post-Dispatch has announced that it intends to switch to morning publication if The Globe-Democrat closes.

#### Profit Gain for Newhouse

Newhouse, which has revenue of \$1.5 billion a year from its newspapers, magazines and television operations, stands to profit from the closing. Under a contract that extends well into the next century, it is entitled to half of the first \$4 million a year of profits from The Post-Dispatch and 30 percent of profits beyond the \$4 million. The newspapers say they have lost money for most of the last 10 years. Neither they nor the Justice Department will say how much. Closing The Globe-Democrat will save the salaries of about 200 journalists as well as production and circulation costs, enough presumably to tip The Post-Dispatch, owned by the Pulitzer family, into profitability.

It is not clear whether the ground rules set by the department will encourage any of the 46 other jointly operated papers to close. None have indicated any plans to close, but in the current economic climate, most publishing agencies would make more money by printing one newspaper instead of two.

The staffs of the Congressional committees that handled the Newspaper Preservation Act in 1970 said there was no effort under way to reconsider the legislation in light of the St. Louis situation. One of the original



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sponsors of the act, Representative Robert W. Kastenmeier, Democrat of Wisconsin, said the law 'did preserve a lot of two-newspaper cities,' adding, 'It would be an unintended result if it became an inducement to close.'

TYPE: ANALYSIS

SUBJECT: NEWS AND NEWS MEDIA; FEDERAL AID (US); SHUTDOWNS (INSTITUTIONAL); FINANCES

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT (NEWSPAPER)

NAME: FRIENDLY, JONATHAN

GEOGRAPHIC: UNITED STATES (1983 PART 1)

TITLE: NEWSPAPER PRESERVATION ACT OF 1970

9TH STORY of Level 1 printed in FULL format.

Copyright (c) 1983 The New York Times Company;  
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December 8, 1983, Thursday, Late City Final Edition

SECTION: Section A; Page 28, Column 1; National Desk

LENGTH: 452 words

HEADLINE: ST. LOUIS PAPER'S OWNER TO START SALE TALKS

BYLINE: By JONATHAN FRIENDLY

BODY:

The Newhouse newspaper chain, under pressure from the Justice Department to try to keep The St. Louis Globe-Democrat from closing, said yesterday that it was willing to start negotiations with three possible buyers.

'We are not at all reluctant to negotiate,' said William H. Willis, a lawyer for the newspaper company, But he said none of the three were ready to start talks and 'I'm somewhat pessimistic about whether they have the financial backing' to keep the paper going.

The potential buyers were found by the Justice Department after Newhouse announced it intended to close the paper at the end of the year because of growing losses. The chain had not looked for a buyer on its own.

The Justice Department is involved because The Globe-Democrat operates jointly with The St. Louis Post-Dispatch under a special antitrust exemption intended to preserve financially failing newspapers.

Move Would Cut Costs

The Post-Dispatch, owned by the Pulitzer publishing family, provides all the printing and sales operations for both papers, and the two papers divide all profits or losses equally. The planned shutdown would eliminate millions of dollars in costs of news-gathering, production and distribution, thereby making The Post-Dispatch profitable.

Edward R. Grotpeter, a St. Louis businessman who publishes Key magazine, which lists events and tourist attractions in St. Louis, Houston and New York, has offered to pay \$2.5 million for the paper's name and files. He, newspaper employees and city officials are developing a plan that would include issuing \$10 million of public bonds for new presses so the paper could operate independently of The Post-Dispatch.

A second bidder is Jeffrey Gluck, a Columbia, Mo., publisher who owns Saturday Review, Family Journal and Missouri Life magazines. Mr. Willis said the third possible buyer owned a small newspaper in another state.

Other Paper Would Expand

The Post-Dispatch, now published in the afternoon, intends to take The Globe-Democrat's position as a morning paper, beginning in January. The Post-Dispatch, which sells 235,000 copies a day, expects to pick up about half

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of The Globe-Democrat's 260,000 circulation if the latter closes.

Nicholas G. Penniman, assistant general manager of The Post-Dispatch, said Pulitzer would be willing to print The Globe-Democrat as an afternoon paper after the first of the year. A Justice Department spokesman, Mark T. Sheehan, said, however, that the department expected Newhouse to keep The Globe-Democrat printing as long as negotiations for a sale were continuing, adding, 'We would not expect The Post to go ahead with its plan to go into the morning field.'

SUBJECT: NEWS AND NEWS MEDIA; MERGERS, ACQUISITIONS AND DIVESTITURES; SHUTDOWNS (INSTITUTIONAL)

ORGANIZATION: NEWHOUSE NEWSPAPERS INC; ST LOUIS GLOBE-DEMOCRAT; ST LOUIS POST-DISPATCH; JUSTICE, DEPARTMENT OF

NAME: GROTPETER, EDWARD R; GLUCK, JEFFREY

GEOGRAPHIC: UNITED STATES (1983 PART 1)

5TH STORY of Level 1 printed in FULL format.

Copyright (c) 1983 The Washington Post

December 24, 1983, Saturday, Final Edition

SECTION: Business & Finance; D6

LENGTH: 469 words

HEADLINE: Publisher Buys Globe-Democrat

BYLINE: By Michael Isikoff, Washington Post Staff Writer

KEYWORD: GLOBE

BODY:

The St. Louis Globe-Democrat, which was scheduled to shut down next month, won an 11th hour reprieve yesterday when a 30-year-old magazine publisher from Columbia, Mo., signed a contract to purchase the paper from the Newhouse Newspaper Group for an undisclosed sum.

Jeffrey M. Gluck, who publishes Saturday Review and other magazines, said he would take over the morning daily on Feb. 25 and maintain the paper's "first rate quality" and conservative editorial philosophy.

But Gluck's purchase, announced at a press conference in St. Louis Mayor Vincent Schoemehl's office, raised more questions than hopes among the Globe's employes. The rival afternoon Post-Dispatch, which shared printing and business operations with the Globe's old owners under a joint operating agreement, quickly said it would match Gluck head-to-head by switching to morning editions on Feb. 27.

In addition, concerns about Gluck's uncertain financial backing and apparent lack of newspaper experience caused many in the Globe newsroom to wonder how long he can keep the financially ailing paper alive. Since Newhouse first announced on Nov. 7 that it would shut down the Globe, an estimated 40 to 50 of the paper's 200 editorial employes had accepted job offers elsewhere.

Yesterday, many didn't know whether to stick it out with Gluck or leave the paper anyway and thus give up the hefty severance checks they thought they had coming.

"It's a very mixed bag," said reporter Jim Floyd of the mood in the Globe newsroom. "Some people are madder than hell, some are happy, some are scared . . . It's total uncertainty."

Gluck said yesterday that he hoped to reach a "mutually acceptable contract" with the paper's Newspaper Guild-- an apparent reference to concessions he hopes to persuade the union to accept.

Gluck's takeover will end the joint operating agreement with the Post-Dispatch, effectively leaving the Globe without a printing press, a business office or even delivery trucks as of Feb. 25. Gluck declined to detail how he planned to handle these operations at yesterday's news conference other than to say "we have two months to set up our whole business side."

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Despite such problems, Gluck's purchase is considered a victory of sorts for the Justice Department, which mounted an unprecedented rescue operation on behalf of the Globe last month after it concluded its closure raised serious antitrust concerns.

Gluck, who could not be reached for comment yesterday, began his publishing career in 1974 when he launched a campus newspaper while a student at the University of Missouri. Since then, he has started a news service for college newspapers and bought several magazines, including Missouri Life, Family Journal and the respected Saturday Review, whose offices he moved from New York to Columbia last year.

GRAPHIC: Picture, Jeffrey M. Gluck yesterday announces his purchase of the St. Louis Globe-Democrat. To his left is Mayor Vincent C. Schoemehl. AP

4TH STORY of Level 1 printed in FULL format.

Copyright (c) 1983 The New York Times Company;  
The New York Times

December 24, 1983, Saturday, Late City Final Edition

SECTION: Section 1; Page 9, Column 1; National Desk

LENGTH: 858 words

HEADLINE: SALE OF GLOBE-DEMOCRAT IN ST. LOUIS ANNOUNCED

DATELINE: ST. LOUIS, Dec. 23

BODY:

A 30-year-old magazine publisher and his wife announced today that they had signed a contract to buy The St. Louis Globe-Democrat.

The 131-year-old morning newspaper was to have ceased publication Dec. 31 because of financial losses.

Jeffrey M. Gluck and his wife, Debra, who bought The Saturday Review in November 1982, said today that they would take over the newspaper Feb. 24. Citing the terms of their agreement with the current owner, the Newhouse newspaper chain, the Glucks refused to say how much they had paid, who their financial backers were or how they planned to produce and distribute the paper.

Under an agreement that ends Feb. 25, The St. Louis Post-Dispatch and The Globe-Democrat had combined forces to sell advertising, to print and distribute their newspapers. "So we have two months, two months to set up our whole business side," Mr. Gluck said at a news conference in City Hall.

Post-Dispatch Announces Shift

A few hours later, Nicholas G. Penniman 4th, the assistant general manager of The Post-Dispatch, an afternoon newspaper, said it would be published as a morning paper starting Feb. 27, two days after the Glucks are to assume control of The Globe-Democrat.

Mr. Gluck said he was not perturbed at the prospect of direct competition. "We are already the morning paper and it's our turf, not theirs," he said. The most recent daily circulation figure for The Globe-Democrat is about 262,600, as against 232,700 for The Post-Dispatch.

Because The Post-Dispatch and The Globe-Democrat had entered into a joint operating agreement under provisions of the Newspaper Preservation Act, the Justice Department entered the picture when The Globe-Democrat announced it would cease publication. The department investigated the planned closing for any antitrust violations, and then advertised for buyers for The Globe-Democrat. Today the department said that with the sale of the newspaper, it had closed its investigation.

J. Paul McGrath, Assistant Attorney General in charge of the department's antitrust division, said, "The proposed sale will reintroduce commercial competition among daily papers in St. Louis, and will also result in the continuation of two separate newspaper editorial voices."

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The Herald Company, the division of the S. I. Newhouse publishing empire that operated The Globe-Democrat, said in announcing the closing that the paper had lost money for 10 years. Neither the company nor the Government has disclosed loss figures.

Mr. Gluck said at the news conference that his Globe-Democrat would differ little from the existing newspaper. He added that he wanted the writers, graphic designers and conservative columnists to remain with the newspaper. He may inject 'a little fresh air' into the operation, Mr. Gluck said, but he did not elaborate.

#### Hints of Concessions

There have been indications that the Glucks's purchase of The Globe-Democrat would be tied to certain concessions by the St. Louis Newspaper Guild, which represents 190 of the paper's 212 employees. Mr. Gluck said he hoped to reach 'a mutually acceptable contract' with the union and that 'no Globe employee will lose anything' because of the purchase.

'I haven't heard anything about concessions,' said Robert A. Steinke, executive secretary of the St. Louis Newspaper Guild. 'I don't know what kind of deal he struck with Newhouse. I don't know where his money is coming from, I know nothing about him except that he has asked for donations for a sinking fund from subscribers of his Saturday Review magazine.'

The Glucks have appealed to Saturday Review subscribers to donate money to cover what they said were short-term losses and to provide the magazine with a cushion for the future.

'I want to meet with him as soon as I can,' said Mr. Steinke. 'I don't want our people caught in a bind.'

The Glucks said they would operate The Globe-Democrat through their new company, Gluck Media Inc. They will move to St. Louis from the university town of Columbia, Mo., where they publish three magazines, they said.

Mr. Gluck grew up in suburban Chicago and began his career in journalism as a business manager for The Maneater, a student newspaper at the University of Missouri. He left in 1974 to start his own paper, The Campus Digest, which he still publishes.

#### Two Other Purchases

He and his wife later purchased Missouri Life, a bimonthly magazine characterized by full-color photographs and 'nice stories,' as Mr. Gluck put it, which has a circulation of about 30,000. They also publish a magazine called Family Journal.

A rival group headed by a St. Louis businessman, Stuart Burstein, said it was still trying to buy The Globe-Democrat. Dan Uhlinger, a copy editor for the newspaper who is a member of that group, said the group had sent off a 'good faith deposit' of \$200,000 to the Herald Company this morning. He said the group had made an offer for The Globe-Democrat, which 'should realize \$6 million to \$7 million for the Herald Company.'

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Nevertheless, Mr. Gluck insisted the deal was "signed, sealed and delivered."

GRAPHIC: photo of Jeffrey M. Gluck and his wife Debra

SUBJECT: MERGERS, ACQUISITIONS AND DIVESTITURES

ORGANIZATION: ST LOUIS GLOBE-DEMOCRAT

NAME: GLUCK, JEFFREY M; GLUCK, JEFFREY M (MRS)



THE WHITE HOUSE  
WASHINGTON

January 21, 1986

MEMORANDUM FOR DON CLAREY  
OFFICE OF CABINET AFFAIRS

FROM: JOHN G. ROBERTS *JGR*  
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: President's Legislative Message  
on 1986 Agenda

Counsel's Office has reviewed the above-referenced message, and finds no objection to it from a legal perspective.

cc: David L. Chew

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: NAME CHEW

MI Mail Report User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: President's Legislative Message on 1986 Agenda

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>CUHOLL</u>	<u>ORIGINATOR</u>	<u>86.01.21</u>		<u>1 1</u>
<u>cut 18</u>	<u>R</u>	<u>86.01.21</u>	<u>S</u>	<u>86.01.22 9am</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>

**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

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EXTREME CLOSE HOLD

Document No. \_\_\_\_\_

### WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/21/86 ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 a.m. 1/22/86

SUBJECT: PRESIDENT'S LEGISLATIVE MESSAGE ON 1986 AGENDA

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	POINDEXTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CHAVEZ	<input type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STEELMAN	<input type="checkbox"/>	<input type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	THOMAS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	<u>ELLIOTT</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LACY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Attached is an outline of the proposed Legislative Message on the 1986 Agenda. Please review and provide comments directly to the Office of Cabinet Affairs by 9:00 a.m. Wednesday, with an info copy to my office. A draft of the message text will be available later this week. Questions regarding this document

RESPONSE: should be directed to Don Clarey at x2800.

David L. Chew  
Staff Secretary  
Ext. 2302

## THE PRESIDENT'S AGENDA

### I. INTRODUCTION

On January 28, I spoke to the members of the Senate and House of Representatives and the people of the United States about the state of our Union -- the remarkable progress we've made thus far in making the American dream possible again for all Americans -- and about my vision and hopes for this "rising America."

Today I am forwarding my Agenda for the Future, a plan of actions that I believe will fuel a rising America and the world community to a safer, more secure and prosperous level, where new challenges can be met by adhering to bedrock principles and putting faith in the capacity of people -- rather than governments -- to solve the problems before us.

My agenda for the future is fourfold:

- o Preparing for a decade of economic growth;
- o Defining our values for a modern age;
- o Advancing the technological era; and
- o Expanding the family of free nations.

### II. PREPARING FOR A DECADE OF ECONOMIC GROWTH

#### A. Improving U.S. Competitiveness

##### Legislative

#### 1. Controlling Federal Spending.

- a. 1987 Budget Proposals. My 1987 budget, which will be sent to Congress next week, will conform to the requirements of the Gramm-Rudman Act while permitting the Federal Government to fulfill its basic obligations to the people, including providing adequate national security, without a tax increase.
- b. Budget Process Reform. I will propose extensive changes to the budget process so that the nation can have an effective budget by permitting the Executive and Legislative branches to work more closely and effectively together. These proposals include: [to come]

- c. Improved Federal Management and Efficiency. I will continue to improve the quality and efficiency of federal management, including continued support for my legislation on Executive Branch reorganization; improvements in federal productivity; financial management; fraud prevention; pay systems; and regulatory reductions. I will also support retirement reform legislation for new and selected employees and officials.
2. Tax Reform. I am directing Secretary Baker to work with Congress towards completing the process of fundamentally reforming the tax code to expand opportunities for jobs and growth and promote greater fairness for all Americans and their families.
3. Antitrust Reform. I will ask Congress to remove unreasonable barriers to U.S. competitiveness by proposing refinements in our federal antitrust statutory framework, reflecting the increasingly global nature of markets and increased sophistication in economic thinking.
4. Product Liability Reform. My Administration will review the existing framework of product liability statutes and cases and I will propose, if necessary, a uniform product liability standard to provide business with greater certainty while maintaining remedies and incentives for consumer health and safety.
5. Foreign Corrupt Practices Act Amendments. I will pursue enactment of amendments to the Foreign Corrupt Practices Act to clarify the requirements and responsibilities of American businesses and reduce disincentives for U.S. export trade.
6. Research and Development. I recognize the importance of the federal role in financing basic research and am proposing to increase funding for basic research in 1987 by \_\_\_\_\_ percent. I also will seek to renew the R&D tax credit as an incentive for additional private sector R&D and will encourage commercial application of federally sponsored R&D by the non-profit sector.
7. Farm Credit. My Administration will support the reformed Farm Credit System in its efforts to provide American farmers with sufficient credit during the spring planting season.

B. Free and Fair Trade

Legislative

1. New Trade Round Authority. I will seek legislation authorizing reductions in tariff and non-tariff barriers in the new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).
2. Tied-Aid Credits. I will continue to seek legislation authorizing a \$300 million fund for combatting predatory tied aid credits by other countries.
3. Antidumping and Countervailing Duty Laws. I will seek to improve the antidumping and countervailing duty laws through legislation establishing a predictable pricing test that covers non-market economies. Currently, it is difficult to enforce these laws on products imported from non-market economies because of the difficulty in determining meaningful prices.
4. Omnibus Intellectual Property Legislation. I will propose omnibus legislation strengthening and broadening federal and international protection of intellectual property to encourage innovation and investment in technology and improve U.S. competitiveness.
5. Agriculture. I will seek to correct the trade deficiencies in the new farm bill, specifically provisions mandating a reduction in the sugar quota, the three-year payment-in-kind bonus export program, and a new dairy program which obligates the government to pay farmers to liquidate their dairy herds and to buy the meat in order to support prices.

Administrative

1. U.S.-Canada Free Trade Arrangement. I am initiating discussions with the Canadians to establish a free trade arrangement, which would further reduce the already low level of barriers to trade between our two countries. If a mutually beneficial arrangement can be achieved, I will present a proposal to Congress.
2. International Patent Office. My Administration will engage some of our major trading partners in discussing the idea of establishing a multinational or regional patent office. Such an

office could provide a higher level of common patent protection, including coverage and terms, and establish a more efficient system for gaining patent protection beyond U.S. borders.

3. Unfair Trade Remedies. I will continue to enforce vigorously the unfair trade laws, in particular, Section 301 of the Trade Act of 1974 and the antidumping and countervailing duty laws. The Strike Force on Trade will continue its efforts to identify unfair foreign practices that restrict U.S. access to world markets.
4. Multilateral Negotiations. My Administration is working vigorously to launch a new round of multilateral trade negotiations through the Preparatory Committee established last November by the GATT. Under the leadership of the U.S., the Preparatory Committee is developing the framework for the negotiations that would strengthen the international trading system, eliminate unfair trade practices, and address major new problem areas in international trade such as services, intellectual property protection, and investment.
5. Japan. My Administration will continue the market-oriented sector-selective (MOSS) talks with the Japanese, aimed at identifying trade barriers in specific sectors and encouraging the Japanese to remove these barriers. The talks have succeeded thus far in removing trade barriers in telecommunications and other sectors, and we will continue to press for removal of barriers in additional sectors.
6. Multi-Fiber Arrangement. My Administration will aggressively renegotiate the Multi-Fiber Arrangement (MFA), currently scheduled to expire July 1, 1986, on terms no less favorable than present. We are consulting closely with the U.S. textile and apparel industries to ensure that its views will be fully represented during these negotiations.

### C. Strengthening the World Economy

#### Administrative

1. International Debt Initiative. My Administration will vigorously pursue implementation of the U.S.-proposed "Program for Sustained Growth" to address LDC debt problems.

2. International Monetary Policy. My Administration has sought to improve the international monetary system by strengthening economic policy coordination among our major industrialized trading partners. But there is still more to be done. Working with our partners, the Administration will continue to seek reforms that will stimulate greater growth without inflation. [Treasury language]

D. Deregulation

Legislative

1. Financial Services. I will continue to work with the Congress to develop and implement proposals improving the soundness and competitiveness of the financial services industry, including reforms in federal deposit insurance and regulatory frameworks.
2. Trucking. I will continue to support legislation eliminating virtually all remaining federal regulations covering the trucking, freight forwarder, and domestic water carrier industries, excepting those regulations mandating safety and insurance obligations.
3. Natural Gas. I will seek to completely deregulate the pricing of natural gas and to reform regulation of its transportation.
4. Nuclear Licensing Reform. I will continue to seek legislation for standardized designs for nuclear power plants, and to simplify the licensing process. The goal is a stable, predictable process that encourages nuclear plant construction where they offer consumers the most reliable, economic, and environmentally sound electricity.

E. Improving Job Opportunities and Safety

Legislative

1. Youth Employment. I will continue my efforts to assure that American youth, particularly minority youth, have adequate job opportunities, by seeking to enact a Youth Employment Opportunity Wage and improving federal programs for literacy and job training.



2. Enterprise Zones. I will again seek legislation that provides federal regulatory and tax relief for targeted urban areas to encourage jobs, economic development, and renewed hope for many urban areas.
3. Displaced Workers. I will work with Congress to implement a proposal, under the Jobs Training Partnership Act, that helps improve the ability of American workers harmed by imports to find new jobs through retraining.
4. Dependent Care Deduction. I will again propose to replace the dependent care tax credit with a tax deduction. This will better target lower income parents, who incur employment-related child and dependent care expenses.

#### Administrative

1. Improved Workplace Health and Safety. My Administration will continue to work to improve worker health and safety by streamlining the OSHA regulatory process, improving OSHA standards, and better focusing federal resources for encouraging workplace health and safety.

### F. Privatization

#### Legislative

1. CONRAIL. I propose that the government remove itself from the railroad business. I support legislation to complete the sale of CONRAIL to Norfolk Southern, generating more than \$1.2 billion in cash for the Treasury.
2. Power Marketing Authorities. I will actively seek to transfer federal control of power marketing authorities, such as Bonneville, to the private sector, and increase federal receipts through the sale.
3. Petroleum Reserves. I will propose the sale of the Naval petroleum reserves to the private sector, making that oil available to the public and increasing federal receipts.
4. Transfer of National and Dulles Airports. I again will propose transferring National and Dulles Airports to a single independent airport authority established by Virginia and the District of Columbia.

*Journal*  
III. DEFINING OUR VALUES FOR A MODERN AGE

A. Learning and Leading with Wisdom and Discovery

Legislative

1. Education Equity and Choice. I support The Equity and Choice (TEACH) legislation to expand opportunities for economically and educationally disadvantaged children. It will increase opportunities for parents to choose schools that best meet their children's needs, foster diversity in competition among school programs, and increase private sector involvement in providing education for disadvantaged children.
2. Tuition Tax Credit. I will again seek to provide federal tuition tax credits for parents choosing to send their children to private elementary and secondary schools. These credits will foster more choice, improve the quality of both private and public schools, and treat parents exercising educational choice more fairly.
3. Bilingual Education. I will seek amendments to the Bilingual Education Act to expand State and local flexibility in meeting the bilingual education needs of children with limited English proficiency. This will include removing the 4 percent limit on special alternative instructional programs, and making other technical changes.
4. Higher Education. I will ask Congress for Higher Education Act amendments to restructure the direct student loan program making it more cost effective, and giving needy students greater flexibility and choice in financing their post secondary education. I will also seek legislation to revise aid programs for developing institutions, and to foster teacher training and improvement.
5. Education Savings Account. I am proposing to establish an Education Savings Account, which would exclude from taxable income the earnings on savings deposited in a special educational account. This proposal would increase the self-sufficiency of parents and students and strengthen our higher educational system.
6. Teacher Training and Improvement. I will seek legislative amendments retargeting funding for teacher development and retraining. My aim is to improve the quality of our nation's elementary and secondary school teachers.

Administrative

1. Literacy. My Administration will reduce the costs and improve the administration of the more than 70 federal programs providing funds for improving literacy of Americans. There are currently more than 23 million illiterate Americans.
2. What Works. The federal government has an important role in providing useful and reliable information to the American people about education. Armed with such information, the American people can be trusted to fix their own schools. We will release a report in February, What Works, that will be a notable landmark in this effort.

B. Maintaining a Healthy Society At A Reasonable Cost

Legislative

1. Catastrophic Health Care. I am charging Secretary Bowen with developing legislation covering catastrophic health care for Americans. For too many years, America's elderly citizens have lived with the threat of incurring expenses that would wipe out lifetime savings if they became seriously ill during the later years of their lives.
2. Medicare Vouchers. I continue to support the concept of prepaid health care, and will seek legislation emphasizing competition and broadening the types of health plans that qualify as alternatives to traditional Medicare coverage. My Administration will encourage private health care providers to develop less costly plans and programs directed at maintaining health rather than treating illness, including programs that call for a fixed annual payment for a given benefit package for each beneficiary.

Administrative

3. Medical Liability, Defensive Medicine and Medical Malpractice Insurance. My Administration will initiate a major study of high malpractice

insurance premiums paid by health care providers, and defensive medicine practices that minimize malpractice exposure. We will look for ways to reduce the impact of medical liability on health care costs, while retaining quality care.

4. Acquired Immune Deficiency Syndrome. One of my Administration's highest public health priorities will continue to be Acquired Immune Deficiency Syndrome (AIDS). We will develop and test vaccines that offer the promise of preventing AIDS, and drugs to halt the growth of the AIDS virus and to restore the damaged immune system. The Department of Health and Human Services will continue to provide information on progress made in the fight against this critical health problem.
5. New Products And Public Health. My Administration will accelerate the processes for bringing safe and effective new drug therapies and new medical devices to ease pain and suffering of millions of Americans while providing consumers with more choice at less cost. We will continue nation-wide protection programs to ensure that approved food, drug and device supplies are safe. Education and other forms of prevention will be stressed.

C. Welfare Reform - Making The American Dream Real

Administrative

I am directing the Domestic Policy Council to examine all federal programs that provide assistance to our nation's needy. The Council will examine overhauling the entire system, so that the government closest to needy individuals provides the assistance, the family is strengthened, individuals will have a choice in the assistance provided, self-responsibility is encouraged, and independence is promoted. [structure provided by OPD]

D. Family Security Strengthens America's Security

Legislative

1. Criminal Law Enforcement. My Administration will continue to investigate and prosecute fraud and other economic, or "white collar" crime. I am asking Congress to support improved enforcement by completing action on anti-fraud legislative proposals introduced last year. These include the Money Laundering and Related Crimes Act, Legal Fees Equity Act, False Claims Act Amendments, Program Fraud Civil Penalties Act, Contract Disputes Act and Federal

Courts Improvement Act Amendments, Bribes and Gratuities Act, Grand Jury Disclosure Amendments, Anti-Fraud Criminal Enforcement Act, and the Federal Computer Systems Protection Act.

2. Terrorism. My Administration will continue, unilaterally and in cooperation with our allies, to take preventive and response measures to counter the brutal, savage terrorist attacks on innocent people. Through the FBI here at home and intelligence services abroad, we will act to head off terrorist incidents before they can occur. I will ask Congress for legislation to improve security measures, enhance safety, and minimize the risk of terrorism for international travelers. I am also asking the Senate to approve the treaty with the United Kingdom to allow the return of international terrorists for trial.
3. Death Penalty for Espionage. I will call upon Congress to enact a death penalty for espionage which meets the Constitutional requirements for such a law.
4. Federal Courts. The workload of the federal courts has skyrocketed in recent years to the point that it is necessary to create new judgeships at a record pace. I will ask Congress for legislation to restore responsibilities to State courts, and to explore means for resolving conflicts and controversies outside the federal legal system.

#### Administrative

1. Illegal Drug Traffic. My Administration will continue efforts to eradicate illegal drugs before they can be harvested, and to reduce the demand by attempting to persuade our nation's young people that drugs damage their health and their lives. Through our Organized Crime Drug Enforcement Task Force Program, we will strike even harder at organized criminal elements who profit from drug trafficking.
2. War on Organized Crime. I am calling for the help of all Americans to move forward with our national strategy to eliminate organized crime's extensive influence in American society. All government agencies will be mobilized for this effort, and will cooperate with local and State police to wipe out all types of organized crime.
3. Victims of Crime. My Administration will continue to help victims of crime by providing funds to State victims assistance programs. We have drafted model legislation for States to ease the burden on crime

victims. Also, we will coordinate efforts of public and private institutions to combat family violence.

E. Protecting Personal Freedom and Opportunity

Legislative

1. Non-Discrimination. I will seek amendments to civil rights laws to extend prohibition of discrimination to entire educational institutions that receive federal financial assistance. I will ask Congress for legislation to promote equality of opportunity for all persons in areas such as the legal profession, housing and education. We will oppose public policies that deny equality of opportunity, and will continue to prosecute those found guilty of violating civil rights laws.
2. Immigration Reform. I continue to support legislation reforming the nation's immigration laws, including prohibiting employment of illegal aliens, granting amnesty to certain aliens, and revising the temporary worker program.
3. School Prayer. I continue to support a Constitutional amendment allowing children the right to voluntarily pray in the public schools.
4. Abortion. I am asking Congress for legislation to prohibit federal funds to finance, promote, encourage or otherwise support abortion. Medical technology is increasingly showing abortion to be the taking of human life.
5. Protection Against Nuclear Accidents. I support renewal of legislation indemnifying victims of severe accidents at a government nuclear facility or private nuclear powerplant, to ensure financial protection for injuries and prompt payment of claims.

Administrative

1. Religious Liberty. My Administration has formed a Religious Liberty Task Force headed by the Solicitor General, to seek to restore a proper balance between free exercise and establishment of religion as provided by the First Amendment. My Administration will file amicus briefs in court actions where the Attorney General determines that government is improperly interfering with the Constitutional guarantees of religious freedom.
2. Homeownership and Choice. My Administration will encourage residents of low-income public housing to

own and manage their own dwellings. Last year Congress authorized the sale of a limited number of public housing units to families occupying them. The first sales have been completed, and we will expand this demonstration program.

3. Veterans. My Administration will continue to support the 28 million veterans who have given faithful service in defense of our nation. We will provide quality medical care, a fair and compassionate pension, and other benefits for veterans who have earned them.
4. Aviation Safety. My Administration will make certain that equipment used by U.S. airlines is safe. We will increase the number of safety inspections by 25 percent, and order all U.S. carriers to participate in the National Air Transportation Inspection program. We will increase the number of inspectors to maintain a safe, reliable commercial aviation fleet, and hire and train sufficient aircraft controllers for a safe air traffic control system.

#### F. Preserving Our Ecological Heritage

##### Legislative

1. Hazardous Waste Cleanup. I continue to seek legislation with a sound funding plan for the hazardous waste cleanup program -- Superfund -- for another five years. We urge Congress to make this vital program a priority.
2. Protecting Water Supplies. I renew my request to Congress for legislation to ensure the continued high quality and safety of our nation's drinking water, and to assist States and municipalities in monitoring the quality of this vital resource.
3. Scenic Rivers & Wilderness. I will continue to propose legislation for additional National Wild and Scenic Rivers/Wilderness designations, as part of our efforts to preserve natural environment areas.
4. Environmental Protection. I will ask Congress to reauthorize laws to protect our environment, including the Comprehensive Environmental Response, Compensation and Liability Act; the Coastal Zone Management Act; the Federal Water Pollution Control Act; the Safe Drinking Water Act; the Clean Air Act; the Toxic Substances Control Act; and the Federal Insecticide, Fungicide and Rodenticide Act.

Administrative

1. Public Lands, Historic Sites. The time has come for all Americans to take pride in their outstanding public lands and historic sites. These belong to everyone, and we must instill in all Americans a renewed awareness that these lands are their lands. I am launching a "Take Pride in America" campaign to achieve that goal. The Departments of Interior, Agriculture, Education and Army (Corps of Engineers) will work together on this campaign.

G. Federalism.

Legislative

1. Cross-Cutting Regulations. I am asking Congress to reduce the negative effects of cross-cutting federal regulations, by passing legislation supporting common rule-making to provide government-wide uniformity and coordination, consistent with sound practices and concepts.
2. Reimbursement of States for Federally Mandated Programs. I will seek legislation to require Congress to appropriate sufficient funds to reimburse States for costs mandated by federal laws and regulations. This will force the federal government to recognize the full budgetary implications of its laws, and create a better relationship between levels of government. [proposed by OPD]
3. Highway Transit Urban Mobility Grant. I propose to combine federal assistance for urban and secondary highway systems and mass transit assistance to establish a block grant program providing State and local governments with greater spending discretion.

Administrative

1. Enforcement of Environmental Laws. My Administration will continue to work with State and local governments through the National Environmental Enforcement Council to ensure that environmental statutes are properly enforced and managed.

IV. ADVANCING THE TECHNOLOGICAL ERA

A. Challenging Ourselves With New Priorities

Administrative

1. Civil Space Program. My Administration is committed to a strong civil space program, including a Space



Station, space transportation, space science and the exploitation of space as a research laboratory for development of technology required for the programs of the 1990s.

2. Biotechnology. My Administration will observe advances in biotechnology research and, should it become appropriate, seek legislation to ensure that all federal government responsibilities are met.
3. New Materials. My Administration will support basic research and development of polymeric materials, ceramics and composite fibers. Such research may eventually affect human health (artificial organs) and innovative engineering (automotive engines and light weight airframes) developments, leading to competitive advantages for U.S. industry.
4. Technology Transfer. While acknowledging the importance of the free flow of knowledge and information for commercial purposes, my Administration will not sacrifice our intellectual advantages in the area of national security. We will forcefully administer the Export Administration Act.

B. SDI - A High Tech Umbrella To Protect Free Nations

My Administration will support creative scientific research that advances new technologies in search of a more secure defensive system. The Strategic Defense Initiative represents the capstone of changes in our strategic nuclear forces, and offers a far safer way for the U.S. and our allies to keep the peace.

V. EXPANDING THE FAMILY OF FREE NATIONS

A. Relationship with the Soviet Union Rests on Realism  
[language provided by NSC]

Administrative

1. Peaceful Competition. We will seek to ensure that competition with the Soviet Union is peaceful, and that our freedoms and those of our Allies are protected, even as we try to solve practical problems with the Soviet Union.

In our dialogue with the Soviet Union, we will seek steps to reduce and eliminate the use and threat of force in solving international disputes. We cannot tolerate Soviet efforts to expand their domination by force. This requires us to maintain our strength, economic and political health, and sound alliances.

2. Lower Arms Levels. We will seek a secure future at lower levels of arms, particularly nuclear weapons. To do this, we will focus on providing the Soviets appropriate incentives, stemming from their knowledge of our renewed military strength and their judgment of what we will do if agreements are not reached.
3. Previous Agreements. We will move toward a better, more cooperative working relationship with the Soviet Union, if the Soviet leadership is willing. This will require respect for agreements previously concluded.
4. Future Meetings. There is much work to be done. I will be meeting General Secretary Gorbachev later this year, and we will be pursuing our dialogue at all levels. I also hope to see a greater communication between our peoples. I am optimistic that, if the Soviet leadership is willing to meet us half way, we will be able to put our relations on a less dangerous and more cooperative footing in 1986.

B. World of Hope Where People are Free to Choose.

Administrative

1. Support for Freedom and Democracy. One of our fundamental policy objectives is to support freedom and democracy in any corner of the world where the support is needed.
  - a. Latin America. The trend toward elected civilian governments in Latin America continues with Guatemala as the latest new entry. Over 90 percent of all people from Latin American and the Caribbean now enjoy democratic rule as compared to less than one-third five years ago.

The U.S. has taken the lead in developing a balanced approach to the challenges of debt, economic adjustment and growth in the Americas. Secretary Baker's address in Korea and Secretary Shultz's speech in the OAS in Colombia set out a specific long-term strategy for bringing economic progress to the Americas through the free enterprise system. However, Communist subversion and the insidious spread of narcotics trafficking continue to menace the region. Central American democracies need our help. When they get it, they are successful, as the example of democratic El Salvador demonstrates.

For moral and strategic reasons we must continue to support the freedom fighters in Nicaragua. The Nicaraguan resistance is fighting not only the Sandinistas, but Cubans armed with Soviet weapons. We must provide the Nicaraguan democrats with the means to continue and expand their struggle.

- b. South Asia. In South Asia, major strides have been taken in the evolution of peace and prosperity. A new regional association, SARC, was inaugurated to grapple with the twin killers of narcotics and terrorism. Further, President Zia of Pakistan, and Prime Minister Rajiv Gandhi of India met six times last year, and we expect these two important states will be able to peacefully negotiate their outstanding differences.
- c. Africa. Many countries in Africa have seen deep economic distress and starvation in the past year, brought about in part by the drought and in some cases -- particularly Ethiopia -- by the brutal politics of communist regimes. As the human costs of such policies mount, we must encourage Africans to take the lead putting together the policies which create economic growth and political stability. That is one reason why freedom-fighters like Jonas Savimbi deserve our support in their fight against Soviet and Cuban intervention in Angola.

In South Africa, we stand forthrightly on the principle that apartheid is an affront to what all Americans believe in. South Africa must achieve freedom and justice for all its citizens. The widespread violence in recent months demonstrates the folly of oppression. True peace will come only when apartheid ends, when the government negotiates with -- rather than locks up -- representative black leaders.

Apartheid, in our view, is doomed. The main issue left is whether it will be eliminated by a violent upheaval or by a peaceful political accommodation. The United States rejects the approach of those who pursue violence as well as those who seek to maintain the status quo. We call on both sides to begin a dialogue and negotiation on changing the system. A good starting point could come from the work of the committee of 12 distinguished Americans whom

the Secretary of State has asked to consider ways in which the U.S. can help to enhance peaceful change in South Africa.

- d. Afghanistan. We must also continue our support for forces fighting oppressive Communist regimes, especially in Afghanistan. As a result of the Soviet Union's military presence and vicious campaign against the Mujhadeen (freedom fighters), a quarter of the Afghan people are dead or in refugee camps. The Afghan people must continue to have our support as long as the Soviets choose to remain in violent occupation of Afghanistan.
- e. Southeast Asia. In Southeast Asia, the U.S. supports ASEAN in its efforts to aid the struggle of the Cambodian people to free their country from foreign occupation.

In the context of the Regional Conflicts Initiative unveiled at the Geneva Summit, we are prepared to contribute to a negotiated settlement in Cambodia.

- 2. Alliances and Friendships. Our fundamental policy objective is the strengthening of our alliances and friendships. Our own strength and staying power are the essential prerequisites for pursuing this objective. Other alliances need strengthening too. Helping our friends to help themselves is one of the most effective ways of protecting our interests and furthering our goals.
  - a. Europe. In Europe, we have recently agreed with Great Britain to undertake cooperative research into the Strategic Defense Initiative. We will continue to work with our European allies to strengthen our mutual defense -- particularly when it comes to international terrorism.
  - b. Japan. In the context of joint U.S. - Japanese efforts to launch a new trade round, we will expand efforts to resolve bilateral trade issues through trade liberalizing solutions. We continue to rely on the U.S. - Japanese Mutual Security treaty as pillar of Asian peace and stability.
  - c. Middle East. One of the most critical areas to our security is the Middle East. Security assistance to them is important to the peace

process, to maintaining U.S. credibility, and to denying opportunities to the Soviets in a region crucial to our interests.

In the Middle East, we have helped Israel and Jordan to narrow the gap between Israel and Jordan -- a step essential to peace. But more progress toward direct negotiation between Israel and its Arab neighbors is needed. We must also consolidate the gains already made between Israel and Egypt.

- d. Korea. Our commitment to the security of the Republic of Korea has never been stronger. We have a number of differences on trade-related issues but believe the market-opening steps we are urging our ally the Republic of Korea to take are in both our best interests.

#### Legislative

1. Nicaragua. I will be asking Congress to give the Nicaraguan freedom fighters the support they need.
2. Middle East. I will seek Congressional approval of our requests to sell arms to Jordan, Saudi Arabia, and other pro-Western governments in the region.

### C. Maintaining a Strong Commitment to National Defense.

#### Legislative

1. Countering the Soviet Threat. Despite current discussions, the Soviets are continuing their massive military build-up which threatens the U.S. and our free world allies. Meaningful arms reductions are possible only if the Soviets do not doubt our strength and will to counter aggression. My 1987 Defense Budget will be based on last year's agreement with the Congress and will include a 3 percent real increase. Unquestionably, the time for painful decisions has arrived. Our national security and that of our friends and allies depends upon how these decisions are made. Some domestic needs can be filled by other sources, but if the U.S. government fails to provide for the nation's defense, no one can fill the gap.
2. Strategic Modernization. I will continue to support our strategic modernization program in my 1987 budget to avoid Soviet nuclear blackmail!

3. Military Forces. Our military people are the heart of our nation's security. My 1987 budget will ensure that the quality of our forces remains high.

Administrative

1. Defense Management. My Administration will continue to identify management and contractual problems in our defense programs. We will aggressively initiate necessary improvements to see to it that taxpayer dollars are not wasted.