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THE WHITE HOUSE

WASHINGTON

October 4, 1985

MEMORANDUM FOR TOM GIBSON  
DIRECTOR, PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Talking Points: Economic and Domestic  
Highlights for September

Counsel's Office has reviewed the above-referenced talking points, and finds no objection to them 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: D. Chew

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

Subject: Talking Points: economic & domestic highlights for September

ROUTE TO:	ACTION	Tracking Date	Disposition
Office/Agency (Staff Name)	Action Code	YY/MM/DD	Type of Response Code Completion Date YY/MM/DD
<u>CH Hall</u>	ORIGINATOR	<u>85,10,04</u>	1 1
<u>Unit 18</u>	Referral Note: R	<u>85,10,04</u>	S <u>85,10,04</u> <u>12N</u>
	Referral Note:	<u>1 1</u>	<u>1 1</u>
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| <p><b>ACTION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Appropriate Action</li> <li>C - Comment/Recommendation</li> <li>D - Draft Response</li> <li>F - Furnish Fact Sheet to be used as Enclosure</li> <li>I - Info Copy Only, No Action Necessary</li> <li>R - Direct Reply w/Copy</li> <li>S - For Signature</li> <li>X - Interim Reply</li> </ul> | <p><b>DISPOSITION CODES:</b></p> <ul style="list-style-type: none"> <li>A - Answered</li> <li>B - Non-Special Referral</li> <li>C - Completed</li> <li>S - Suspended</li> </ul> |
|--|---|
- FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

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

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 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2500.

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/4/85 ACTION/CONCURRENCE/COMMENT DUE BY: NOON MONDAY

SUBJECT: TALKING POINTS: ECONOMIC AND DOMESTIC HIGHLIGHTS FOR  
FOR SEPTEMBER

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFARLANE	<input type="checkbox"/>	<input type="checkbox"/>
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CHEW	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DANIELS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPRINKEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SVAHN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<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"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	<u>GIBSON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide any edits directly to Tom Gibson, Room 160, 6597, by noon Monday, October 7th, with an information copy to my office.

Thank you.

**RESPONSE:**

David L. Chew  
 Staff Secretary  
 Ext. 2702

THE WHITE HOUSE

WASHINGTON

October 4, 1985

Received  
10/07/85 10:00 AM

MEMORANDUM FOR DAVID CHEW

FROM: TOM GIBSON *TG*

SUBJECT: Talking Points on Economic and Domestic Highlights  
for the Month of September

Attached, for staffing, are talking points covering good economic and domestic news for the month of September. They are for distribution to agency spokesmen.

I'd like to put these out as soon as possible.

Thanks very much.

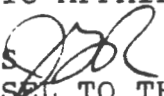
## SEPTEMBER HIGHLIGHTS

- o Virtually every economic indicator monitored by the government shows an economy that is growing at a healthy pace. All signs point to solid performance for the foreseeable future.
- o September domestic auto sales were the best ever for that month -- up nearly 50 percent over sales in September 1984. Domestic new car sales for the first three quarters of 1985 were at an annual rate of 8.7 million, compared with 8.0 million in 1984.
- o A total of 109.3 million Americans are now employed -- the highest level in history. In the past 34 months of the economic recovery, over 9 million new jobs have been created -- 378,000 new jobs in September.
- o The most recent data (August) show that since May 1985, inflation, as measured by the Consumer Price Index, has been running at or below an annualized rate of only 2.5 percent.
- o Scholastic Achievement Test (SAT) scores for 1984-85 were reported up 9 points over the previous year, registering the biggest annual gain since 1963. Average SAT scores have risen in each of the past four years, the first time that has happened since the College Board began compiling national aggregate scores.
- o A September report to Congress showed that the Reagan Administration's toughened child support enforcement program is paying off. The Federal-state program collected a record \$2.4 billion in overdue child support payments in 1984 -- 20 percent higher than in 1983.
- o America's children are healthier than ever. Provisional figures reported in September by the National Center for Health Statistics show infant mortality in 1984 was 10.6 per 1,000 live births -- lowest ever for U.S. -- down from 12.6 per 1,000 live births in 1980.
- o August 1985 merchandise trade data, released in September, indicate that the U.S. trade deficit fell for the second straight month. The September figure is the lowest since December 1984. The gradual weakening of the dollar overseas should bring continued improvements in our trade balance situation.
- o The 1984 Census Bureau report on poverty, issued just before Labor Day, registered the largest and most broad-based poverty reductions in more than a decade. Over 1.6 million Americans were lifted out of poverty last year, lowering the poverty rate from 15.3 percent in 1983 to 14.4 percent in 1984 -- the sharpest decline in 16 years.

THE WHITE HOUSE  
WASHINGTON

October 17, 1985

MEMORANDUM FOR TOM GIBSON  
DIRECTOR, PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Gramm-Rudman Fact Sheet

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

cc: David L. Chew

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- I - INTERNAL
- I - INCOMING

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

Name of Correspondent: D. Chew

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

Subject: Drumm - Rudman Fact Sheet

ROUTE TO:		ACTION	DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>CU Hall</u>		ORIGINATOR	<u>5/10/17</u>		<u>1 1</u>
		Referral Note:			
<u>Out 18</u>		R	<u>5/10/17</u>	S	<u>5/10/17</u>
		Referral Note:			<u>4 pm</u>
			<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 Interest
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

Type of Response - Initial of Signer  
Code - "X"  
Completion Date - Date of Outgoing

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

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## WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/17/85      ACTION/CONCURRENCE/COMMENT DUE BY: 4:00 P.M. TODAY

SUBJECT: Gramm-Rudman Fact Sheet

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFARLANE	<input type="checkbox"/>	<input type="checkbox"/>
MILLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CHEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SPRINKEL	<input checked="" 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"/>
FRIEDERSDORF	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	<u>GIBSON</u>	<input type="checkbox"/>	<input type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**      Please give your comments/edits directly to Tom Gibson, with an info copy to my office by 4:00 p.m. today. Thanks.

**RESPONSE:**

David L. Chew  
Staff Secretary  
Ext. 2702

## BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

- o The Gramm-Rudman-Hollings bill provides a certain, automatic path to a balanced budget by 1991.
- o The Administration fully supports passage of the bill and urges the House-Senate conferees on the measure to resolve their differences quickly so that it may become law.

### Why Is It Needed?

- o All parties agree that the large budget deficit poses a threat to our future prosperity.
- o But Congress is incapable of controlling spending, no matter what the President may propose or what Congress's may promise.

### How Does It Work?

- o Gramm-Rudman-Hollings contains a fail-safe mechanism for deficit reductions.
- o The President's budget and Congressional budget resolutions must achieve specified deficit targets. If they do not, then the President must sequester spending reductions to achieve the deficit goal.
- o Social Security, interest on the national debt, and most prior-year obligations would be exempt from these reductions.
- o The rest of the budget must bear the cuts evenly, including defense and domestic programs.

### Constitutional Balance Preserved

- o Congressional critics who charge that Gramm-Rudman-Hollings would tip the Constitutional balance of power to the President are wrong.
- o Because the reductions triggered by the bill must be uniform, no program, project, or activity can be eliminated.
- o If Congress doesn't like the results of across-the-board spending reductions, it can adopt an alternative plan. The President can also propose an alternative.
- o These alternatives would be subject to the usual constitutional procedures, including the Presidential veto.
- o Meanwhile, the reductions proclaimed by the President remain in effect. Political deadlock cannot frustrate action.

THE WHITE HOUSE

WASHINGTON

October 28, 1985

MEMORANDUM FOR RICHARD A. HAUSER

FROM:

JOHN G. ROBERTS 

SUBJECT:

Revisions to the Reagan Record

David Chew has asked that comments on the attached comprehensive review of the Reagan record be sent directly to Tom Gibson by Thursday, October 31. I have reviewed the proposed "record," and have identified a few changes that should be made, in the attached draft reply for your signature.

Attachment

THE WHITE HOUSE

WASHINGTON

October 28, 1985

MEMORANDUM FOR TOM GIBSON  
SPECIAL ASSISTANT TO THE PRESIDENT  
DIRECTOR, PUBLIC AFFAIRS

FROM: RICHARD A. HAUSER *Original*  
DEPUTY COUNSEL TO THE PRESIDENT

SUBJECT: Revisions to the Reagan Record

Counsel's Office has reviewed the proposed Reagan record, and recommends the following:

1. In the third bullet item on page 25, delete "and most Members of Congress." I am not aware that any member disagrees with "equal pay for equal work," and as written the sentence suggests that some do. In the fourth bullet item on the same page, I would substitute "nurse" for "teacher" in the hypothetical, simply to avoid confusing the issue with merit pay and other concerns about compensation of teachers.

2. In the seventh bullet item on page 42, it is misleading to state that the President "created" the National Commission on Space, since the Commission was established by statute. I would substitute "appointed" for "created."

3. With respect to the sixth bullet item on page 49, only the European Community export subsidies of wheat involved direct action under GATT; the other cases involved action under Section 301 of the Trade Act of 1974. Actions under Section 301 often do but need not concern matters that are illegal under GATT. The item could be rephrased as follows:

"For example, the President has directed the United States Trade Representative to initiate or accelerate unfair trade proceedings under Section 301 of the Trade Act of 1974 against canned fruit export subsidies offered by the European Community; Japanese leather and tobacco import restrictions; Korean insurance policy barriers; and Brazil's import restrictions on micro-electronic products. He has also directed

the filing of a proceeding under the General Agreement on Tariffs and Trade (GATT) against wheat export subsidies offered by the European Community."

cc: David L. Chew

RAH:JGR:aea 10/28/85

bcc: FFFielding

RAHauser

✓JGRoberts

Subj

Chron

## WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET



-12-

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

Name of Correspondent: D. Chew

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

Subject: Revisions to the Reagan Record

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>SMITH</u>	ORIGINATOR	<u>85,10,24</u>		<u>  1  </u> <u>  1  </u>
<u>SMITH</u>	Referral Note: <u>D</u>	<u>85,10,24</u>	<u>S</u>	<u>85,10,31</u>
	Referral Note:	<u>  1  </u> <u>  1  </u>		<u>  1  </u> <u>  1  </u>
	Referral Note:	<u>  1  </u> <u>  1  </u>		<u>  1  </u> <u>  1  </u>
	Referral Note:	<u>  1  </u> <u>  1  </u>		<u>  1  </u> <u>  1  </u>

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## WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/25/85 ACTION/CONCURRENCE/COMMENT DUE BY: Thursday, October 31st

SUBJECT: Revisions to the Reagan Record

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	LACY	<input type="checkbox"/>	<input type="checkbox"/>
REGAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	McFARLANE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MILLER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OGLESBY	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUCHANAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RYAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAVEZ	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPEAKES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CHEW	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	SPRINKEL	<input checked="" 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"/>
FRIEDERSDORF	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTTLE	<input type="checkbox"/>	<input type="checkbox"/>
HENKEL	<input type="checkbox"/>	<input type="checkbox"/>	<u>GIBSON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HICKEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HICKS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
KINGON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please give your comments/recommendations to Tom Gibson, with an info copy to my office by Thursday, October 31st. Thanks.

RESPONSE:

David L. Chew  
Staff Secretary  
Ext. 2702

THE REAGAN RECORD 1985

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## ABORTION

- o The President believes abortion takes a human life.
- o He argues that even if there is a question as to whether a fetus is a human being, the doubt should be resolved in favor of life.
- o Even some who advocate elective abortions profess shock at the number -- about 1.5 million each year -- being performed. In Washington, D.C., the number of children aborted each year is larger than the number of children born.
- o As one response to this national tragedy, the President supports a constitutional amendment that would strike a balance in favor of the unborn.
- o Under President Reagan's administration, the Justice Department has filed a brief before the Supreme Court, asking it to overturn Roe v. Wade and leave the issue of abortion to the states to decide.
- o In his 1985 State of the Union message, the President urged the Congress "to move this year on legislation to protect the unborn."
- o The President opposes spending Federal funds for abortions except in cases where a continued pregnancy would endanger the life of the mother.
- o It is a terrible irony that while some turn to abortion, so many other Americans who cannot become parents cry out for children to adopt. The White House has highlighted model efforts to help unwed mothers.
- o HHS operates programs to encourage adoption of unwanted children and to provide funding for demonstration projects to help unwed mothers.

## ACID RAIN

- o By nearly any measure, America's air is cleaner today than at any time in recent history.
- o Emission of three major pollutants associated with acid rain were increasing rapidly before the 1970s; those increases have been halted and levels of these pollutants are currently declining.
- o Sulphur dioxide emissions are down nearly 30 percent in the past 10 years. Since President Reagan took office, these emissions have declined 10 percent -- 2.5 percent in 1983.
- o The question is not whether we should "do something" about acid rain; we are. Rather, the current issue is what additional measures may need to be done -- and at what additional costs?
- o We cannot answer that question with confidence at the present time. There is no consensus -- scientific or political -- on the factors which contribute to the problem and what should be done about it.
- o That is why the Administration is moving forward with an aggressive program to improve our understanding of acid rain:
  - Research. By the end of fiscal year 1986, this Administration will have spent well over \$200 million on an accelerated acid rain research program.
  - Federal-State Planning. We are streamlining the planning grants process to cut state implementation schedules from five years to two.
  - International Cooperation. At the "Shamrock Summit," President Reagan and Canadian Prime Minister Brian Mulroney initiated a joint U.S.-Canada effort to control acid rain on both sides of the border. The President's blue-ribbon Task Force on Acid Rain is scheduled to report on \_\_\_\_\_.
- o In the meantime, Clean Air enforcement activity continues. In the fourth quarter of FY 1985, 89.6 percent of major industrial sources were in compliance with state and Federal clean air plans.
- o The United States has spent \$150 billion to enforce the Clean Air Act. In addition, the Environmental Protection Agency estimates that from 1970-84 the Nation spent \$319 billion on environmental protection; \$404 billion dollars of this was spent on air pollution control.

## AGRICULTURE

- o No sector of the economy was hit harder by the economic problems of the late 1970s than agriculture.
- o High interest rates and inflation put farmers in a cost-price squeeze -- production costs rose almost 30% in 1979-80 -- from which many have yet to recover. The Soviet grain embargo made matters even worse.
- o Foreign demand for U.S. agricultural products has declined while production has increased worldwide, partly as a result of domestic farm programs. Since the peak level for U.S. agricultural exports in the early 1980s, volume has dropped 25 percent, and value about 33 percent. This has occurred even though the volume of world trade in agriculture has remained about the same.

### What's being done to help -- short term

- o The Agriculture Department will make about \$4.6 billion in direct loans to farmers this year. Up 13% from two years ago; that's a substantial effort to help farmers.
- o While bankruptcies are a serious concern, Farmers Home Administration has worked to avoid foreclosures. In fiscal 1984, there were only 356 foreclosures -- about one-tenth of one percent of the 270,000 farmers with outstanding FmHA loans.
- o Like all Americans, farmers were helped by the tax rate cuts of 1981. The virtual elimination of the estate tax, also in the 1981 Reagan tax bill, removed a long-standing threat to the family farm. (Prior law often made it necessary for widow or other heirs to sell the farm, or much of it, to pay taxes.)

### What's being done to help -- long term

- o Export promotion. President Reagan ended the grain embargo and replaced it with a new long-term agreement with Soviets to buy 50 percent more U.S. wheat and corn. This resulted in the highest purchases of U.S. grain since 1978-79.
- o USDA has provided record levels of export credit guarantees to bolster foreign sales of U.S. farm products -- more than \$6 billion in fiscal year 1985.
- o The best long-term solution is to get Government out of farming and return to market-oriented agriculture policies. About two-thirds of American farmers don't participate in Federal farm programs -- and they're doing better than the third who do.

## AIDS

- o Acquired Immune Deficiency Syndrome (AIDS) is fundamentally a social disease, first reported by the Public Health Service in June 1981.
- o As of October 1, 1985, a total of 13,420 cases have been diagnosed in the United States. Over 50 percent of these patients have died.
- o An estimated 500,000 to 1 million people in the U.S. have been infected by the AIDS virus.

### Federal Efforts to Find a Cure

- o AIDS affects primarily homosexual or bisexual men, intravenous drug users, and people who need blood transfusions or clotting factors. Sex partners of individuals in these groups are also at risk.
- o U.S. hospitals and blood banks have installed screening techniques to ensure that our Nation's blood supply is absolutely safe. This should eliminate the AIDS threat to persons receiving blood transfusions.
- o Until we find a cure for AIDS, individuals should be strongly encouraged to undergo similar tests for the disease itself or for exposure.
- o AIDS education and research has been a top priority of the Administration for over four years. The Federal Government will have spent almost a half billion dollars on AIDS research and education by the end of 1986.

### AIDS and Public Schools

- o Medical experts have stated that AIDS is not spread by casual contact with AIDS patients or with members of high-risk groups. No siblings of children with AIDS, for example, have contracted the disease through normal contact.
- o But while steps are taken to protect the general population from the spread of this disease, the victims of AIDS certainly have a right to charitable and compassionate treatment.
- o As to whether or not children -- the most tragic and distressing victims of AIDS -- should be taught at home or at school, that is really a decision best left to parents, teachers, school officials, and health officials in the local community.

## AUTO INDUSTRY

- o When President Reagan took office, U.S. car companies were in the midst of a three-year slump.
- o Unemployment in the auto industry was 16.4 percent and rising.
- o Domestic car production was under 6.4 million units in January 1981, and had dropped to 4.8 million in December 1981 (annualized rates).
- o President Reagan's program for economic recovery helped turn the U.S. auto industry around.

### Roaring Back

- o In September 1985, the industry unemployment rate was 8.5 percent and there were 90,000 more people at work in auto industry jobs than five years ago.
- o In the first half of 1985, U.S. car assembly lines were producing at an annual rate of 8 million vehicles -- the highest level since \_\_\_\_\_.
- o September domestic auto sales were the best ever -- up nearly 50 percent over sales in September 1984.
- o Domestic new car sales for the first three quarters of 1985 were at an annual rate of 8.7 million, compared with 8.1 million in 1984.
- o In the third quarter of 1985, the Big Three U.S. automakers reported earnings totaling about \$1.15 billion -- about 8.5 percent higher from the third quarter of 1984.
- o Continued non-inflationary economic growth and private industry retooling efforts, combined with the strengthening of foreign currencies, will keep America's auto manufacturing industry alive for decades to come.

## BILINGUAL EDUCATION

- o Bilingual education can be a snare. It seems compassionate for children who can't speak English at home, but may cause handicaps -- particularly when the time comes later in life to get a job and support a family.
- o We are committed to equal opportunity and special help for students whose first language is not English.
- o But after 17 years of Federal involvement, and after \$1.7 billion of Federal funding, there is no evidence that the children these programs have sought to help have benefited.
- o The end result of bilingual education must be to teach students to speak and write English -- and do it well -- so that they can be full participants in America's growing economy.
- o The Administration has proposed regulatory and administrative changes to help ensure that Federal bilingual programs improve opportunities for youngsters with language barriers to learn English.

### Local Control

- o Under current laws and regulations, Federal bilingual education policy relies almost exclusively on instruction in the youngsters' native language.
- o But research does not show that native language instruction is superior to other education methods that place greater emphasis on instruction in English.
- o Local school districts should determine the best means to teach their students -- whether it's a traditional bilingual method or otherwise.
- o Our system of government requires a common language for a shared understanding of issues. With fluency in English comes the reward of full access and full participation in the American miracle.

## BLOCK GRANTS

- o Block grants give more flexibility to levels of government closer to people. Categorical programs make money available for specific "solutions" favored in Washington. Block grants make money available for more general problem areas and leave more room for local determination of how best to spend it.
- o Since 1981, 60 Federal "categorical" grants have been consolidated into 10 block grants covering programs in health and human services, education, and community development. Federal job training programs were reformed in 1982 with the creation of the Job Training Partnership Act.
- o These reforms have reduced red tape. The 1981 block grants and portions of the 1982 Job Training Partnership Act are covered by only 31 pages of Federal regulations, in place of the previous 905 pages.
- o Block grants make more efficient use of time and taxpayers' dollars:
  - The 1981 block grants, for example, reduced the paperwork burden on states and localities by 5.9 million hours -- over 90 percent.
  - The 1981 block grants also reduced Federal staff needed for program administration by 80 percent, from 3,000 to about 600.



## CHILD ABUSE AND PORNOGRAPHY

- o More than 1 million children, ranging in age from infancy to mid-teens, are sexually molested or photographed each year. This sickening trade in children is a \$5 billion per year industry.
- o The prosecution of child pornographers is a high priority of the Reagan Administration. On May 21, 1984, the Child Protection Act of 1984 was signed by President Reagan. Under the new law, child porn does not have to meet the test of "community standards" on obscenity applicable to other forms of pornography. This will be an important legal tool to fight child pornography.
- o In the nine months following enactment of the Child Protection Act, almost as many defendants have been indicted for child pornography violations as were indicted in the previous six and one-half years.
- o Child pornography is intimately linked to child abuse. The number of child sexual abuse cases has risen sharply over the past 5 years. The Justice Department's Task Force on Family Violence recognized that child abuse within a family is just as much a crime as abuse between strangers and should be treated as such.

### Missing Children

- o Between 20,000 and 50,000 children are abducted each year in the United States and never seen again.
- o In June 1984, President Reagan opened the National Center on Missing Children to help parents and local law enforcement track and return missing children. So far, the Center has been involved in the recovery of more than 1,000 missing children.

## CHILD SUPPORT ENFORCEMENT

- o When an absent parent fails to provide child support payments (often in defiance of a court order) the family can be forced onto welfare and into poverty.
- o The magnitude of the problem has only recently come to light. Of the 4 million individual parents, mostly women, due court-ordered payments in 1983, only half received the full amount awarded by the court.
- o The Administration's toughened enforcement helped achieve a record \$2.4 billion in child support collection in 1984.
- o Through toughened enforcement, 99,000 families got off welfare in 1982-84 and collections of support payments were up about two-thirds from 1980-84.
- o In fiscal year 1984 alone, half a million support obligations were established, and 900,000 absent parents were located.
- o The 1984 Child Support Enforcement Amendments put in place tougher enforcement measures, including automatic wage withholding payments when child support payments are late, and taking money out of tax refunds due to the delinquent parents. These remedies are available to both AFDC and non-AFDC families.
- o The 1984 Amendments also give bonuses to States which do an effective enforcement job. Twenty-two States have already passed laws implementing most of the requirements of the 1984 Amendments.

## CHILDREN

- o One-half million fewer children were in poverty in 1984 than in 1983.
- o America's children are healthier than ever. Infant mortality rates continue dramatic improvement.
- o Provisional figures show infant mortality in 1984 fell to the lowest level ever for the U.S. -- down from 12.6 per 1,000 live births in 1980 to an estimated 10.6 for 1984. Had infant mortality rates of 1977-1980 continued over the past four years, about 30,000 babies would not be alive today. Black infant mortality has also reached record lows, though it is still higher than for white children.

### Spending for Children

- o Spending for children has increased under President Reagan, not decreased.
  - Total spending in 13 key children's programs was over \$23 billion in fiscal 1985, up more than 25 percent since 1980.
  - Medicaid continues to serve 1 in 6 American children.
  - Head Start spending will be up over 46 percent in fiscal 1986 over 1980. Some 448,000 children are now being served, 82,000 more than in 1980.
  - Foster care and adoption assistance spending is up about 90 percent since 1981.
  - The Child Care Food Program served 590 million meals in 1984, 35 percent more than in 1980.

### A Tax System That Doesn't Penalize Children

- o In the President's 1981 tax cut package, maximum child care tax credits to working parents were nearly doubled, from \$400 for one child to \$720.
- o The President's tax reform proposal would double the dependent's deduction from \$1,000 to \$2,000.

## CRIME

### Winning the National War on Crime

- o Crime fell 4.1 percent in 1984, to the lowest level in the 12-year history of the National Crime Survey. There were 1.5 million fewer crimes in 1984 than the year before, and 14 percent (about 6 million) fewer crimes than in the peak year of 1981.
- o Overall, the rate of serious crimes has fallen about 14 percent since 1981. That's the first time the reported rate dropped four years in a row since the FBI started keeping comparable records.
- o Someone who commits a serious crime today is more likely to be arrested and locked up than in 1980.

### Reagan Initiatives

- o The President's personal commitment to get tough on crime was the beginning.
- o During the past 4 years, we've added more than 2,100 new Federal investigators and prosecutors to the war on crime. Spending for Federal law enforcement efforts is up almost 61 percent since 1981.
- o Organized crime and drug trafficking have been targeted by 13 special task forces that combine the efforts of various law enforcement agencies. They have already indicted more than 6,400 defendants.
- o The Attorney General chairs an interagency group created by the President to fight domestic and international drug trafficking.
- o In 1984, Congress passed President Reagan's Omnibus Comprehensive Crime Control Act that tightened access to bail and parole, limited the insanity defense and created more uniformity in sentencing in Federal crimes.
- o We're taking the profit out of crime. Under the new law, the Department of Justice is going after the illegal proceeds amassed by mobsters, racketeers and drug dealers. So far, the government has taken possession of hundreds of thousands of dollars in currency, along with gold bars, luxury automobiles, yachts, and even a horse ranch in Texas.
- o For the first time, a President is working for the victims of crime. For example, the Victims of Crime Act of 1985 created the Victims Assistance Fund administered by the Justice Department. In 1985, about \$66 million will be given to the victims of serious crimes.

## DEFENSE AND SOCIAL SPENDING COMPARISON

- o Real spending on defense had been steadily declining in 8 of the 10 years during the 1970s. President Reagan promised to change that dangerous situation, and he did -- but not at the expense of social programs.
- o This year, about 28 percent of the total federal budget goes for defense. In \_\_\_\_\_, the defense share of the budget was significantly larger -- about \_\_\_\_\_ percent.
- o Even after five full years of President Reagan's program to restore our defenses (in FY 1987), defense spending will take less than 35 percent of the total budget -- still well below the pre-Vietnam budget shares of the early 1960s.
- o Spending for the Pentagon in fiscal year 1986 is \$75 billion less than the budget for the Department of Health and Human Services. This relative fiscal relationship continues into the foreseeable future.
- o Overall, total human needs spending of \$2.5 trillion is in the Reagan budget for the next five years -- when you add up payments for "people programs" like Social Security, Medicare, food assistance, education, housing etc. -- without including other items like interest on the debt.
- o About 40 percent of defense spending goes for personnel costs -- pay and support for active duty personnel, civilian employees and retired pay.
- o The so-called big ticket defense items like the MX missile, the B-1 bomber -- in fact all major weapons procurement added together -- only accounts for about \_\_\_\_\_ percent of total defense appropriations (FY \_\_\_\_\_).

## DEFICIT REDUCTION

- o The President has submitted tight, reform-minded budgets to deal with the deficit; Congress has seen fit to move in other directions. If the President's 1981 budget had been passed, the current deficit would be \$50 billion less.
- o More recently, Congress has become more serious about spending reduction. But some of the sharpest critics of present deficits have opposed a balanced budget amendment or other deficit-reduction efforts.

### Causes:

- o The Reagan tax cuts didn't cause the deficit. They were needed to offset other tax increases, such as "bracket creep" due to inflation and payroll tax increases. It is spending that has gotten out of hand.
- o For every extra tax dollar sent to Washington over the past four years, the Federal Government spent two dollars. From fiscal year 1981 to fiscal year 1985, total revenues increased by 23 percent, while total spending increased by 40 percent.
- o Federal outlays as a share of GNP in fiscal year 1986 will still be an estimated 23.1 percent -- up substantially from the 20.5 percent average of 1964 to 1979.

### Cures:

- o Continued economic growth will put millions to work, making taxpayers out of people who would otherwise add to the rolls of government programs. Avoiding a general tax increase will encourage continued expansion.
- o Structural reform in Congress. The Gramm-Rudman-Hollings bill is a sign that Congress can impose self-discipline; it will have to be followed by specific votes in key committees. A balanced budget amendment, accepted by the Senate in 1982 but blocked by the House, would also force Congress to keep its promises to cut spending.
- o Higher taxes are no cure. Tax revenues doubled in the 5 years before Ronald Reagan took office, and the on- and off-budget deficit totaled over \$300 billion.

## DEREGULATION

### The Paperwork Shuffle

- o When President Reagan took office, federal regulations were costing Americans over \$100 billion a year.
- o A typical family of four paid \$1,800 a year more for goods and services because excessive Federal regulations added to their cost.
- o Americans were spending a billion and a half hours a year filling out federal forms and wrestling with other red tape from Washington. This was especially tough on small businesses.

### Cutting Red Tape

- o President Reagan launched an all-out drive to trim needless regulations. He created a Task Force on Regulatory Relief, chaired by the Vice President, and put all Federal agencies on a strict "paperwork budget" limiting their forms and reports.
- o The task force reported savings between \$4 billion and \$6 billion in total investment costs and \$2 billion in annual costs as a result of Administration regulatory reforms.
- o The President also established the annual Regulatory Program to keep track of the paperwork reduction goals.
- o The result: the Federal Register of government rules has gotten shorter for four years in a row -- the first time that's ever happened. In 1984, it contained one-third fewer rules than in 1980.
- o Moreover, under the Reagan Administration a much larger proportion of new rules are being issued to reform or eliminate existing regulations.
- o The President's Reform 88 goal was to reduce paperwork by one-fourth from 1981 to 1984. We exceeded that goal, cutting paperwork by a third.
- o Federal paperwork has also fallen dramatically -- by well over 350 million hours of paperwork burden annually. This is the equivalent of every man, woman, and child in Chattanooga, Tennessee, filling out government forms for a full year.
- o Dollar savings from the Administration's major regulatory reforms will exceed \$150 billion in the 1980s.

## DRUG ABUSE

- o In the 1960s and 1970s, use of all illegal drugs spread at an alarming rate, reaching near-catastrophic proportions.
- o When President Reagan took office, he warned that "we run the risk of losing a great part of whole generation" if we fail to act against the drug menace.

### Declaring War on Drugs

- o The President established a five-point program to combat drugs, including international cooperation, tougher law enforcement, drug abuse education and prevention, medical treatment, and research.
- o The First Lady has become an international leader in drug abuse and prevention efforts. In October 1985, Mrs. Reagan hosted a conference for the first ladies accompanying their husbands to the 40th anniversary of the United Nations.
- o The U.S. Attorney General spearheaded the 1985 Marijuana Eradication campaign, a fifty-state effort by Federal, state, and local law enforcement officers, resulting in the successful elimination of over 3 million illegal plants.
- o To combat drug smugglers, the Reagan Administration brought the FBI into drug enforcement for the first time and created 13 interagency task forces, beginning with the landmark South Florida Task Force under the chairmanship of Vice President George Bush.
- o The Attorney General chairs an interagency group created by the President to fight drug trafficking. This Administration has substantially increased the number of actions filed and convictions for Federal drug offenses.

### Turning the Corner

- o Although drug and alcohol abuse remain unacceptably high, the current trend is down instead of up.
- o According to the National Institute on Drug Abuse annual poll of high school seniors:
  - the number of regular users of marijuana dropped from 1 in 9 in 1980 to 1 in 20 in 1984; and
  - 63 percent disapprove of even occasional use of marijuana by their friends (a 13 percent increase since 1980).
- o As Mrs. Reagan has said, "...."



## ECONOMIC RECOVERY AND EXPANSION

### Then:

- o In 1979, economic growth in America stopped. Real GNP declined from \$1479.4 billion in 1979 to \$1477.9 billion in 1980.
- o Inflation was 13.3 percent in 1979 and 12.4 percent in 1980.
- o Unemployment was 7.4 percent in January 1981 and rising; Auto industry unemployment was 16.3 percent.
- o Housing starts averaged only 1.3 million units in 1980, and were driven to 840,000 units by the end of 1981.
- o The prime interest rate hit 21.5 percent at the end of 1980, a post-Civil War record.
- o Productivity fell in 1979 and 1980, the first consecutive decline in post-war history.
- o In 1978, the poverty rate reversed its twenty-year decline and began inching upward. Between 1978 and 1980, almost 5 million additional Americans were pushed into poverty -- primarily as a result of rampant inflation.

### Now:

- o Real GNP has increased every quarter since \_\_\_\_\_. In 1984, real GNP stood at \$1639.3 billion -- the highest ever, and continues to grow.
- o Inflation, as measured by the CPI, fell from 8.9 percent in 1981 to 3.9 percent in 1982 -- about where it has remained ever since.
- o In the third quarter of 1985, the prime interest rate was less than one-half its 1981 high.
- o Unemployment has been below the January 1981 rate throughout much of 1985. In August 1985, the total civilian unemployment rate stood at 7.0 percent, the lowest since \_\_\_\_\_. Nearly 9 million Americans found jobs from December 1982 to September 1985.
- o In 1984 and 1985 (through August), housing starts have averaged 1.75 million units, and in several months the average has climbed to 2 million units.
- o Total productivity has risen each year since 1980. In 1984, productivity in the nonfarm business sector rose 3.5 percent -- the sharpest annual increase since 1972.
- o Some 1.8 million Americans escaped from poverty in 1984 -- the largest single poverty reduction since 1968.

## EDUCATION SPENDING

- o Ronald Reagan's leadership has refocused the national debate from how much government spends to how much students learn.
- o If money were the answer, the 600 percent rise in total spending for education by all levels of government from 1960 to 1980 should have made things better. (Federal education spending rose 2000 percent in the same time period.)
- o Instead, student achievement test scores declined between 1960 and 1980.
- o Though critics complain of massive cuts in the Federal education budget, 1985 Federal education spending authority was the highest ever.
- o More money will be loaned to students in 1985 than in any previous year in history -- almost \$9 billion. About 42 percent of all college students received some form of Federal student aid last year.
- o This Administration proposed selective reforms to target resources to needy students and bring Federal education spending more in line with the limited Federal role and our overall budget problem.

### Total Spending Up

- o America will spend \$230 billion on education at all levels this year -- a massive investment in our future.
- o The NEA (National Education Association) reports that total spending per pupil by all levels of government (at the elementary and secondary level) rose \_\_\_\_ percent last year and \_\_\_\_ percent this year.
- o That pace is way ahead of inflation and amounts to a national average increase of about \$\_\_\_\_ per year, per classroom, over what was being spent just two years ago.
- o School systems have more spending power due to the decline in the inflation rate. If inflation rates of \_\_\_\_ had continued, America would have needed to spend an additional \$\_\_\_\_ billion over the past four years just to stay even.

## EDUCATIONAL EXCELLENCE

- o The real issue of American education is how much students learn, not how much the Federal Government spends.
- o Despite huge increases in spending for education at all levels of government, things didn't get better. In 1980, 13 percent of all 17-year-olds -- the students whose schooling spanned those very years of surging expenditures -- were found to be functionally illiterate.
- o The Reagan Administration focused national attention on that issue by appointing a National Commission on Excellence in Education. The Commission's report, "A Nation At Risk," was issued in April of 1983 and has prompted a national response. Recent developments include:
  - at least 38 states have raised high school graduation requirements (10 more are preparing to);
  - 29 states are implementing or developing statewide programs or are funding local programs for performance-based incentives for teachers.
- o The first Presidential Academic Fitness Awards were presented by President Reagan at the White House in May 1984; in 1985, some 800,000 American high school students received the awards.
- o The Secondary School Recognition Program completed its third year; an Elementary School Recognition Program has been initiated for the 1985-86 school year. The goal of both programs is to identify exemplary schools across the Nation.
- o We're stemming the rising tide of mediocrity in our schools. In the five years since 1980, when Scholastic Aptitude Test (SAT) scores reached their lowest point, we have seen the longest period of sustained growth since the current SAT scoring system began over 30 years ago.
- o The President supports performance-based pay for teachers. Over \_\_\_\_\_ percent of all Americans -- and \_\_\_\_\_ percent of teachers -- supports some form of merit pay incentives to reward good teaching. Both the National Education Association and the American Federation of Teachers are rethinking their opposition to incentive structures such as merit pay and career ladders.

## EDUCATIONAL OPPORTUNITY

### Tuition Tax Credits

- o Millions of American families are making heroic sacrifices to send their children to private schools while paying the double burden of taxes that support private schools.
- o As a matter of simple equity, the President supports tuition tax credits for low- and middle-income parents.
- o Let's get it straight: Tuition tax credits won't help the rich. They already have freedom of educational choice. Under the Administration's original proposal, low- and middle-income families would benefit.
- o The President's proposal would have given the full tax credit only to parents with taxable incomes of \$40,000 or less. There'd be no credit at all when income exceeded \$60,000.
- o A 1982 study found more than 41 percent of private school students were from families making less than \$25,000. 66 percent were from families with incomes under \$35,000.
- o In many urban areas, more than half the students in private schools are minority students.

### Vouchers

- o President Reagan believes that children do better in school when their parents get involved in their education.
- o That's why this Administration has proposed legislation allowing states to use some of their Federal education dollars for implementation of choice plans.
- o A voucher system for disadvantaged students would enable low-income parents to exercise their right of choice to send their children to the public or private school which would give them the most appropriate education.
- o Vouchers would also introduce some healthy competition into the American education system -- improving the quality of education in all schools, both public and private.
- o A 1983 Gallup poll showed that a majority of Americans would support the educational voucher concept.

## ENERGY SECURITY

- o In January 1981, a few weeks after taking office, President Reagan moved the country in a new direction by ordering the immediate decontrol of domestic oil. Despite doomcasts of imminent price hikes, decontrol contributed to a long, nearly continuous decline in oil prices.
- o Since this Administration took office, the price of imported oil to U.S. refiners has fallen about \$11 per barrel -- about 40 percent in real terms.
- o These savings are being passed on to American consumers. The real price of home heating oil has fallen between 6 and 8 percent each winter since 1981-82. Adjusted for inflation, a gallon of regular gasoline in 1984 cost the same as it did in (year).

### Less Vulnerable

- o As a result of the Reagan Administration's market-oriented energy policies, America is much less vulnerable to a foreign oil supply disruption today than it was just a few short years ago.
- o In each of the past three years, the United States has produced about 90 percent of the energy it consumed. America produced more energy in 1984 than ever before. 1984 coal and nuclear production were each the best ever.
- o U.S. production of crude oil and natural gas liquids has increased in each of the past three years, and in 1984 reached the highest level since 1973.
- o In 1984, the U.S. imported about half the foreign oil it did in the peak year of 1977.
- o In 1979, our top three suppliers of imported oil were \_\_\_\_\_; today, the top three are Canada, Mexico and the United Kingdom.
- o In fact, only \_\_\_\_\_ percent of our oil comes from OPEC, and just \_\_\_\_\_ percent comes from the Persian Gulf.
- o The Strategic Petroleum Reserve holds enough to replace over 300 days of oil imports from OPEC countries. Of the more than 480 million barrels now in the Reserve, about three quarters have been stored during the Reagan Administration.

## ENTERPRISE ZONES

- o The Federal Government has spent billions since the mid-1960s on urban renewal-type programs. They have met with limited success. The private sector can do this job better, if given the opportunity.
- o Enterprise Zones would not be a warmed-over War on Poverty, but a Battle for Prosperity. Their goal is to create jobs, foster opportunity, and promote prosperity.
- o Enterprise Zones would substitute Federal encouragement for Federal domination. They would remove or lessen tax and regulatory burdens that get in the way of economic development in distressed neighborhoods, urban or rural.
- o Federal, state, and local governments would cooperate in designating depressed areas and in working out ways to attract job-creating business -- such as relief from Federal and State income taxes during a start-up period for businesses which do so, and lower payroll taxes for resident employees hired by those businesses.
- o A sympathetic Senate has passed Enterprise Zones twice. The House of Representatives has stonewalled on the issue, preferring the high-cost, ineffective urban aid approach of the past.
- o Support for Enterprise Zones is bipartisan. Prominent Democrats in favor of the concept include Senators Gary Hart, Bill Bradley and Daniel Patrick Moynihan; Congressmen Bob Garcia and Pete Rodino; former Vice President Walter Mondale; and Atlanta Mayor Andrew Young.
- o Though Congress has failed to act on this proposal in the past three years, half the States have gone ahead to experiment with the idea by setting up enterprise zones on their own.
- o There are as yet no comprehensive results from these experiments. But almost 600 jurisdictions in 16 States have already created more than 1,300 zones. In these areas, 50,000 jobs have been created or saved and \$2 billion in capital investment has been generated -- without Federal incentives.
- o The state-run enterprise zone trials demonstrate how much more can be done, how many more businesses and jobs can be created, when Federal tax and regulatory incentives can be added to those supplied by the States and localities.

## ENVIRONMENTAL QUALITY

- o All available evidence suggests that the quality of the environment continues to improve as this Administration, like others before it, has faithfully carried out the Nation's environmental laws.
- o For example, with rare exception the National Ambient Air Quality Standards will be achieved in American cities by the end of this decade without further Federal control programs. Industrial sources of water pollution are in compliance with Federal discharge standards to a very high degree.
- o Although Congress has not reauthorized most existing laws, the Administration has requested adequate funds to implement and enforce laws enacted in the 1970s. In addition, the President signed the reauthorization of the Resource Conservation and Recovery Act (governing Federal regulation of hazardous waste generation and disposal); proposed an extension of the Clean Air Act; and made the reauthorization of the Superfund the highest environmental legislative priority.

### Hazardous Waste Cleanup

- o EPA has already taken more than 350 emergency actions involving hazardous materials. The agency has negotiated cleanups at 43 waste sites and started paying for long-term cleanup at 69 more. The Reagan EPA has published a priority list of 546 sites for cleanup.
- o For fiscal year 1986, the Reagan Administration is proposing \$\_\_\_ million for the Superfund, to deal with past mismanagement of hazardous waste and clean up abandoned waste dumps around the Nation.
- o That's \$\_\_\_ million more than in FY 198\_, and it represents \_\_\_ percent of the entire Environmental Protection Agency budget.
- o The Administration also proposed legislation increasing the Superfund program authorization level from \$1.6 billion (1981-85) to \$5.7 billion (1986-90).
- o In addition, the Administration proposed \$233 million in fiscal year 1986 to manage waste cleanup efforts under the Resource Conservation and Recovery Act. That is \$54 million more than in 1985, and \$ million more than the amount budgeted for \_\_\_\_\_ in \_\_\_\_\_.

## EQUAL OPPORTUNITY

- o President Reagan has always been deeply committed to a color-blind America.
- o The President opposes all forms of discrimination, including the use of quotas and other contemporary schemes to advance unequal treatment and pose artificial and arbitrary barriers to opportunity.

### Enforcement of the Law

- o Under the Reagan Administration, more civil rights cases are being processed in more parts of the country, by more government attorneys, than at any time in history.
- o More employment discrimination cases were filed by the Justice Department during Ronald Reagan's first term than during Jimmy Carter's.
- o This is the first Administration ever to use its authority under Section 7 of the Voting Rights Act to register voters. In 1983 and 1984, the Reagan Administration used this authority to register \_\_\_\_\_ persons in Mississippi, Georgia and \_\_\_\_\_.

### Appointments

- o President Reagan has filled 39 high-level government positions for the first time with women.
- o 57 percent of all Reagan political appointments have gone to women, including five of seven Associate Directors in the Office of Presidential Personnel. They are responsible for filling senior posts in the Administration with qualified men and women.

### Economic Opportunity

- o As a result of Reagan Administration policies that tamed inflation and produced an economic recovery and expansion, 400,000 black Americans moved up and out of poverty from 1983 to 1984, as did half a million children.
- o For all Americans, the median family income, adjusted for inflation, rose in 1984. Among blacks, the increase was almost 2 percent; among whites, 3.3 percent; and among Hispanics, 6.8 percent -- about twice the national average.
- o One measure of the opportunity society: The number of black-owned businesses increased 47 percent between 1977 and 1982. Gross receipts for black-owned businesses rose from \$8.6 billion in 1977 to \$12.4 billion in 1982.



## EQUAL PAY FOR EQUAL WORK

- o Equal pay for equal work is the law of the land -- and it's being vigorously enforced by the U.S. Equal Employment Opportunity Commission (EEOC).
- o EEOC policy against sex-based wage discrimination is tougher than ever: In 1985, victims of employment discrimination are receiving back pay awards at an annual rate of \$166 million - about 50 percent more than in 1981.
- o Equal pay for equal work is a settled question on which almost everyone -- certainly including the President and most Members of Congress -- agree. It is a matter of basic fairness and equity in the law. ✓
- o The academic notion of "comparable worth" is a different issue from equal pay for equal work, and would require judgements about the relative value of different kinds of work. For example: "Is a truck driver worth more or less to society than a teacher?" These judgements are now made through collective bargaining and by the marketplace. ✓
- o Proposals that the Federal Government mandate a concept of "comparable worth" have no consensus, and the Administration opposes them. The courts have rejected this ill-conceived concept across the board.

## FEDERAL SPENDING

- o No President can spend a dime unless Congress approves it. With very limited exceptions, he must spend whatever amount Congress does appropriate.
- o President Reagan's budgets proposed almost \$300 billion in spending cuts through fiscal year 1986 that Congress didn't go along with.

### Federal Spending Cause of Deficit

- o For every extra dollar a prosperous America has sent to Washington in the past four years, the Federal Government took that dollar and spent an additional dollar. From FY 1981 to FY 1985, total revenues increased by 23 percent, while total spending increased by 40 percent.
- o The President offered a compromise to Congress on fiscal year 1986 defense spending: Three percent real growth, in exchange for abolition of 17 low-priority items and other savings. The Senate came close to the President's plan; the House preserved all 17 targeted programs and froze defense outlays. Clearly, defense spending is not the culprit.
- o Even with the budget restraint initiated by the Administration over the past four years, Federal outlays as a share of GNP in FY 1986 will still be an estimated 23.1 percent -- up substantially from the 20.5 percent average of 1964 to 1979.

### Response to Deficits

- o Congressional consideration of the Gramm-Rudman-Hollings deficit reduction bill revealed overwhelming majorities in both Houses of Congress for reducing the deficit entirely through spending restraint.
- o The Congressional Budget Resolution reached in August 1985, if fully implemented, will put the deficit on a strong downward path that will bring the budget into balance or near-balance by 1990. The Resolution achieves this goal almost entirely through spending reductions.
- o Program reforms -- of the tax code to encourage economic growth and broaden the tax bases, and of government programs to limit spending growth -- can do a lot to control future deficits.
- o The President supports a Constitutional balanced budget amendment that would take effect in 1991, preserving the progress to be made in the remainder of this decade.

## FEDERALISM

- o The President's success in restoring governmental authority to state and local governments is a quiet revolution of dramatic importance.
- o By consolidating 60 Federal categorical grant programs into 10 block grants and reducing Federal paperwork burdens imposed by these programs from approximately 6,500,000 manhours per year to 600,000 manhours per year, the Administration has both lightened bureaucratic burdens and improved responsiveness to the needs of intended program beneficiaries.
- o The 1981 block grants, for example, reduced the paperwork burden on states and localities by 5.9 million hours -- over 90 percent. The 1981 block grants also reduced Federal staff needed for program administration by 80 percent, from 3,000 to about 600.

### Other Federalism Initiatives

- o In July 1984, President Reagan signed a Federalism Executive Order to improve Federal responsiveness to state and local concerns/recommendations throughout the government.
- o The President's Real Property Acquisition Policies Act deleted state regulator planning requirements and curtailed state and local reporting requirements.
- o In October 1985, the Office of Management and Budget published a catalog of 68 crosscutting requirements affecting Federal grant programs.
- o The Domestic Policy Council has established a Working Group on Federalism to identify additional targets for categorical grant consolidation, regulatory relief, and activities which may be privatized or returned to state and local governments.

## HEALTH CARE

- o We have the best health care delivery system in the world -- and Americans are healthier than ever:
  - life expectancy is higher than ever; the average American can expect to live to the age of 74.5;
  - Provisional data show infant mortality in 1984 was a record low of 10.6 per 1,000 live births -- down from 12.6 per 1,000 live births in 1980.
- o The biggest problem in health care is the rising cost -- to government, taxpayer and patient.
- o Medicare and Medicaid provide health coverage for over 40 million Americans. One of every six children are covered, as are 99 percent of the elderly.
- o The Administration has made changes in the way Medicare pays hospitals for services. These changes, called the new prospective payment system, for the first time created incentives for efficiency without any lessening in the quality of care.
- o This and other changes have begun to control spiraling costs: Health care inflation is in single digits, falling from 10.7 percent in 1981 to 6.2 percent in 1984. Nevertheless, it continues to run at about one and one-half times the overall inflation rate.

## THE HOUSING INDUSTRY

- o Housing was in the middle of a two-year slump when President Reagan took office.
- o Housing starts averaged only 1.3 million units in 1980, and fell to 840,000 by the end of 1981 -- depressed by record mortgage interest rates.
- o This depression in the housing industry was practically inevitable -- after mortgage rates soared from about 9 percent in 1977 to almost 15 percent by the end of 1980. The FHA rate reached a high of 17.5 percent before the Reagan program for economic recovery began to take effect.
- o By 1983, construction starts had climbed back to the level of 1.7 million units annually -- more than twice as many as at the end of 1981.
- o The housing recovery has continued unabated. In 1984 and 1985 (through August), housing starts have averaged 1.75 million units, and in several months the average has climbed to 2 million units -- the highest since \_\_\_\_.
- o Employment in the construction industry has risen dramatically. Since the recession trough in November 1983, construction employment has increased by nearly 882,000.
- o The FHA helps expand opportunities for homeownership by targeting its insurance programs to serve inner-city, rural, and first-time homebuyers -- making it easier for families with limited needs to own their own homes.
- o Through the Joint Venture for Affordable Housing, the Reagan Administration is helping local communities identify and eliminate or reduce unnecessary regulations that add to housing costs. Demonstration projects have shown that the cost of a new home can be reduced as much as 20 percent without affecting quality, safety or liveability.

## HUMAN SERVICES

- o As President Reagan points out, the only thing fair about the mess past policies created was that it didn't discriminate; it hurt everyone.
- o For those who choose to measure "fairness" in budget terms, the Reagan program proposes to spend over \$2.5 trillion on human needs over the next five years.
- o Overall, "safety net" spending (including Social Security, Medicare and unemployment insurance) is up \$70 billion since 1981.
- o Within that total, spending for some programs is up, for others it's down -- but a family of four struggling at the poverty level has \$1100 more in purchasing power today than it would have if inflation were still at 1980 rates.
- o President Reagan's budget for this year provides \$75 billion more for HHS than for the Pentagon -- and that doesn't count spending for other human needs Departments like Labor and HUD.
- o More Americans are covered by Federal health care through Medicare and Medicaid -- 99% of all the elderly and one of every six children -- than ever before.
- o More families got housing assistance last year than ever before.
- o And almost 300,000 more low-income children received free school lunches in fiscal year 1984 than in fiscal year 1980, the last year of the previous Administration.
- o At the same time, taxpayers -- who deserve fairness too -- have gotten their first real tax cuts in 20 years. This year, over 90 million Americans paid Federal income taxes and every one of them paid at rates that were about 25 percent lower than in 1980.
- o The budget cuts and tax cuts helped create a recovery and expansion which put 1/4 of a million people back to work, on average, every month. Jobs, created by private enterprise allowed to function, are the best enemy of poverty.

## IMMIGRATION

- o We are a nation of immigrants. Fair and workable immigration laws are a component of America's greatness, but they are currently in need of urgent reform if the U.S. is to regain control of its borders.
- o About 1.2 million people were apprehended at our borders in 1984, from 92 different nations.
- o The President supports the swift enactment of legislation to reform our immigration laws. The Simpson-Mazzoli Immigration Reform and Control Act of 1985 passed the Senate with Administration support. Comprehensive immigration reform now awaits House action.
- o The Reagan Administration has opposed establishment of a new bureaucracy in the Department of Justice to adjudicate immigration-related employment practices.
- o The Administration has also opposed any rule requiring enforcement officials to obtain search warrants before conducting open field immigration investigations.

## INFLATION

- o We've gone from two years of double-digit inflation in 1979 and 1980, to four years of 4 percent or less.

### Hits poor the hardest

- o Inflation hurts everybody, especially low-income families. During 1979 and 1980, inflation helped push millions of Americans into poverty.
- o A family of four on a fixed income of \$8,000 in 1978 was about \$1,300 above the poverty line. The double-digit inflation of the following two years pushed that family about \$400 below the line by 1980.
- o In terms of purchasing power, that family was even worse off. Its fixed income could buy less than \$6,300 worth of goods and services (measured in 1979 dollars) by the end of 1980 as inflation stole over \$1,700 in just two years.
- o In fact, every fixed income family -- no matter what their income amount -- lost about 25 cents out of every dollar to runaway inflation in 1979-80.

### Also Unfair to Seniors

- o Social Security checks are indexed to inflation, but pensions usually are not. And most retired Americans rely on their pensions as much as on help from the Government.
- o Because of inflation, a pension check in 1980 could buy half as much as the same pension check in 1977.
- o The President's successful war against inflation is a big blessing for seniors. Pensions are regaining their buying power, and the poverty rate reached an all-time low of 12.4 percent in 1984 for persons 65 and over.

### Some typical prices

- o If inflation had stayed at 1980 rates, then from December 1980 to August of 1985:
  - bread would have gone up 26 cents a loaf. Instead, it went up 3 cents;
  - bacon would have cost \$2.26 more a pound. Instead, it cost only 25 cents more;
  - chicken would have gone up 49 cents a pound. It didn't; it was unchanged.



## INTEREST RATES

- o The prime interest rate peaked at 21.5 percent just before President Reagan's first inauguration. That was a post-Civil War record.
- o Now at 9.5 percent (October 1985), it stands at less than one-half of the 1981 high.
- o Other rates are off sharply from earlier peaks as well. Yields on short-term Treasury securities have held steady at \_\_\_\_\_ percent for \_\_\_\_\_ months.
- o In late summer/early fall of 1985, lenders were offering long-term fixed rate mortgages at around 12 percent, down from 17-18 percent in 1981). The recent decline in interest rates alone put home ownership in reach for an estimated 3 million Americans who couldn't afford it 3 years ago.
- o Lower loan rates and rising personal income make cars and other durable goods more affordable too. About 2.5 million more new cars were sold in 1984 than in 1982.

### Interest Rates and Prosperity

- o Interest rates must be high enough to attract savers and low enough to permit investment. When inflation is high, this balance becomes impossible.
- o In 1980, interest rates were high, but with high inflation, the real return on savings was small or negative, especially for passbook savers.
- o High nominal interest rates put borrowing beyond the reach of many would-be investors.
- o By beating inflation, the Reagan Administration allowed interest rates to reach a balance at levels that put Americans back to work.
- o Since 1983, real interest rates have stabilized; with recent banking reforms, all savers are getting a better return. And lower nominal interest rates mean more investment -- and more jobs. -- giving savers a fair return, especially with banking reforms.

## JOB SAFETY

- o Cooperation, not arbitrary confrontation among employers, employees and government, makes the workplace safer. 1983 (the latest year for which data are available) was the safest year ever in the American workplace.
- o The total job injury rate then was the lowest recorded since the Labor Department began keeping OSHA records in 1972. (OSHA is the Occupational Health and Safety Administration.)
- o Most job safety indicators improved during the Reagan Administration's first three years.
- o Of OSHA's 69,000 inspections and record checks in fiscal year 1983, 86 percent were targeted at high-hazard work sites. OSHA has targeted these sites to focus compliance activity where the risk to workers is greatest and to reduce needless -- at times harassing -- inspections where the risk is lower.
- o Reporting requirements have been reduced for over half a million job sites which have been historically "low-hazard" work places.
- o Critics of the Administration approach to job safety argue that fewer violators end up in court. This ignores the record which shows that an emphasis on cooperation rather than (costly and time-consuming) litigation has produced a safer workplace.
- o The reduction in the number of OSHA citations appealed by employers means that inspectors spend less time in administrative court hearings and more time inspecting. The reduction in appeals, coupled with a reduction in unproductive follow-up inspections, has saved enough inspector time to free the inspection force to do work that otherwise would require 98 more inspectors.

## JOBS

- o More Americans have jobs now than ever before. In September of 1985, total employment, including the Armed Forces, was 109.3 million.
- o According to the Labor Department's residence survey, 8.5 million Americans found jobs from December 1982 through September 1985. Using a workplace survey, the Labor Department reported that 9.5 million Americans were added to U.S. payrolls over the same period.
- o In November of 1982, big-spenders in Congress tried to pass a costly make-work public jobs program. They said it would put 300,000 to work. The President stopped them, saved \$3.5 billion -- and since then, economic growth alone (on average) has been putting that number of people to work every month.

### Other Initiatives

- o Our Joint Training Partnership Act is training 1.1 million people a year for real jobs in the private sector.
- o Enterprise Zones would ease tax and regulatory requirements in designated depressed areas to stimulate economic growth and job creation. Twice, the Senate voted for Enterprise Zones; the concept remains stalled in the House of Representatives.
- o The Youth Opportunity Wage would ease youth unemployment in summer months. This idea was endorsed by the National Conference of Black Mayors in April 1984.
- o Cutting red tape means businesses can concentrate on investment and hiring. This Administration has eliminated well over 350 million manhours of unnecessary paperwork burden.

### Tax Reform Means More Jobs

- o Cutting marginal tax rates helps small businesses, which create 71 percent of all new jobs. (Most unincorporated enterprises pay taxes at the personal rate, not the corporate rate.)
- o The President's proposal for a flat 33 percent corporate income tax will allow business decisions to be made for market reasons -- not tax calculations.
- o The Council of Economic Advisers estimates that the entire Reagan tax reform package will create the equivalent of an additional 4 million new jobs over the next decade.

## OLDER AMERICANS

### Elderly Poverty Rate at All-Time Low

- o The poverty rate for persons 65 and older has declined four years in a row and in 1984 stood at 12.4 percent, the lowest level in history. When noncash benefits are accounted for, the elderly poverty rate is just 2.6 percent. That's one measurement of genuine compassion.

### Inflation Drop Key to Progress

- o Older Americans, like all Americans, were hard hit by double-digit inflation.
- o The millions on fixed incomes lost 20 cents out of every dollar in just the 2 years from 1979-80. (A widow on a \$10,000 a year private pension at the start of 1979 found she could buy less than \$8,000 of goods and services with that income by the end of 1980.)
- o The Reagan Administration's successful war on inflation means that pensions are once again safe.

### Continuing To Meet Real Needs

- o Overall Federal spending that benefits the elderly has increased by more than one-third in the past three years -- from \$\_\_\_ billion in fiscal year 1982 to \$264 billion in fiscal year 1985. That's an average of \$9,000 for each person in America over age 65, compared to \$5,000 per person in fiscal year 1979.
- o During the Reagan presidency, the Social Security system was rescued from bankruptcy and benefits were increased \$120 a month for the average beneficiary, \$216 a month for the average retired couple.
- o Medicare outlays are also going up -- to provide health care coverage for virtually all Americans over 65. Outlays rose from \$35 billion in 1980 to about \$71 billion in fiscal year 1985. With President Reagan's leadership, Congress has already taken the first steps to make sure Medicare financing is safe and sound.
- o In fiscal year 1980, programs specifically for the elderly provided 171 million meals (by home delivery and in elderly centers). Under the Reagan Administration, this total rose 27 percent -- to an estimated 217 million meals -- in 1985.

## POVERTY AND INCOME

- o In 1984, for the first time since 1979, the poverty rate fell from 15.2 percent to 14.4 percent, reversing five years of uninterrupted increases. More than 1.6 million Americans were lifted out of poverty -- the largest annual reduction in 16 years.
- o Virtually all demographic groups shared in the 1984 gains against poverty:
  - Poverty among the Nation's elderly declined for the fourth year in a row and is now the lowest in history. If noncash income is included in these computations, the elderly poverty rate reaches the vanishing point of only 2.6 percent.
  - Poverty among blacks declined 4 percent (392,000), the largest decline in over a decade.
  - Among persons in female-headed households, poverty declined 1.6 percent (273,000), the largest decline in more than a decade.
  - Child poverty declined 3.6 percent (494,000).
- o If the effects of non-cash assistance such as food stamps, housing, and medical benefits were included in the primary Census figures, the number of people who could be considered below the poverty line would be much lower -- down to 9.7 percent, or 22.6 million people.
- o For all Americans, the median family income -- in real terms -- rose from 1983 to 1984. Among black Americans, real income rose 2 percent; whites, 3.3 percent; and Hispanics, an astonishing 6.8 percent.
- o Personal disposable income per capita rose more than 10 percent above the rate of inflation from 1980 to 1984.

### Drop in Inflation Key

- o The single most important reason for these dramatic reductions in poverty is the strong noninflationary growth experienced in 1984, the third year of the Reagan recovery.
- o Inflation alone can force people into poverty. A family of four on a fixed income of \$8000 in 1978 was about \$1300 above the poverty line. The double-digit inflation of the following two years pushed that family about \$400 below the line by 1980.
- o Between 1978 and 1980, almost 5 million additional Americans were pushed into poverty despite massive additional spending for social programs.

## PRODUCTIVITY

- o From 1974 to 1978, productivity -- the measure of how much workers produce for each hour on the job -- rose in the nonfarm business sector an average of more than 2 percent each year.
- o In 1979 it took a turn for the worse, like so many of the economy's vital signs. In 1979 and again in 1980, productivity fell, the first consecutive decline in the post-war period. Over the two years, productivity was down 1.7 percent.
- o With the drop in productivity went a drop in real wages...by 3.1 percent in 1979 and another 4 percent in 1980. With "bracket creep", after-tax earnings fell even more.

### Recovery

- o In the Reagan recovery, productivity has turned around. Total productivity has risen each year since 1980.
- o In 1984, productivity in the nonfarm business sector rose 3.5 percent -- the sharpest annual increase since 1972. Total productivity rose 2.7 percent.
- o In the Reagan recovery, the rise in productivity has led to a rise in real wages. Following three straight years of decline, real compensation per hour rose by 1.7 percent in 1982, and 1.6 percent in 1983.

## SCHOOL DISCIPLINE

### The Problem:

- o Students can't learn and teachers can't teach when their schools are disrupted by crime and violence.
- o Minority students are especially likely to be victimized at school. Black students are victims of serious attacks at more than two and a half times the rate of white students, and Hispanic students two and a third times the rate of whites.
- o In 1984, more than half of the teachers polled by the National Education Association said student misbehavior interfered with teaching.
- o In 14 of Gallup's last 15 education surveys, parents have said discipline is the number one public school problem.

### Solutions:

- o While primarily a matter for local action by parents, teachers and school officials, the federal government can help.
- o In 1984, the Administration established the National School Safety Center to help states and localities reduce crime and violence in the schools.
- o President Reagan has focused attention on the need for stronger discipline in the classroom:
  - by directing the Education and Justice Departments to share with school districts information about ideas and programs that have worked;
  - by directing Justice to intervene where appropriate in disciplinary cases to ensure that the rights of teachers and non-disruptive students are protected, not just the rights of disruptive students;
  - by speaking out to help make the American people aware of the magnitude of the problem.

## SCHOOL PRAYER

- o The President's proposed constitutional amendment would lift the Supreme Court's ban on prayer in public schools.
- o Despite what critics say, the proposed amendment would simply allow prayer when a community wanted it. Prayer would Never be mandated in any school system or for any individual student who chose not to participate.
- o The President's amendment would not allow state-composed prayer.
- o In 1962 and 1963 decisions, the Supreme Court ruled prayer in public schools impermissible. This contrasts with many other rulings by courts before and since, protecting other kinds of religious freedoms and other forms of speech -- even Nazi and Ku Klux Klan rallies.
- o The President believes the first amendment is designed to protect voluntary religious expression -- not to prevent it -- and that's what his amendment would do.
- o Polls indicate that 80 percent or more of the American people support restoration of the right to pray in public schools.

## Equal Access

- o The President also supported the Equal Access Act, passed by Congress in 1984, to assure that if a public school generally allows student clubs to meet on school property on their own time, it cannot discriminate against religious clubs, such as prayer or study groups.
- o President Reagan has said: "The good Lord who has given our country so much should never have been expelled from our Nation's classrooms."



## SOCIAL SECURITY

- o President Reagan inherited a Social Security system facing bankruptcy -- despite a huge Carter-Mondale tax increase and cut in benefits package that was supposed to secure solvency through the year 2028.
- o Critics who used scare tactics to suggest that the President's policies would "gut the system" must now acknowledge that his leadership saved the system from insolvency -- while benefits went up, not down.
- o President Reagan, with the Congress, produced a compromise solution on Social Security reform that saved the Retirement Trust Fund from imminent bankruptcy. His leadership and bipartisan cooperation in Congress, made it happen.
- o The Retirement Fund had to borrow to cover checks in 1982. Today, SS Retirement and Disability Funds boast their largest reserve -- over \$38 billion -- since \_\_\_\_\_.
- o At the same time, the monthly benefit for an average retired couple has risen over \$216 -- nearly \$2,600 a year since President Reagan took office.
- o The system has never run more efficiently. Almost 99 cents out of every Social Security tax dollar was returned in benefit payments in 1984.
- o The President is standing by his commitment to protect Social Security benefits for current and future recipients. The Gramm-Rudman-Hollings deficit reduction bill specifically exempts Social Security COLA's from automatic spending reductions.

## SPACE

### Exploration and Development

- o On July 4, 1982, watching the Columbia touch down in the California desert, the President said, "The space program in general and the shuttle program in particular have gone a long way to help our country recapture its spirit of vitality and confidence. The pioneer spirit still flourishes in America."
- o That same day, the President reiterated his commitment to the goals of the modern U.S. space program: To strengthen U.S. security; involve the private sector more closely; and cooperate with other countries when in our national interest.
- o Space exploration feeds the revolution in science and technology. In the medical field alone, some 12,000 life-saving devices and techniques have grown from aerospace research to improve the quality of our lives.
- o To continue this progress, the space shuttle is being made available to all authorized public and private users, including commercial enterprises from friendly countries. NASA has more than 1,000 agreements with over 100 countries for joint activities in space.

### Space Station

- o In 1984, President Reagan approved a project similar in scope to the moon-landing program of 25 years ago -- building and orbiting a manned space station by 1992, the 500th anniversary of Columbus' arrival in the New World.
- o America's space station is an important milestone toward the first space-based industrial park. The station will enable private companies to perform serious research in "near-Earth orbit." It will also allow NASA and private companies to do bigger, more exciting things in space -- from building better telescopes to erecting more satellite platforms that offer cheaper communications and more information on Earth's resources and environment.
- o America's future lies in space. The President has created a National Commission on Space to make recommendations for the next half-century.
- o In October 1984, the President launched the Young Astronauts Program. In its first year, the program attracted over 100,000 members; produced classroom materials for grades 1-9; sponsored field trips to science- and space-related sites; and sent fifty underprivileged children to a week-long "Space Camp" in Alabama.

## TAX CUTS

- o President Reagan's 1981 tax cuts lowered rates for everyone and sparked the strongest economic recovery and expansion in 33 years.
- o Over 90 million Americans filed personal income tax returns this year. They all paid taxes at rates about 25 percent lower than in 1981, thanks to President Reagan.
- o The Reagan Administration saved the average American \$7,963 from what could have been expected under the 1980 tax laws and 1980 inflation.
- o A family of four with a 1984 income of \$15,000 paid \$281 less in taxes than it would have without the rate cut. At \$30,000 level, the tax bill was \$1,118 less.
- o Indexing will preserve those savings against inflation caused bracket creep which was pushing middle-income families into tax brackets once reserved for the rich.

## TAX REFORM -- FAIR SHARE TAX PLAN

### A "Second American Revolution"

- o President Reagan has proposed a revolutionary plan to "transform a [tax] system that's become an endless source of confusion and resentment into one that is clear, simple and fair for all."
- o The President's tax reform plan -- the Fair Share Tax Plan -- would close loopholes and end special exemptions and cut tax rates for all Americans without adding to the deficit.
- o The President's plan will help ensure continued economic growth and give Americans the lowest overall marginal tax rates of any major industrial nation in the world.

### Key Elements of Plan

- o The Fair Share Tax Plan will strike the current 14 tax brackets and replace them with just three: 35, 25 and 15 percent.
- o There is also a fourth bracket - zero. Families living at or below the poverty level will pay virtually no taxes.
- o More than 65 categories of preferential tax treatment would be eliminated or curtailed -- more Americans will pay their fair share.
- o The personal exemption would be doubled to \$2,000 for every taxpayer and dependent and indexed so it rises with inflation.
- o It would lower the top corporate rate from its present 46 percent to 33 percent.

### Fairness for Families

- o Middle-income households (\$20,000 to \$50,000 per year) will average a Federal tax reduction of 7.2 percent -- hundreds of dollars per year.
- o Families at the lower end of the income scales will benefit more:
  - between \$20,000 and \$30,000 -- 8.7 percent less taxes.
  - between \$15,000 and \$20,000 -- 13.5 percent less taxes.
- o The Democrat-controlled House Select Committee on Children, Youth and Families said that the President's package was the most pro-family tax plan under consideration in Congress.

## TAX REFORM AND ECONOMIC GROWTH

- o Fairness and simplicity will be the immediate benefits of The President's Fair Share Tax Reform Proposal.
- o As special interest groups lose their tax benefits and loopholes are closed, economic resources will move into more productive uses. Greater incentives to work, save, and invest will encourage businesses to expand and create more jobs.
- o The likely long-term economic benefits of the President's proposal have been projected in a study by the Council of Economic Advisors. The cumulative effect of the tax proposal could be to provide for roughly 11 years of economic growth in the next 10 years or additional growth -- above current projections -- of 2.5 to 3.2 percent in GNP over ten years.
- o Projected additional economic growth, over a ten-year period means the equivalent of \$600 to \$900 additional income for each American household, per year, into perpetuity (indexed for inflation).
- o Work incentives could lead to an increase of up to 4.6 percent in total man-hours. That translates into the equivalent of 3.9 million additional full-time jobs over ten years.
- o By reducing disparities between effective tax rates on different types of capital assets and methods of financing, the financial playing field will become more level and improve the long-run allocation of capital. This can ultimately lead to yearly performance gains, beyond current projections, of roughly 1.1 percent of GNP.
- o The President's tax proposal eliminates the current preferential tax treatment of certain forms of consumption. By reducing distortions in the pattern of consumption, equivalent real yearly GNP could increase by .5 percent, beyond current projections, in the long run.
- o Tax revenues lost to underreporting and non-filing for 1985 is estimated to be about \$96 billion -- out of expected personal income tax revenues of \$323 billion. Lower marginal tax rates mean fewer incentives to evade taxes. Underreporting could be substantially reduced -- perhaps up to 40 percent.
- o As a result of these changes, the total economic pie available for all Americans will be larger.

## TECHNOLOGY FOR THE FUTURE

- o As President Reagan has said, "There are no limits to growth when men and women are free to follow their dreams." As a result of Reagan Administration policies that helped provide a supportive climate for private initiative and individual enterprise, America is entering a golden age of technological discovery.
- o Administration tax and budget policies helped throttle inflation and cut interest rates, thereby providing the overall economic climate needed to get America moving again.
  - Gross private domestic investment is up an astonishing 70 percent in the past four years.
  - Nearly 9 million private-sector jobs have been created since November 1982.
  - Nearly 270,000 U.S. patents were issued from 1981 to 1984 -- the greatest number issued in any four-year period in history.
  - From August 1982 to \_\_\_\_\_, the Dow Jones Industrial Average, one indicator of America's potential for industrial health, went from 778 to over 1,350 -- an increase of nearly 75 percent. That represents billions of investment dollars that American industry didn't have to raise in the capital markets.

### Keeping the Entrepreneurial Spirit Alive

- o Mindless protectionism and so-called "industrial policy" (picking winners and losers) is no help. No government can target the inventions of the future; no government should prolong the failures of the past. What it should instead do is target the process of innovation, setting policies and encouraging attitudes that enable Americans to be their best.
- o The President's tax reform plan will promote continued economic growth. The estimated cumulative effect of the President's proposal could be to provide roughly 11 years of economic growth in the next 10 years.
- o We've changed the emphasis of Federal research and development programs to target high-cost, high-risk, long-term research. In 1984, about \_\_\_\_\_ percent of all Federal non-defense R&D will be for basic research, compared to \_\_\_\_\_ percent in 1981. Through technology transfer, the private sector can take these basic discoveries and develop important commercial applications.

## TERRORISM

- o American diplomats, soldiers, and even unsuspecting tourists have been the victims of vile terrorist attacks during the past several years.
- o The President is grieved and appalled by the cruelty and barbarism of these unprovoked attacks, and firm in his conviction that terror can only be met with strength and justice.
- o Wherever they may hide, terrorists who mean harm to America and her citizens must know that the full resources of our Nation will be marshalled to stop them, bring them to justice, and see that they are punished.
- o Retaliation against terrorism is justifiable, but only when the perpetrators can be identified and dealt with directly without endangering the lives of innocent people.

### Actions, Not Words

- o President Reagan ordered the interception of the Egyptian airliner carrying the four Palestinian terrorists who hijacked the pleasure boat Achille Lauro and brutally murdered U.S. citizen Leon Klinghoffer, an invalid confined to a wheelchair.
- o This past year Congress passed new legislation giving the United States jurisdiction to prosecute individuals who commit acts of terrorism against American citizens, even when those acts are not committed within U.S. borders.
- o The President set up the Vice President's Task Force on Terrorism to review and evaluate government policy, and make recommendations to improve our approach toward terrorism.
- o As of October 1, 1985, the FBI successfully thwarted 23 terrorist incidents.

## TRADE -- DANGERS OF PROTECTIONISM

- o Free trade and fair trade are in the best interest of the citizens of the United States. Free trade produces more jobs, a more productive use of our Nation's resources, more rapid innovation, and a higher standard of living.
- o The United States is a great trading nation. The health of our economy depends on both exports and imports. To pull back or isolate ourselves by erecting trade barriers would do tremendous damage to our economy -- and the world economy.
- o Protectionism is costly. It hurts us more than it hurts the foreigners it is aimed at.
- o Protectionist sentiment has increased in some factions in Congress. As of October 1985, some 300 separate bills seeking special trade status for various goods and services had been introduced in Congress.
- o The Administration will vigorously fight protectionism in this country. At the same time we are resisting protectionism in our own market, we will see that other countries live up to their obligations and trade agreements with us.
- o For example, the President has directed the United States Trade Representative to initiate or accelerate proceedings under the General Agreement on Tariffs and Trade (GATT) against wheat and canned fruit export subsidies offered by the European Community; Japanese leather and tobacco import restrictions; Korean insurance policy barriers; and Brazil's import restrictions on micro-electronic products.

### Lessons of History Clear

- o The 1930 Smoot-Hawley Tariff Act raised duties on nearly 900 items, from champagne and dolls to hand tools and farm products, pushing America's tariffs to their highest levels in the 20th century.
- o Within months of enactment, our key trading partners began raising their tariffs and establishing exchange controls.
  - U.S. merchandise imports fell from \$4.5 billion in 1929 to \$1.3 billion in 1932, the lowest level since 1908.
  - U.S. merchandise exports fell 68 percent from 1929 to 1932.
  - World trade in 1932 sank to one-third of the 1929 level.
- o Liberal and conservative historians agree that Smoot-Hawley deepened the Great Depression by encouraging other countries to erect trade barriers; isolating America's economy behind a high-tariff wall; and undermining European war debt repayment efforts.



## TRADE EXPANSION

- o Free trade produces a higher standard of living and results in the most productive use of our resources.
- o President Reagan's trade policy is designed to open overseas markets to American exports, defend American producers against unfair trade practices, and enable consumers in other nations to buy U.S. goods by improving world-wide economic conditions.
- o America is the world's largest trading nation, with 10 percent of the GNP produced for export. Protectionism and higher trade barriers would threaten export industries, reduce jobs, and fuel inflation.

### Promoting Fair Trade

- o The Administration seeks to improve the world trading system with bilateral talks and a new round of multilateral negotiations in the General Agreement on Tariffs and Trade (GATT).
- o To attack unfair trade practices, the President has directed the United States Trade Representative to initiate or accelerate unfair trade practice proceedings in five cases, the first time that has been done by any President.
- o The President has also created an interagency "strike force" to accelerate the identification and elimination of unfair trading practices abroad.
- o The Administration is taking strong steps to protect intellectual property rights (patents, copyrights, trademarks) in countries where counterfeiting or piracy is occurring.
- o Representatives of the U.S. and four other industrialized nations agreed to promote stronger and more balanced growth in our economies and take measures to strengthen foreign currencies.
- o To bring the value of the U.S. dollar more in line with other nations' currencies and make American goods more competitive, the President continues to seek reduced Federal spending.

### America the Competitor

- o We will step up our efforts to open markets abroad and create American jobs by increasing exports.
- o The President has proposed a fund of \$300 million in grants and aid to match export credit subsidies by trading competitors.
- o Protectionism through tariffs or import quotas is no answer to the trade deficit. Such measures might save a few jobs in one company or industry, but eliminate many more jobs in other areas of the U.S. economy.

## YOUTH EMPLOYMENT OPPORTUNITY

- o In the past two decades, billions of dollars were spent on Federal jobs and job training programs. (On the CETA program alone, almost \$60 billion was spent in just 8 years.)
- o During the same two decades, the unemployment rate among young people increased by more than 50 percent -- and for minority youth it doubled. (The rate for black teen-age boys went from 22 percent in 1962 to 44 percent in 1982.)
- o Make-work jobs programs don't work.
- o The National Conference of Black Mayors, and the presidents of 114 historically black colleges agree with President Reagan that a different approach should be tried.
- o Like him, they support letting employers hire young people for summer jobs at a reduced minimum wage.
- o Now, teens without skills or experience can't qualify for minimum wage jobs because businesses can't afford to hire them for summer work. They are priced out of the job market and denied the opportunity to get on the first rung of the ladder of success.

### Youth Opportunity Wage

- o The Youth Opportunity Wage is an immediate response to the problem of high teenage employment with no cost to the Federal Government for implementation.
- o The Reagan proposal would set a youth minimum wage of \$2.50 (75 percent of the current minimum) for workers under age 20 hired during the months of May through September.
- o The proposal includes strong sanctions to ensure that currently employed workers are not displaced by youths hired under the Youth Opportunity Wage.
- o Estimates suggest that up to 400,000 young people would get summer jobs as a result.
- o This program will work. But the ball is now in Congress' court. Our kids are waiting for their opportunity to become productive members of society. The youth wage will help give them that chance.