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WHITE HOUSE
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WORKSHEET

- X - MEDIA
- H - INTERNAL

Name of Document: BRIEFING PAPERS FOR
PRESIDENT'S SCHEDULED
APPOINTMENTS FOR MAY 1982

Subject Codes:

- | | | |
|----|---|---|
| 1 | Subject: <u>Courtesy visit with Ralph</u>
<u>Sipton.</u> | <u>PR 007.01</u>
<u>PR 005.</u>
<u>TR 044.</u>
<u>PL</u>
<u>ST 038.</u> |
| 2) | <u>Briefing paper on</u>
<u>Pennsylvania politics.</u> | |
| 3) | <u>Biographical sketches of:</u>
<u>Senator John Heinz</u>
<u>Senator Arlen Specter</u>
<u>Congressman Lawrence Coughlin</u>
<u>Congressman Richard SCHULZE</u> | |
| 4 | <u>Visit to the Leon WILKINSON farm</u>
<u>in Landenberg, Pennsylvania.</u> | <u>AG</u> |
| 5 | <u>Fundraising reception and luncheon</u>
<u>for Governor Dick Thornburgh</u> | <u>PL 005.04</u>
<u>SO 003.</u>
<u>SO 004.</u> |
| 6 | <u>Fundraising receptions for</u>
<u>Senator John Heinz</u> | |

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMMATT		RSZ	1 / 1			1 / 1

Referral Note:

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT'S SCHEDULE
Friday, May 14, 1982

9:15 am (15 min)	<u>National Security Briefing</u> (William P. Clark)	Residence
9:30 am (5 min)	<u>Photo with Ralph Tipton</u> (Helene von Damm)	Diplomatic Reception Room
9:35 am	<u>Depart for trip to Pennsylvania</u> (See separate schedule) (Stephen Studdert)	South Grounds
7:00 pm	<u>Return White House</u>	South Grounds

May 13, 1982

5:00 pm

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT'S SCHEDULE
Friday, May 14, 1982

9:15 am (15 min)	<u>National Security Briefing</u> (William P. Clark)		Residence
9:30 am (5 min)	<u>Photo with Ralph Tipton</u> (Helene von Damm)	(Tab A)	Diplomatic Reception Room
9:35 am	<u>Depart for trip to Pennsylvania</u> (See separate schedule) (Stephen Studdert)	(distributed in a.m.)	South Grounds
7:00 pm	<u>Return White House</u>		South Grounds

SUPPLEMENTARY BRIEFING MATERIAL

Tab B	Pennsylvania Political Briefing (Rollins)
Tab C	Congressional Members Travelling with the President (Duberstein)
Tab D	Visit to the Wilkenson Farm (Fuller)
Tab E	Fundraising Reception and Luncheon for Governor Thornburgh (Rollins)
Tab F	Fundraising Reception for Senator Heinz (Rollins)

THE WHITE HOUSE

WASHINGTON

COURTESY VISIT WITH RALPH M. TIPTON

DATE: May 14, 1982
LOCATION: Diplomatic Entrance or Oval Office
TIME: 9:30 am (5 minutes)

FROM: Helene von Damm

I. PURPOSE

Ralph Tipton would like to say hello to you during his visit to Washington.

II. BACKGROUND

Your faithful buddy was selected as part of a group of 25 to dedicate a tree that was planted on the Capitol grounds by the Eighth Air Force Association today and didn't want to miss the opportunity to see you while in town.

III. PARTICIPANTS

Ralph Tipton
Helene von Damm

IV. PRESS PLAN

White House Photographer Only

V. SEQUENCE OF EVENTS

--Greeting and Photo
--Brief Visit

B

THE WHITE HOUSE

WASHINGTON

May 13, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: ED ROLLINS *P.R. for G.R.*
SUBJECT: PENNSYLVANIA - POLITICAL BRIEFING

I. SUMMARY

Pennsylvania is the only state in the nation this year where both a Republican incumbent Governor and a Republican incumbent U.S. Senator are seeking re-election. Although Pennsylvania's primary is not until next Tuesday, May 18, the nominees for Governor and U.S. Senator seem firmly established. In the November elections, Republican Governor Dick Thornburgh is heavily favored to win a second term over Democrat U.S. Congressman Allen Ertel; and, U.S. Senator John Heinz, in his bid for a second term, is likely to trounce Allegheny County (Pittsburgh) Commissioner, Democrat Cyril Wecht.

Pennsylvania must give up two U.S. House seats because of reapportionment. The State's current House delegation has 13 Republicans and 12 Democrats. The redistricting process was dominated by the Republican-controlled State Legislature and the State's Republican Governor. It seems likely that after the general election, the Republicans will still maintain their slim majority in Pennsylvania's U.S. House delegation.

The City of Philadelphia, founded by William Penn in 1682, is celebrating its Tricentennial this year.

II. ELECTED OFFICIALS

GOVERNOR - Richard L. Thornburgh - Republican - Elected in 1978

SENATOR - H. John Heinz, III - Republican - Elected in 1976

SENATOR - Arlen Specter - Republican - Elected in 1980

U.S. HOUSE OF REPRESENTATIVES - 13 Republicans 12 Democrats

III. THE STATE LEGISLATURE

UPPER HOUSE - 26 Republicans 23 Democrats

LOWER HOUSE - 103 Republicans 100 Democrats

IV. REPUBLICAN STATE PARTY OFFICIALS

REPUBLICAN STATE CHAIRMAN - Martha Bell Schoeninger

REPUBLICAN NATIONAL COMMITTEEMAN - Drew Lewis

REPUBLICAN NATIONAL COMMITTEEWOMAN - Elsie Hillman

V. DISCUSSION

A. THE GUBERNATORIAL RACE - 1982

Republican Governor Dick Thornburgh is favored to win re-election to a second term this year, becoming the first two-term Republican Governor in Pennsylvania's history. (The Governor has been constitutionally eligible to serve two terms in Pennsylvania since 1974.)

Thornburgh was elected to his first term in 1978 over former Pittsburgh Mayor Democrat Pete Flaherty, by a 53% to 46% margin. Prior to his election, Thornburgh had served as U.S. Attorney for Western Pennsylvania (1969-1975), and as Assistant U.S. Attorney General in charge of the Criminal Division (1975-1977).

As Governor of the nation's fourth largest state, Thornburgh has accumulated a solid record of achievement. He is the first governor elected in Pennsylvania since 1946 to serve a full term without raising state taxes. Furthermore, last week, under Governor Thornburgh's direction, the State Legislature passed Pennsylvania's fourth consecutive balanced budget. Thornburgh has slashed the State bureaucracy by 5,000 positions; proposed and won legislative approval of one of the toughest anti-crime packages in the country; and, has also won approval for a comprehensive welfare reform bill which removes able-bodied people from the welfare rolls.

After the Three Mile Island Crisis (March 1979), which occurred only a few months after he had taken office, Governor Thornburgh was given wide praise for his leadership and calming influence, which avoided a statewide panic.

In his bid for a second term, Governor Thornburgh's Democrat challenger is certain to be U.S. Congressman Allen Ertel. Ertel has served three terms in the House, representing a traditionally Republican central Pennsylvania district. Although Ertel has won impressive margins in his Congressional district, which includes Harrisburg, the State Capital, he has very little name recognition throughout the rest of the State.

In terms of financial strength, during the first quarter of 1982, Thornburgh amassed almost \$1 million in contributions, while Ertel was hard-pressed to raise \$50,000.

It appears that Ertel will base his campaign on attacking Thornburgh's support of the President's Economic Program, and

"the adverse affect that that program has had on Pennsylvania." These attacks, however, will likely prove futile up against Thornburgh's high popularity, and his proven record of making "Reagan-type Economics" work in Pennsylvania.

B. THE U.S. SENATE RACE - 1982

U.S. Senator John Heinz is currently considered one of the safest Republican incumbent U.S. Senators seeking re-election this year. Heinz won his first term in 1976, succeeding retiring Senate Minority Leader Hugh Scott, in a hotly contested race against Democrat U.S. Congressman Bill Green. (Green was subsequently elected Mayor of Philadelphia.) Heinz, a Pittsburgh native, former U.S. Congressman, and heir to the "Ketchup" fortune, won that race by a 52% to 47% margin.

In the Senate, Heinz has generally been viewed as a moderate, although he did support the President's budget-reduction and tax-cutting bills during the 1981 Session of Congress.

Heinz prides himself in having been Chairman of the National Republican Senatorial Committee during the 1980 elections when the Republicans won control of the Senate.

Faced with re-election this year, Heinz has become vocal in distancing himself from some of the President's current budget-cutting proposals. Heinz, however, still claims that he is proud to be a part of the Republican Senate Majority which, "in just one year, has begun to reverse a generation of overtaxation, overregulation, and overspending."

Heinz' Democrat challenger is certain to be Allegheny

County (Pittsburgh) Commissioner Cyril Wecht. Wecht, who is also a former Allegheny County Democrat Chairman, has virtually no name recognition outside the Pittsburgh area, and will be hard-pressed to wage a viable campaign against the popular incumbent, Heinz.

In fact, with the State AFL-CIO's endorsement of Heinz on May 1, Pennsylvania Democrats have generally given up hope of making even a respectable showing against Heinz in November.

C. THE U.S. HOUSE RACES - 1982

Pennsylvania currently has 13 Republicans and 12 Democrats in its U.S. Congressional delegation. Pennsylvania will have to give up two U.S. House seats because of reapportionment. As a result of the redistricting process, which was dominated by a Republican-controlled State Legislature and a Republican Governor, two Democrat seats have been eliminated from the State's U.S. Congressional delegation, which will now have 23 members instead of 25.

Philadelphia's four House seats have been reduced to three, forcing Democrat incumbents Tom Foglietta and Joe Smith into a primary battle in the 1st District. Foglietta is seen as an ally of Philadelphia's Democrat Mayor, Joe Green, while Smith is more aligned with the political machine of former Democrat Mayor Frank Rizzo, who was ineligible to seek a third consecutive term in 1979, the year Green was elected Mayor. Rizzo is seen as a possible contender against Green in Philadelphia's 1983 Democrat primary for Mayor. The race

between Foglietta and Smith is seen as a test of strength for Mayor Green and former Mayor Rizzo. In the remaining two Philadelphia districts, Democrat William Gray, Pennsylvania's lone black member of Congress, and Republican Charles Dougherty are both expected to win re-election. Dougherty, a moderate Republican, had considered switching parties and running as a Democrat, but ultimately opted to remain in the Republican fold.

In the Western part of the State, Democrat incumbents John Murtha and Wendall Bailey have been forced into the same district, and will face each other in a primary.

Two freshman Republican Congressmen, Jim Coyne who represents Bucks County to the north of Philadelphia, and Jim Nelligan who represents the State's northeastern coal region, are both currently faced with tough re-election races. These two areas are traditionally Democrat, and Republican forces will exert substantial resources in an effort to keep these seats in the Republican column.

Additionally, in Western Pennsylvania, Eugene Atkinson, who switched from Democrat to Republican last October, will face strong opposition as he seeks re-election for the first time as a Republican.

Republicans have an excellent chance of picking up the Central Pennsylvania district being vacated by Democrat Allen Ertel, who is running for Governor. Republican State Senator George Gekas is heavily favored to win this seat. The GOP will wage viable challenges against Democrat incumbents Bob Edgar

and Doug Walgren. In suburban Philadelphia, Edgar, who has held this traditionally Republican Delaware County seat for four terms, will face Republican Steve Joachim. In suburban Pittsburgh, Walgren, who captured John Heinz' seat when Heinz was elected to the U.S. Senate, will probably face former Allegheny County (Pittsburgh) Republican Chairman Ted Jacob.

In the 21st district, which takes in Erie, maverick Republican incumbent Mark Marcs has decided not to seek a 4th term in the House. Most observers concede that this seat leans towards a Democrat takeover.

Republican incumbent U.S. Congressmen Charles Dougherty, Dick Schulze, Bud Shuster, Joe McDade, Larry Coughlin, Don Ritter, Bob Walker, Bill Goodling, and Bill Clinger all appear to be in good shape for re-election.

On the Democrat side, incumbents William Gray, Gus Yatron, Bill Coyne, Joe Gaydos, and Austin Murphy should all win easy re-election.

Overall, it seems likely that the Republicans will emerge from the November elections retaining their slim majority in Pennsylvania's U.S. House delegation.

D. PHILADELPHIA (THE CITY OF BROTHERLY LOVE)

Philadelphia is celebrating its Tricentennial this year. The City, the nation's fourth most populous, seems to be making progress in an effort to shed its image of being a tired and decaying urban area.

Democrat Mayor Bill Green, a former U.S. Congressman who lost the 1976 U.S. Senate race to John Heinz, was elected

to City Hall in 1979. Green succeeded Democrat Mayor Frank Rizzo, a South Philadelphia native and former Police Chief who gained a reputation for his tough anti-crime stance. Green and Rizzo have become public adversaries, and speculation has it that Rizzo will challenge Green in Philadelphia's 1983 Mayoral race.

Three native-born Philadelphians are members of the President's Cabinet: Secretary of State Alexander Haig, Secretary of Transportation Drew Lewis, and Secretary of Health and Human Services Richard Schweiker.

Schweiker served four terms in the U.S. House from suburban Philadelphia (1961-1969), and two terms in the U.S. Senate (1969-1981). Drew Lewis, who still maintains his position as Pennsylvania's Republican National Committeeman, made an unsuccessful bid for Governor in 1974 against Democrat incumbent Milton Shapp. Alexander Haig took up residence in Connecticut after resigning from the military.

Additionally, Pennsylvania's junior U.S. Senator, Arlen Specter, elected in 1980, is a former Philadelphia District Attorney.

VI. PENNSYLVANIA - MISCELLANEOUS

POPULATION - 11,867,000
NICKNAME - The Keystone State
STATE MOTTO - Virtue, Liberty, and Independence

c



SENATOR JOHN HEINZ (R-PENNSYLVANIA)

Senator John Heinz was born in Pittsburgh, Pennsylvania in 1938. He graduated from Phillips Exeter Academy, Yale, and Harvard Business Schools. He served in the United States Air Force at the rank of Sergeant. Senator Heinz is married to the former Teresa Simoes-Ferreira and they have three sons: Henry John IV, Andre, and Christopher.

Senator Heinz was first elected to the House of Representatives in 1971 in a special election and was elected in 1976 to the United States Senate. He serves on the Finance Committee, the Banking, Housing and Urban Affairs Committee and the Energy and Natural Resources Committee. In addition, he is Chairman of the Special Committee on Aging. He also chairs the Senate Steel Caucus and the Senate Coal Caucus.

Of particular concern to Senator Heinz are the problems of the steel industry, the coal industry, mass transportation, the Export-Import Bank, and international trade in general.

Heinz strongly disagrees with the Administration Export-Import policy and appointments. As a result, he has held up for several months two Export-Import Board nominations. We have agreed to try to arrive at a mutually acceptable nominee for the remaining seat (non-Republican) on the Export-Import Board.

Senator Heinz has also vigorously complained that the White House has not selected the individuals he has wanted for Federal prosecutors and judges.



SENATOR ARLEN SPECTER (R-PENNSYLVANIA)

Senator Specter was born in Wichita, Kansas in 1930. He graduated from the University of Pennsylvania and the Yale School of Law. He served in the United States Air Force at the rank of First Lieutenant. Senator Specter is married to the former Joan Levy, who was elected to the Philadelphia City Council in 1979. They have two sons: Shanin and Stephen.

He served two terms as district attorney of Philadelphia, 1966 to 1974. He was elected to the United States Senate in 1980. Senator Specter serves on the Appropriations and Judiciary Committees. He serves as chairman of the Subcommittee on Juvenile Justice of the Judiciary Committee.

Senator Specter has expressed a particular interest in criminal justice issues during his first year. He shares Senator Heinz's interest in issues of importance to Pennsylvania's economy. Early this week, Specter offered an amendment to the Department of Defense authorization bill calling on the President to meet as soon as possible with the Soviets on arms reduction talks. After extensive debate, Specter's amendment was amended by Senator Tower and adopted by the full Senate. The Administration opposed the Specter amendment as introduced.

CONGRESSMAN LAWRENCE COUGHLIN (R-PENNSYLVANIA)

Congressman Larry Coughlin represents the 13th district of Pennsylvania (state's most affluent district--Eastern half of Montgomery County and dips into Philadelphia), 7th term, member of the Appropriations Committee (7th of the 22 Republicans), as well as the Select Committee on Narcotics Abuse and Control.

Larry has been a consistent supporter of the Administration during the first session of the 97th Congress. He is an attorney and former member of the Pennsylvania House of Representatives and Senate.

CONGRESSMAN RICHARD T. SCHULZE (R-PENNSYLVANIA) AND NANCY SCHULZE

Congressman Richard Schulze (Dick) represents the 5th Congressional District of Pennsylvania (Counties of Delaware, Montgomery, and Chester, west of Philadelphia), 4th term, member of the Ways and Means Trade and Select Revenue Measures Subcommittee, member of the Core Group.

Schulze was a consistent supporter of the Administration during the first session of the 97th Congress. He is a co-sponsor of the Enterprise Zone bill. However, he favored exemptions (particularly mushrooms) to the free trade provisions of the Caribbean Basin Initiative legislation during the Ways and Means Trade Subcommittee markup of the bill. Schulze is pushing to have the U.S.S. Iowa rehabilitation work done in the Philadelphia area.

The 5th Congressional District is considered a good Republican District in spite of the inclusion of the Democratic stronghold of Chester as the result of redistricting. Schulze has taken opposition in the Republican primary to be held on May 18.

Dick and Nancy will celebrate their 27th wedding anniversary on Saturday, May 15.

** The dairy farm of Leon Wilkinson that you will visit on your first stop in Pennsylvania is in Dick Schulze's district.

D

THE WHITE HOUSE

WASHINGTON

May 13, 1982

BRIEFING PAPER FOR THE PRESIDENT

VISIT TO THE WILKENSON FARM

DATE: MAY 14, 1982

TIME: A.M. (Detailed Schedule Attached)

LOCATION: LANDENBERG, PENNSYLVANIA

FROM: CRAIG L. FULLER

I. PURPOSE

This visit has been arranged to provide you with an opportunity to talk with farmers about your economic program and listen to their concerns. Background materials have been prepared by the Office of Policy Development based on material submitted and reviewed by the Office of Management and Budget.

II. BACKGROUND

The detailed schedule will provide additional information on the event. The Secretary of Agriculture will accompany you on the trip. He has been involved in coordinating the event. You will visit with the owner of the farm, Leon Wilkenson and then address about 200 farmers from around the State of Pennsylvania.

The attached materials and talking points should provide you with the information you need.

III. PRESS PLAN

Full press coverage.

IV. SEQUENCE

The detailed schedule will provide appropriate information.

Briefing

Visit to Leon Wilkenson's Farm
Route 1, Landenberg, Pennsylvania
(215) 274-8171

Leon Wilkenson has four sons, two who are actively involved in the home farming operation. Two other sons are now farming on their own in separate operations.

The farm to be visited consists of over 5,000 acres and 1,000 dairy cows, 500 of which are milking cows. It produces approximately 5 million pounds of milk per year. The breakdown of the acreage consists of 2,000 acres of corn, 1,000 acres of soybeans, 500 acres of alfalfa and 300 acres of wheat.

Mr. Wilkenson stated that this is truly a family farm with every member participating in the various responsibilities. He is a "100 percent believer" in President Reagan, Secretary Block and Penrose Hallowell, Pennsylvania Secretary of Agriculture. The exportation of agricultural products is of great interest to Mr. Wilkenson.

The Reagan Administration's Agriculture Policy

The Administration recognizes that the federal government has an important role to play as partner to the farm community. The gist of that role is to help the farmer do what he cannot do on his own -- create the proper environment so that forces of supply and demand can more efficiently allocate resources, seek out new markets and maintain old markets for our agricultural exports, counter the unfair trade practices of our trading partners, promote basic agricultural research, and provide a measure of protection from erratic weather and other natural disasters. By fulfilling this role the Administration is laying the foundation for long-term stability and profitability in the agricultural sector.

The Administration has taken a number of steps to meet its obligations as a partner to the farmer. We have:

- o Slowed the rate of inflation, thereby relieving farmers of a severe cost-price squeeze;
- o Brought interest rates down from a high of 21 1/2 percent to 16-17 percent;
- o Provided farmers with significant relief from the estate tax by increasing the estate tax exemption to \$600,000 by 1987 and eliminating the estate tax for a surviving spouse;
- o Announced an agricultural export policy that rules out restrictions on commercial agricultural exports in all but the most extreme situations and then only as part of a total embargo;
- o Ended the prior administration's agricultural embargo of the Soviet Union;
- o Extended the current long-term grain agreement with the Soviet Union for another year;
- o Withstood pressures to impose an agricultural embargo in response to the declaration of martial law in Poland;
- o Challenged the unfair trade practices of the EC and Japan that deny export sales of U.S. agricultural commodities;
- o Maintained agricultural export credit guarantees for FY 1983 at the FY 1982 level of \$2.5 billion;
- o Increased the FY 1983 budget for agricultural research

by nearly three percent above the inflation rate, in order that U.S. farmers may remain in their position as the most efficient producers of food and fiber in the world.

- o Enlisted the private insurance industry's expertise in marketing and servicing crop insurance policies so that more farmers may have access to shared-cost all-risk crop insurance coverage.
- o Cooperated with the Farm Credit System and private bankers to avoid unnecessary liquidations of farm operations;
- o Increased FmHA operating loan funding for FY 1983 to meet credit demands; and
- o Implemented a production control program that will help strengthen farm prices by bringing supply and demand more into balance.

NATIONAL FARM ECONOMY

The current financial situation for the farm sector has continued to deteriorate over the past two quarters due to an unusual combination of foreign and domestic supply and demand developments, and to general economic forces.

Farm producers have faced a severe cost-price squeeze in both the crop and livestock sectors. During the last 18 to 24 months, production expenses have risen 20 to 25 percent, while marketing receipts have increased only 10 to 12 percent.

Crop supplies are 15 percent larger than a year ago and 5 percent larger than ever before. Growth in domestic demand for farm products continues to be weak due to the general state of the economy.

Agricultural exports will increase 4 percent in volume over 1981, but are expected to decline in value for the first time since 1975. This decline is attributed to a record world crop, depressed economic conditions abroad, strengthened value of the U.S. dollar, and high interest rates.

More than half of all U.S. farm land is completely debt free. The total value of farm assets remains slightly above the \$1 trillion mark, while total farm borrowing will pass the \$200 billion level during this year. Most lenders have been reluctant to foreclose; there has been an unprecedented high level of cooperation among the commercial, cooperative farm credit, and government lenders in providing necessary production loans for agricultural operations for the 1982 crop year.

The area of the country with the most serious farm credit problems continues to be the South. The most significant problems exist in the High Plains of Texas, the Mississippi Delta, and Southern Georgia. This credit crunch is exacerbated by declining chattel and property values, particularly under forced liquidation conditions.

The Administration has moved to speed an adjustment in supplies, using the grain reserve and acreage reduction programs, which could complete the needed supply adjustment by late 1983 or early 1984. With these programs in place, the commodity price and farm income situation is not likely to worsen over the next two to three quarters, nor should commodity prices slip much lower. In fact, livestock prices have shown considerable strength since the first of the year.

Over the longer term of 3 to 5 years, lower inflation rates in the U.S. should help reduce or at least slow increases in production costs. It is also expected that over the long term stronger commodity prices and slower increases in expenses will appreciably improve farm income over present depressed levels.

PENNSYLVANIA AGRICULTURE

A STATUS REPORT

Agriculture/agribusiness is Pennsylvania's leading industry, with an annual sales value of \$25 billion. Nearly 900,000 Pennsylvanians are employed in agriculture-related businesses.

Pennsylvania agriculture is totally dominated by its 61,000 family owned and operated farms. Less than one percent of the state's total farms are corporately owned and managed.

Cash farm income in Pennsylvania will top \$3 billion in 1982, an increase of 200 percent in the last ten years. The attached sheet provides figures for sales value of Pennsylvania livestock and crop products in 1981.

\$1.3 billion in Pennsylvania's cash farm income is from the sales of milk from our 15,500 dairy farms. Dairying is by far the largest segment of the state's farm economy. Pennsylvania ranks fifth in the nation in milk production.

Other major Pennsylvania farm products include corn(\$550 million), cattle and calves(\$400 million), poultry and eggs(\$410 million) and mushrooms(\$150 million.)

Chester County is the state's second ranking agricultural county and ranks 50th in the nation. Cash farm income in the county in 1979 was \$228 million. Chester County's leading agricultural crop is mushrooms with an annual sales value of approximately \$100 million. Dairying is the county's second leading agricultural business, with annual sales of \$45-50 million.

DAIRY

The Federal Government has a very expensive dairy surplus problem. Under the terms of the national dairy price support program, the Government is obligated to buy enough dairy products to keep farm milk prices at the minimum price support level, currently \$13.10 per hundredweight. As of April 9, the Commodity Credit Corporation had in its possession 365 million pounds of butter, 625 million pounds of cheese, and 975 million pounds of nonfat dry milk.

In FY 1981, the American taxpayer paid out \$1.93 billion to maintain milk prices at the required level. It is projected that the cost of the dairy program this fiscal year will be about \$2 billion.

The cause of the dairy surplus problem is simple. The provisions of the dairy price support program encourage dairy farmers to produce more milk than the country can use. Since the dairy producer can find no home for the extra milk in the commercial market, he sells it to the Federal Government.

The Reagan Administration has taken a number of steps to bring the dairy surplus problem under control.

- o The Administration recommended that the semiannual price support increase scheduled for April 1, 1981, be eliminated. Congress acted on that recommendation, maintaining the support level at \$13.10;
- o The Administration proposed that the law be changed so that the dairy price support level would stay at \$13.10 until milk production was brought into balance with consumption. Congress agreed to maintain the \$13.10 support price through FY 1982 but voted to raise the support price to \$13.25, \$14.00, and \$14.60 over the following three fiscal years;
- o We are providing approximately 700 million pounds of surplus dairy commodities to schools and other eligible institutions this fiscal year;
- o We sold 220 million pounds of Government-owned butter to New Zealand last August;
- o We have authorized distribution of 100 million pounds of cheese to low-income households.

Yet despite all of these efforts, the Federal Government's dairy surplus continues to grow. Further action is needed. The Administration, therefore, has proposed a plan to correct the dairy problem. The plan has two basic components:

- o A significant reduction in the dairy price support level -- from \$13.10 to \$12.00 -- effective January 1, 1983, to slow the increase in dairy production; and
- o Stepped up efforts to put the Government-owned dairy stocks to use both here and abroad.

The first component of the plan requires legislative action. The second component can be achieved administratively.

MUSHROOMS

Pennsylvania produces 50 percent of the nation's mushroom crop, and Chester County accounts for over one-half of that total. As a result, Pennsylvanians are very much concerned about the effect that mushroom imports are having on the domestic industry.

Imports of canned mushrooms have become a major problem for the United States industry in recent years. Imports of canned mushrooms amounted to 50 million pounds (drained weight) in the marketing year 1974-75. In 1979-80, imported canned mushrooms reached a record level of 114 million pounds or over 50 percent of the total U.S. supply.

The domestic mushroom industry has repeatedly sought to obtain government assistance in limiting the influx of imports. In March 1980, the American Mushroom Institute (AMI) petitioned the USITC for import relief alleging that increased imports of canned mushrooms had seriously injured the domestic industry and were forcing some domestic canners out of business.

The USITC initiated an investigation on the merits of the AMI petition and concluded that increased imports of canned mushrooms were a substantial cause of the serious injury or threat of serious injury to the domestic mushroom industry.

The USITC forwarded a recommendation to President Carter calling for import quotas at specified levels over 3 years to provide an opportunity for the domestic mushroom processing industry to adjust to imports. Under the law, President Carter had the option of (1) accepting the USITC recommendation, (2) rejecting the recommendation and refusing to grant relief, or (3) rejecting the recommendation and substituting alternative relief measures.

President Carter subsequently issued a proclamation increasing the duty on imported mushrooms. The decision to increase tariffs rather than impose a quota was based on foreign policy considerations. The Carter Administration believed that U.S. trade relations with the People's Republic of China (PRC), Taiwan, South Korea, and Hong Kong, would be adversely affected by a quota because no conceivable quota allocation method would give the PRC an acceptable market share without reducing the shares of other major suppliers. The tariff option had the decided advantage of placing an equal burden on all trading partners.

Concurrent with the imposition of the duty on imported canned mushrooms, a U.S. Government Mushroom Industry Task Force was established and charged with providing the domestic industry with technical and financial assistance to facilitate the effort to adjust to imports. The task force has prepared a report on the American mushroom industry and has presented it to industry representatives.

SOVIET GRAIN AGREEMENT

Consultations with the Soviet Union under the terms of the current long-term grain agreement have been scheduled for May 21-22 in Paris.

Such consultations will include discussions of the supply-demand situation, shipment and delivery schedules, and the acceptability of delivery of Soviet-purchased U.S. grain to non-Soviet destinations, i.e., Poland. Sources in the grain trade indicate that the Soviets may buy almost all of the 23 million metric tons of grain offered them by the U.S. last fall. To date the Soviets have purchased 14 million of the 23 million metric tons.

The subject of negotiation of a new U.S.-U.S.S.R grain agreement may be raised by the Soviets during the consultations. The Polish declaration of martial law resulted in the U.S. postponing talks with the Soviets on this matter. The current grain agreement expires at the end of Septemeber, and the Soviets seem anxious to explore the possibility of establishing a new framework for grain trade with the U.S. Soviet Ambassador Dobrynin reportedly told Senators Dole and Jepsen on March 19 that the Soviet Union and the United States have a mutual interest in the negotiation of a formal trading structure.

The current tension between Argentina and Great Britain could add to the enthusiasm of the Soviets for a new agreement, particularly if it looked like Argentine grain shipments could be interrupted for any substantial period of time as a result of warfare or economic blockades.

The Administration is fast approaching a time when it will have to decide whether a sanction imposed against the Soviets as a result of the Polish situation should be lifted in order to help American farmers gain a larger share of the Soviet grain market.

May 13, 1982

BRIEFING ON GYPSY MOTH

Gypsy moth, introduced to the United States from Europe in 1869, defoliated an unprecedented 12.8 million acres of eastern hardwoods in 1981 and a similar acreage is expected to be defoliated this year.

In 1981 Pennsylvania had 2,527,750 acres defoliated and expects this to increase to 4,000,000 acres in 1982. They are currently in the process of spraying 530,000 acres to control the pest in high value areas. The total cost of the spraying is \$6,614,584 with the Forest Service providing \$1,653,646.

The Federal Government through the USDA Forest Service has provided research and technical assistance on how to control the pest and has provided a coordinating function among the States. It has also provided a share of the cost of control. This share averaged 47 percent in 1976-81. In 1982 the Forest Service's pest management budget allowed for only a 12.5 percent Federal share, but due to intense pressure they reprogramed this week an additional \$1.8 MM to bring the share to 25 percent. The 1983 budget will eliminate Federal cost-sharing for the control of this pest.

Beginning in 1983, the Federal role will be restricted to providing research and development, technical assistance and coordination.

USDA

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THE WHITE HOUSE

WASHINGTON

May 13, 1982

MEMORANDUM FOR THE PRESIDENT

FROM:

ED ROLLINS

*P.R.
see E.R.*

SUBJECT:

ATTENDANCE AT FUNDRAISING RECEPTION AND LUNCHEON
FOR GOVERNOR DICK THORNBURGH
FRIDAY, MAY 14, 1982
PHILADELPHIA, PENNSYLVANIA

I. PURPOSE

The reception and luncheon are being held to generate financial support for Governor Dick Thornburgh's re-election campaign.

II. BACKGROUND

Republican Governor Dick Thornburgh is seeking re-election this year. He is expected to face Democrat U.S. Congressman Allan Ertel in the general election. Governor Thornburgh has remained supportive of the President's Economic Program, and is expected to win a second term in November.

III. PARTICIPANTS

A. GUESTS

Secretary of Health and Human Services Richard S. Schweiker
Secretary of Transportation Drew Lewis
U.S. Senator Arlen Specter (R-Pennsylvania)
Other distinguished Invitees
Reception and Luncheon Attendees

B. STAFF CONTACT

Paul Russo

IV. PRESS PLAN

A. RECEPTION

Closed Press

B. LUNCHEON

Open Press

V. SEQUENCE OF EVENTS (TENTATIVE)

A. RECEPTION

12:20p.m. The President arrives at fundraising reception
for Governor Dick Thornburgh
Bellevue Stratford Hotel
Philadelphia, Pennsylvania

200 people
\$500 per person

The President makes brief remarks

12:30p.m. The President concludes remarks and departs.

B. LUNCHEON

12:50p.m. The President arrives at fundraising luncheon
for Governor Dick Thornburgh
Bellevue Stratford Hotel
Philadelphia, Pennsylvania

800 People
\$300 per person

The President remains standing for invocation

Lunch is served

2:07p.m. Fred Anton, President of the Pennsylvania
Manufacturers Association, introduces
Governor Thornburgh

Governor Thornburgh introduces the President

The President makes brief remarks

2:20p.m. The President concludes remarks and departs,
accompanied by Governor Thornburgh

THE WHITE HOUSE

WASHINGTON

May 13, 1982

MEMORANDUM FOR THE PRESIDENT

FROM: ED ROLLINS *PR. for E.R.*

SUBJECT: ATTENDANCE AT FUNDRAISING RECEPTIONS FOR
U.S. SENATOR JOHN HEINZ
FRIDAY, MAY 14, 1982
PHILADELPHIA, PENNSYLVANIA

I. PURPOSE

The receptions are being held to generate financial support for Senator Heinz' re-election campaign.

II. BACKGROUND

Republican U.S. Senator John Heinz is seeking re-election this year. He is expected to face Allegheny County (Pittsburgh) Commissioner, Democrat Cyril Wecht in the general election. Heinz has remained very popular in Pennsylvania, and is heavily favored to win a second term in November.

III. PARTICIPANTS

A. GUESTS

Secretary of Health and Human Services Richard S. Schweiker
Secretary of Transportation Drew Lewis
U.S. Senator Arlen Specter (R-Pennsylvania)
Other distinguished Invitees
Reception Attendees

B. STAFF CONTACT

Paul Russo

IV. PRESS PLAN

A. FIRST RECEPTION

Expanded Press Pool

B. SECOND RECEPTION

Closed Press

V. SEQUENCE OF EVENTS (TENTATIVE)

A. FIRST RECEPTION

4:45p.m. The President, escorted by Senator Heinz, enters
fundraising reception for Senator Heinz
The Dominion Ballroom
The Franklin Plaza Hotel
Philadelphia, Pennsylvania

500 people
\$250 per person

The President makes brief remarks

5:00p.m. The President concludes remarks and departs

B. SECOND RECEPTION

5:10p.m. The President enters fundraising reception
for Senator Heinz
The Provincial Ballroom
The Franklin Plaza Hotel
Philadelphia, Pennsylvania

185 people
\$1,000 per person

Senator Heinz introduces the President

The President makes brief remarks

5:20p.m. The President concludes remarks and departs