

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual
collections.

Collection: President, Office of the: Presidential
Briefing Papers: Records, 1981-1989

Folder Title: 10/06/1982 (Case File: 103626) (1)

Box: 22

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library
inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at:

reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name PRESIDENT, OFFICE OF THE: PRESIDENTIAL BRIEFING PAPERS

Withdrawer

RBW 12/20/2007

File Folder 10/06/1982 (CASEFILE 103626)

FOIA

S07-0077/01

Box Number

120

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	LIST	NRCC -SPONSORED EVENT	2	10/4/1982	B6

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Handwritten initials

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

TR

- X - MEDIA
- H - INTERNAL

Name of Document: BRIEFING PAPERS FOR
PRESIDENT'S SCHEDULED
APPOINTMENTS FOR OCT 0682

Subject Codes:

1) Subject: Meeting with the (Combined) Cabinet
Council - on Legal Policy and the
Cabinet Council and on Food and
Agriculture to discuss:
 A) organized crime and narcotics
 B) wheat flour export subsidy

PR 007.01
FG 010.02
JL 003.
HE 006.01
TA 003.
CM 003.04

REPUBLICAN

2) Meeting with Congressional candidates

PL 005.04
FG 032.

3) Luncheon with Ambassador
Philip Habib

FO 002.
SO 003.
CO 001.07

4) Video taping of political spots
on behalf of the National Republican
Congressional Committee and
Rep. Senate, House and
Gubernatorial candidates.

PR 011.
ST.
FG 033.
FG 031.
PR 016.01

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 SCHEDULE OF
PRESIDENT RONALD REAGAN

Wednesday, October 6, 1982



9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark)	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (30 min)	<u>Meeting with Cabinet Council on Legal Policy</u> (Fuller)	Cabinet Room (Tab A)
10:30 am (60 min)	<u>Meeting with Cabinet Council on Food and Agriculture</u> (Fuller)	Cabinet Room (Tab A)
11:30 am (45 min)	<u>Personal Staff Time</u>	Oval Office
12:15 pm (15 min)	<u>Dropby Meeting of GOP Candidates</u> (Rollins/Henkel)	East Room (Tab B) (draft remarks attached)
12:30 pm (60 min)	<u>Lunch with Ambassador Habib</u> (Clark)	Oval Office (Tab C)
1:30 pm (60 min)	<u>Videotape for GOP Candidates</u> (Rollins/Goode)	Library (Tab D) (draft remarks attached)
2:30 pm (60 min)	<u>Private Meeting</u> (Baker)	Residence
3:30 pm	<u>Personal Staff Time for Remainder of the Day</u>	Residence

UNP 10/5/82
5:00 pm

THE WHITE HOUSE
WASHINGTON

October 5, 1982

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: WILLIAM P. CLARK *WPC*SUBJECT: Participants: President's Luncheon
with Ambassador Philip Habib
Wednesday, October 6 -- 12:30 p.m.*CABINET Room*

The President will be lunching with Ambassador Habib on Wednesday, October 6, at 12:30 p.m., for sixty minutes. Following is the list of participants:

The President
Ambassador Philip Habib
Acting Secretary of State Kenneth Dam
Edwin Meese, III
~~James A. Baker, III~~
~~Michael K. Deaver~~
William P. Clark
Robert C. McFarlane
Secretary of Defense Weinberger

Box



Wednesday, October 6, 1982

9:00 *oval*

9:00 am Staff Time *9:02 -* Oval Office
(30 min) (Baker, Meese, Deaver)

9:30 am National Security Briefing *9:25* Oval Office
(15 min) (Clark), *Bush, GM, JB, MKD*

~~9:45 am Senior Staff Time Oval Office
(15 min)~~

10:00 am Meeting with Cabinet Council on Legal Cabinet Room
(30 min) Policy *10:03 - 10:35*
(Fuller) (Tab A)

10:30 am ~~Meeting with Cabinet Council on Food Cabinet Room
(60 min) and Agriculture
(Fuller) (Tab A)~~

11:30 am Personal Staff Time Oval Office
(45 min)

12:15 pm Dropby Meeting of GOP Candidates East Room
(15 min) (Rollins/Henkel) (Tab B) (draft remarks attached)

12:30 pm Lunch with Ambassador Habib ~~Oval Office~~
(60 min) (Clark) *12:45 - 1345* (Tab C) *CABINET ROOM*

1:30 pm Videotape for GOP Candidates Library
(60 min) (Rollins/Goode) (Tab D) (draft remarks attached)
1352 - 1455

2:30 pm Private Meeting Residence
(60 min) (Baker) *1459 - 1558 1605*

3:30 pm Personal Staff Time for Remainder Residence
of the Day

Ruge pri shot 1455 - 1457

DCR



Wednesday, October 6, 1982

9:00 *oval*

9:00 am Staff Time *9:02 -* Oval Office
(30 min) (Baker, Meese, Deaver)

9:30 am National Security Briefing *9:25* Oval Office
(15 min) (Clark) *Busby, G.M., J.B., MKD*

~~9:45 am Senior Staff Time Oval Office
(15 min)~~

10:00 am Meeting with Cabinet Council on Legal Cabinet Room
(30 min) Policy *10:08 - 10:35*
(Fuller) (Tab A)

10:30 am ~~Meeting with Cabinet Council on Food Cabinet Room
(60 min) and Agriculture~~
(Fuller) (Tab A)

11:30 am Personal Staff Time Oval Office
(45 min)

12:15 pm Dropby Meeting of GOP Candidates *1213-1242* East Room
(15 min) (Rollins/Henkel) (Tab B) (draft remarks attached)

12:30 pm Lunch with Ambassador Habib *1247-1239* ~~Oval Office~~
(60 min) (Clark) *12:45-1345* (Tab C) *CABINET ROOM*

1:30 pm Videotape for GOP Candidates *145-* Library
(60 min) (Rollins/Goode) (Tab D) (draft remarks attached)

2:30 pm Private Meeting Residence
(60 min) (Baker) *1352-1455*

3:30 pm Personal Staff Time for Remainder Residence
of the Day

Runge for shot 1455-1457

UNP 10/5/82
5:00 pm

PRESIDENT'S LUNCHEON WITH AMBASSADOR PHILIP HABIB

Wednesday, October 6, 1982 -- 12:30 p.m.

The President

Ambassador Philip Habib

Acting Secretary of State Kenneth Dam

Edwin Meese, III

~~James A. Baker, III~~

~~Michael K. Deaver~~

William P. Clark

Robert C. McFarlane

Paul Wrenberg

THE WHITE HOUSE
WASHINGTON

October 5, 1982

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: WILLIAM P. CLARK *WPC*SUBJECT: Participants: President's Luncheon
with Ambassador Philip Habib
Wednesday, October 6 -- 12:30 p.m.*CABINET Room*

The President will be lunching with Ambassador Habib on Wednesday, October 6, at 12:30 p.m., for sixty minutes. Following is the list of participants:

The President
Ambassador Philip Habib
Acting Secretary of State Kenneth Dam
Edwin Meese, III
~~James A. Baker, III~~
~~Michael K. Deever~~
William P. Clark
Robert C. McFarlane
Secretary of Defense Weinberger

THE SCHEDULE OF
PRESIDENT RONALD REAGAN



Wednesday, October 6, 1982

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Clark)	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (30 min)	<u>Meeting with Cabinet Council on Legal Policy</u> (Fuller)	Cabinet Room (Tab A)
10:30 am (60 min)	<u>Meeting with Cabinet Council on Food and Agriculture</u> (Fuller)	Cabinet Room (Tab A)
11:30 am (45 min)	<u>Personal Staff Time</u>	Oval Office
12:15 pm (15 min)	<u>Dropby Meeting of GOP Candidates</u> (Rollins/Henkel)	East Room (Tab B) (draft remarks attached)
12:30 pm (60 min)	<u>Lunch with Ambassador Habib</u> (Clark)	Oval Office (Tab C)
1:30 pm (60 min)	<u>Videotape for GOP Candidates</u> (Rollins/Goode)	Library (Tab D) (draft remarks attached)
2:30 pm (60 min)	<u>Private Meeting</u> (Baker)	Residence
3:30 pm	<u>Personal Staff Time for Remainder of the Day</u>	Residence

UNP 10/5/82
5:00 pm

THE WHITE HOUSE
WASHINGTON

October 5, 1982

MEMORANDUM FOR MICHAEL K. DEAVER

FROM: WILLIAM P. CLARK *WPC*SUBJECT: Participants: President's Luncheon
with Ambassador Philip Habib
Wednesday, October 6 -- 12:30 p.m.

The President will be lunching with Ambassador Habib on Wednesday, October 6, at 12:30 p.m., for sixty minutes. Following is the list of participants:

- The President
- Ambassador Philip Habib
- Acting Secretary of State Kenneth Dam
- Edwin Meese, III
- ~~James A. Baker, III~~
- ~~Michael K. Deaver~~
- William P. Clark
- Robert C. McFarlane
- Secretary of Defense Weinberger

THE WHITE HOUSE

WASHINGTON

October 5, 1982

BRIEFING PAPER FOR THE PRESIDENT

MEETING WITH THE CABINET COUNCILS
ON LEGAL POLICY AND FOOD AND AGRICULTURE

DATE: October 6, 1982

LOCATION: Cabinet Room

TIME: 10:00 AM

FROM: Craig L. Fuller *CF*

I. PURPOSE

Cabinet Council on Legal Policy will have follow-up discussion on the proposal dealing with Organized Crime and Narcotics.

Cabinet Council on Food and Agriculture will discuss the Wheat Flour Export Subsidy. Also there will be discussion of the mid-term planning report.

II. BACKGROUND

CCLP: The proposal dealing with Organized Crime and Narcotics has now been reviewed by each of the Cabinet Departments and the Budget Review Board is meeting tomorrow on the dollar recommendation. A decision memorandum will be prepared to outline all of the unresolved issues individually and set forth the overall plan as it has been agreed upon by the Departments and Agencies.

CCFA: Wheat Flour Export Subsidy--USDA has been working with an interagency group on this matter and will have a discussion paper for the meeting. *Attached CF*
USDA is seeking authorization to develop an agreement allowing the U.S. to sell wheat flour to Egypt as an important part of our strategy to cope with the EC's subsidy of agriculture exports.
Mid-term planning Report--The Cabinet Council members will be prepared to discuss priorities within their jurisdiction during the next year.

III. PARTICIPANTS

A list will be attached to the agenda.

IV. PRESS PLAN (closed)

V. SEQUENCE

Attorney General Smith will lead the discussion for CCLP -- 30 minutes. Secretary Block will lead the discussion for CCFA -- 60 minutes.

B

THE WHITE HOUSE

WASHINGTON

October 5, 1982

MEMORANDUM FOR THE CABINET COUNCIL ON FOOD AND AGRICULTURE

FROM: DANNY J. BOGGS, EXECUTIVE SECRETARY

SUBJECT: Wheat Flour Export Subsidy Program

I. STATEMENT OF THE ISSUE

Should the U.S. government institute an export subsidy program to promote sales of wheat flour abroad?

II. BACKGROUND

The European Community (EC) subsidizes agricultural exports at an annual outlay of \$7-8 billion in order to dispose of surplus agricultural production resulting from high domestic support prices. This year EC support prices were increased by an average of 11 percent, further encouraging production at a time when the world is faced with a large agricultural surplus. In the face of these subsidies, the U.S. has not gained a fair share of the expanding global market for agricultural products. In fact, U.S. shares of some markets are being eroded by Community subsidies.

In the early 1960s, the U.S. regularly supplied over 45 percent of the world's wheat flour import needs, with the EC share around 25 percent. Today, in a market which has grown very little in 20 years, the EC share is 65 percent. U.S. wheat flour exports account for only 25 percent.

In December 1975, the U.S. wheat flour industry filed a complaint with the U.S. government under section 301 of the Trade Act of 1974. This petition stated that EC export subsidies had unfairly enlarged the EC's share of the world market. Since then, the U.S. has worked bilaterally with the Community to resolve the complaint. Finally, the case was submitted to a GATT dispute settlement panel in January 1982 to be resolved according to GATT rules. Under those rules, a panel decision was due no later than March 22,

1982. Even with procedural delays, a panel decision could have been expected by the end of June 1982. It now appears that a decision cannot be expected before February 1983. The wheat flour case is the oldest of the five 301 cases currently before the GATT.

The Omnibus Budget Reconciliation Act of 1982 contains a provision which requires the Secretary of Agriculture to spend \$175-190 million per year for the next three fiscal years for export activities authorized by current law. The conference report accompanying the Act expresses the intent of the conferees that the Secretary, to the greatest extent practicable and where appropriate, use these funds for interest buy-downs, export credit sales, or direct export subsidies in order that American farmers and exporters may compete in international trade on an equal basis with foreign competitors. The Administration will have to decide how to implement this export promotion program.

III. PROPOSAL

USDA proposes instituting a limited export subsidy program for wheat flour for one year, targeted specifically at Egypt, to counter the EC's export subsidies on wheat flour.

Under USDA's proposal, the subsidy program would establish a fixed landed price for U.S. wheat flour sufficiently competitive to displace the 1.1 million tons of EC flour sold to Egypt on a commercial basis. The U.S. cost would be approximately \$100 million, which would be counted against the \$175-190 million stipulated in the Reconciliation Act. Discussions with the Egyptians would make it clear that the U.S. would consider Egyptian commercial purchases of U.S. wheat flour in allocating PL 480 funds. U.S. exporters would bid competitively against regular tenders, with the lowest subsidy request being awarded the contract. Payment of the subsidy would be made directly to the shipper by USDA.

Should the decision be made to implement the subsidy program, the U.S. should negotiate an agreement with Egypt as quickly and quietly as possible. Advance notice of our intention to seek such an agreement could: 1) build expectations that perhaps could not be met; and 2) alert the EC to the U.S. strategy and perhaps allow them to take actions that might make reaching an agreement with Egypt more difficult. Only after successful conclusion of discussions should any notice be given of the action, and such notice should be handled so as to convey the sense that the action was taken reluctantly. In addition, all public comment should be couched in a manner that is non-confrontational in order to give support to our friends in the EC who oppose subsidies and fear a subsidy war.

It also should be made apparent that the U.S. will not continue the program in future years if the GATT panel rules that subsidies of this type are illegal.

IV. DISCUSSION

Egypt is the world's largest wheat flour market representing a third of global wheat flour imports. For the EC, Egypt represents a third of total EC flour exports. The Egyptian flour market has nearly doubled in the past three years. The EC, with export subsidies ranging from \$80-100 per ton, captured all of that growth, the U.S. none. The U.S., however, does ship substantial quantities of PL 480 commodities to Egypt, primarily wheat and wheat flour, accounting for approximately 40 percent of the total global PL 480 program.

Implementation of an export subsidy program for wheat flour would constitute a clean break with past U.S. practice of not providing direct export subsidies.

Advantages

The U.S. wheat flour export subsidy to Egypt:

- o Would send a signal that the U.S. is serious about resisting further market erosion at the hands of the EC and wants a speedy resolution of the long-standing subsidies issue;
- o Would result in immediate, direct and significant budgetary losses to the EC, in addition to the large program outlays already involved;
- o Would limit U.S. budgetary exposure through a single-commodity-single-country "target" approach.
- o Would exhibit the Administration's commitment to defend domestic agricultural constituencies from the unfair trade practices of our trading partners.

Disadvantages

Initiation of an export subsidy program for wheat flour shipped to Egypt:

- o Could invite EC retaliation against other U.S. agricultural products such as soybeans and corn gluten; and could further exacerbate U.S.-EC tensions over such matters as the Soviet gas pipeline and steel;

- o Could prompt other commodity groups to request like treatment from the federal government, thus increasing the prospect of large budget outlays;
- o Could annoy U.S. consumers who would be paying more for wheat flour than their foreign counterparts;
- o Could result in the displacement of U.S. and other countries' sales of wheat flour in other markets.

THE WHITE HOUSE

WASHINGTON

October 5, 1982

MEETING WITH CONGRESSIONAL CANDIDATES

OCTOBER 6, 1982

EAST ROOM, WHITE HOUSE

12:15 P.M.

FROM: EDWARD J. ROLLINS *ER*

I. PURPOSE

To offer support and backup for candidates on how to deal with the unemployment situation in their campaigns

II. BACKGROUND

The National Republican Congressional Committee is holding a one-day seminar for candidates prior to the announcement later this week that unemployment has reached 10 percent. The series of meetings will brief these selected candidates on how to deal with the statistics in speeches and in answering questions on unemployment.

This is the last meeting of key challengers prior to the election.

III. PARTICIPANTS

List is attached

IV. PRESS PLAN

Press coverage

V. SEQUENCE OF EVENTS

Candidates will be in briefings in 450 OEOB all morning. Ed Meese will be last to speak at 11:30 for 20 minutes. At 11:50, candidates will be moved to the East Room. Candidates are seated theatre style to await the PRESIDENT. At 12:15, the PRESIDENT is announced and moves to stage. PRESIDENT addresses the group for approximately 15 minutes. The PRESIDENT departs the East Room through the central hall. Guests depart the White House.

Attachment:

Guest List

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

PRESIDENT, OFFICE OF THE: PRESIDENTIAL BRIEFING PAPERS

Withdrawer

RB 12/20/2007
W

File Folder

10/06/1982 (CASEFILE 103626)

FOIA

S07-0077/01

Box Number

120

<i>DOC Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
<i>NO Document Description</i>	<i>pages</i>		<i>tions</i>

1	LIST	2	10/4/1982	B6
	NRCC -SPONSORED EVENT			

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

(Elliott/AB)
October 5, 1982
7:30 p.m.

PRESIDENTIAL REMARKS: GOP CANDIDATE BRIEFING
WEDNESDAY, OCTOBER 6, 1982

Thank you very much. It's great to see all of you here. Before I forget, I want to remind you to keep a spot open on your calendars right after the November elections -- I'd like to have the pleasure of welcoming back the new superstars of 1982.

I want to thank you, too, for everything you are doing to support our party, and those values so crucial to a strong, successful country. Hard work, personal initiative, opportunity, love of family, neighborhood, patriotism and belief in God -- those were the values we pledged to defend and restore in 1980, and they're every bit as important today.

Now I know that there are some, whom I've referred to as Rip Van Winkles, who seem to have forgotten America even existed before 1981. In fact, I think they subscribe to that "big bang theory," where the whole universe suddenly came into being through a big explosion. The only difference is, in their version, the big bang was on January 20, 1981. According to them, our economic crisis emerged full-blown by spontaneous generation just a few seconds after I took the oath of office. Well, with all due respect, you and I have three very important truths to tell this election year.

The first one is, the problems of over-spending, big taxing and runaway bureaucracy that have sapped our economic strength did not begin 20 months ago. They have been building for 20 years, leading us to higher and higher levels of inflation and

unemployment. And it was in the 4 years before we took office that those problems became so acute they nearly brought America down.

Let me just interject a word here about partisanship, because I want to make something plain: when I speak out I am not attacking any one party or administration. I was a Democrat; I was elected with Republican and Democratic votes; our programs could not pass in the Congress without support from responsible Democrats. But I do make one key distinction that is not always picked up: It seems a gulf has developed between the leaders of the Democratic party and millions of rank and file Democrats who do not share the big-government-is-best philosophy of that leadership.

I just wish everyone in Washington could understand what millions of Republicans and Democrats at the grassroots learned long ago: you cannot drink yourself sober, you cannot spend yourself rich, and you cannot prime the pump without pumping the prime.

Now when Gerald Ford left office in January 1977, he left behind an economy recovering from one of those bouts of high inflation and recession caused by Government living beyond its means. Inflation had actually reached double digits in 1974. But by 1976, it was back down to 4.8. The prime rate was under 7 percent. You could get a home mortgage for 9 percent, and consumers could afford auto loans.

But then we took a giant step backward. Spending like there was no tomorrow, opening the floodgates of printing press money,

Government pushed inflation all the way back up to 18 percent by January 1980. 1979 and 1980 witnessed back-to-back years of double-digit price increases -- the first time that had happened in over 60 years. We saw the national debt climbing to one trillion dollars. Interest rates soared to an unbelievable level -- 21½ percent -- their highest peak in more than a century.

For the first time in our history, productivity dropped 2 years in a row. The savings rate plunged. The rate of industrial production dropped every year, and the gross national product dropped 3 years in a row.

Taxes on the people actually doubled in the 5 years before we came to Washington. People were hit with the single highest peacetime tax increase in the history of the Republic. The Government sat back while inflation kicked taxpayers relentlessly into higher tax brackets.

The bottom line was an unacceptable decline in the real wages, earnings and buying power of the working families and senior citizens of America -- the very people our critics profess to care so much about. With Government growing like toadstools after a rainstorm, spinning out of control like a washing machine out of cycle, it was Washington that grew fat and prosperous by making everyone else poorer. Federal spending increased by 17 percent in 1980 alone. Ask the voters in your State this question: How many blue collar workers, small businesses, working mothers or pensioners could say their wages, profits, pensions or savings grew by 17 percent in 1980?

Let us make one thing plain in this election year: There is no morality in the misery those failed policies caused. Inflation is the greatest enemy of all the people and of our hopes for economic growth. So those who helped tax and spend this Nation to the brink of bankruptcy should be the last ones delivering lectures on the most fair, effective way to end the crisis.

We are all paying dearly for those tragic excesses. Who can remember any other time in this country when we faced double-digit inflation, 21½ percent interest rates, a trillion dollar debt, and the highest peacetime tax burden in our history all at the same time? Yet that's exactly the situation our Administration inherited only 20 months ago. Just think of it: Because of that trillion dollar debt, the Government must now spend \$110 billion this year just to cover the interest.

Today, nearly 11 million people are out of work and I share their frustration. Every American should be shocked at the economic chaos which created today's needless results. It is agonizing to me that there is not a quicker, easier cure for this terrible economic illness that was so long in the making.

But here is the second important truth that must be told: from our very first day in office, we have been working to undo the wreckage left behind -- and we are beginning to succeed.

We have pulled America back from the edge of disaster. We are not as far along as I'd hoped we would be. But we are better off than we were 20 months ago. The same neglected problems that

were dragging us down into recession in 1980 are being confronted today, paving the way for recovery.

You know the great Western leader, Winston Churchill, once said that, when a train is running on the wrong track downhill, you cannot try to stop it by building a brick wall across the track. You have to slow it down, then go into reverse back to the junction, so you can switch it over to the right track.

Well, that's what we're doing. Our first, urgent priority was to beat down double-digit inflation. Until people are convinced inflation is coming down, and will stay down, they'll demand higher and higher rates of interest to keep the dollars they lend from losing value. It was the expectation that double-digit inflation was here to stay which caused interest rates to zoom up to 21½ percent. And that's what made it impossible for families to get home mortgages, for consumers to carry auto loans, for firms to modernize machines to keep product prices competitive. It was double-digit inflation and high interest rates that crippled the economy's ability to provide jobs, even as they squeezed the earnings and buying power of more and more families, forcing them to seek a second income in the job market.

Well, our program has been on the books now for just 1 year. Already that inflation rate, which averaged 12.4 percent in 1980, and which the experts said would remain in double digits for the rest of this decade, has been beaten down to 5.1 percent. And I've got news for those experts -- we're going to do even better. We have reduced inflation by 59 percent since 1980. Interest

rates are down nearly 40 percent from their highs -- still not enough -- but we're headed in the right direction and we'll make more progress.

This progress against inflation, and the first real tax cut for everyone in nearly 20 years, has led to more savings, higher real earnings, and more purchasing power for families. Their paychecks buy more.

You know we hear so much breast-beating about fairness and compassion, but let me give you a statistic that shows we're providing the kind of compassion that never existed under the policies of the past. The average family is about \$1,500 better off today than if inflation and taxes had kept soaring at their 1980 rates. Let me repeat that number because it's so important -- an average family is \$1,500 better off than if we had continued the tax and spend policies of the past.

I'm proud that we've had the courage, when others before us flinched, to make the tough decisions to curb runaway spending.

I'm proud that we went to bat for taxpayers, when others before us refused. We've made it possible for people to start keeping more of the money they earn again: a 25-percent, tax-rate cut, indexing of tax brackets to end bracket creep, a reduction in the marriage penalty, an increase in the child-care credit, new incentives for retirement savings, raising the estate tax exemption to \$600,000 for farmers and family businesses -- and, of even greater help, there will be no estate tax for a surviving spouse.

We have a comprehensive plan, and it's working. It's bringing inflation and interest rates down, it's increasing purchasing power, and it's promoting new savings -- it's beginning to do all the things needed to move the economy from recession to recovery. Yes, it does require patience. Tragically, unemployment is always one of the last indicators to turn around. Until it does, we'll provide assistance with extended unemployment benefits. And soon, I will sign legislation for a program to train up to a million unemployed people or more per year, for permanent, real private sector jobs.

We still have a long way to go. The House leadership left without taking action on tuition tax credits, enterprise zones, or legislation designed to crack down on crime and make our streets safe. The House leadership left to campaign without passing appropriations bills that hold the line on spending. It stonewalled for months, then voted down a constitutional amendment to balance the Federal budget. Those who voted against that balanced budget amendment voted to weaken the financial security of every American family. What people want -- and certainly deserve -- is less political delay and demagoguery, and more action to reduce the burden of that terrible trillion dollar debt on their children and grandchildren. You and I can fight that battle for them. We must fight it -- and we will.

That's why you have a third truth to tell in the months ahead: the choice of American voters this year is just as important as the one they had 2 years ago.

It's a clear choice about the kind of Nation we will be -- whether we will stick to our sure and steady course to put America back on track, or whether we will slide backwards into another economic binge like the one which left us with today's pounding, national hangover.

Let our message be clear: We are asking the American people to stand with us, steady and unfaltering. We can turn the hopes of our people into the renewal of all the dreams and opportunities that our Nation was placed on this Earth to provide.

You know, I've seen a good deal of speculation lately about our prospects this November. Some people seem too optimistic; others are already too discouraged. But let me tell you what I know for sure: we go into this campaign season with four great assets:

- good candidates
- good organization
- good funds -- and those funds come from a broad base of small givers across the Nation;
- and, finally, we're on the right side of the issues.

I believe with all my heart that America today is better off than it was 2 years ago -- stronger economically, militarily and, yes, even morally. We can stand tall and proud on our record and on the hopes that we offer for the future.

So, let's go out there in the last 3 weeks of this campaign with optimism and determination. We know our numbers are smaller than those of the opposition. But, as Dwight Eisenhower once

said, "It's not the size of the dog in the fight that counts; it's the size of the fight in the dog."

And I can promise you that if we go into this election in a fighting spirit, we will deliver on November 2nd just what we all want -- a stunning surprise.


Good luck, God bless you, and as I said -- I'll see you soon.

C

THE WHITE HOUSE
WASHINGTON

October 5, 1982

MEMORANDUM FOR MICHAEL K. DEAVER

FROM: WILLIAM P. CLARK SUBJECT: Participants: President's Luncheon
with Ambassador Philip Habib
Wednesday, October 6 -- 12:30 p.m.

The President will be lunching with Ambassador Habib on Wednesday, October 6, at 12:30 p.m., for sixty minutes. Following is the list of participants:

The President
Ambassador Philip Habib
Acting Secretary of State Kenneth Dam
Edwin Meese, III
James A. Baker, III
Michael K. Deaver
William P. Clark
Robert C. McFarlane
Secretary of Defense Weinberger

PRESIDENT'S LUNCHEON WITH AMBASSADOR PHILIP HABIB

Wednesday, October 6, 1982 -- 12:30 p.m.

The President

Ambassador Philip Habib

Acting Secretary of State Kenneth Dam

Edwin Meese, III

~~James A. Baker, III~~

~~Michael R. Deaver~~

William P. Clark

Robert C. McFarlane

Paul Westberg

THE WHITE HOUSE

WASHINGTON

October 5, 1982

MEMORANDUM FOR MICHAEL K. DEAVER

FROM: WILLIAM P. CLARK *WPC*SUBJECT: Participants: President's Luncheon
with Ambassador Philip Habib
Wednesday, October 6 -- 12:30 p.m.

The President will be lunching with Ambassador Habib on Wednesday, October 6, at 12:30 p.m., for sixty minutes. Following is the list of participants:

- The President
- Ambassador Philip Habib
- Acting Secretary of State Kenneth Dam
- Edwin Meese, III
- ~~James A. Baker, III~~
- ~~Michael K. Deaver~~
- William P. Clark
- Robert C. McFarlane
- Secretary of Defense Weinberger