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JG

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

TR

- X-MEDIA
- H-INTERNAL

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

FEB 14 83

Subject Codes:

Subject: Meeting to discuss the fiscal
year 1983 budget of the International
Development Association with
Republican Congressmen:
A) BILL YOUNG
B) JACK KENNEDY
C) MICKEY EDWARDS
D) JERRY LEWIS

P	R	0	0	7	-	0	1
F	I	0	0	4	-		
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T	R	0	0	1	-		
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P	R	0	1	6	-		
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Draft of remarks for live tele-
conference with Arizona
Young Presidents Organization
from the Chamber of
Commerce headquarters.

Interview with editors of Human
Events Magazine.

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMHENL		RSZ			C	

Referral Note:

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

THE PRESIDENT'S SCHEDULE
Monday, February 14, 1983



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>Meeting with Cong. Kemp, Lewis, Young and Edwards</u> (Duberstein)	Oval Office (Tab A)
10:00 am (30 min)	<u>Personal Staff Time</u>	Oval Office
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11:45 am (35 min)	<u>Lunch</u>	Oval Office
12:20 pm	<u>Depart for Chamber of Commerce for Teleconference to YPO's</u> (Gergen)	South Grounds (Tab B) (draft remarks attached)
2:00 pm (60 min)	<u>Issues Meeting</u> (Darman/Fuller)	Cabinet Room (available Monday a.m.)
3:00 pm (30 min)	<u>Briefing Time</u>	Oval Office
3:30 pm (45 min)	<u>Human Events Interview</u> (Gergen)	Oval Office (Tab C)
4:30 pm (15 min)	<u>Haircut</u>	West Basement
7:40 pm	N <u>Depart for Dinner with Presidential Authors at Hatfield's Residence</u> (Henkel)	South Grounds (available Monday a.m.)

UNP 2/11/83
5:00 pm

PARTICIPANTS LIST

- The President
- Secretary of State Shultz
- Secretary of the Treasury Regan
- *BUSH*

Members of Congress

- ~~Congressman C. W. "Bill" Young (R-Florida)~~
- Congressman Jack Kemp (R-New York)
- ~~Congressman Mickey Edwards (R-Oklahoma)~~
- Congressman Jerry Lewis (R-California)

Staff

- Edwin Meese
- James Baker
- William Clark
- ~~Kenneth Duberstein~~

Bill O'Leary

Done - [unclear] [unclear]

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Def



THE PRESIDENT'S SCHEDULE
Monday, February 14, 1983

9:05 oval

9:00 am (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> <i>9:28 - 10:45</i> (Clark) <i>NORMAN BAILEY, BUSH, EM, JR, WKS, McFARLAND</i>	Oval Office
9:45 am (15 min)	Meeting with Cong. Kemp, Lewis, Young and Edwards <i>10:50 - 10:20</i> (Duberstein) (Tab A)	Oval Office
10:00 am (30 min)	<u>Personal Staff Time</u> <i>10:20 - 10:30</i>	Oval Office
10:30 am (40 min)	<u>Clark Briefing</u> <i>10:32 - 11:23</i> (Clark) <i>(Middle East Initiative Briefing)</i>	<i>SITUATION</i> Cabinet Room
11:10 am (35 min)	<u>Personal Staff Time</u>	Oval Office
11:45 am (35 min)	<u>Lunch</u>	Oval Office
12:20 pm	Depart for Chamber of Commerce for <u>Teleconference to YPO's</u> <i>12:20 - 12:50</i> (Gergen) (Tab B) (draft remarks attached)	South Grounds
2:00 pm (60 min)	Issues Meeting <i>12:55 - 1:12 Hallmark Caro Stone</i> (Barman/Fuller) <i>17E STREET Improvements</i>	Cabinet Room (available Monday a.m.)
3:00 pm <i>3:05</i> (30 min)	<u>Briefing Time</u> <i>(EH, DG, LS, M. Allen)</i> <i>Baroody</i>	Oval Office
3:30 pm <i>3:40</i> (45 min)	<u>Human Events Interview</u> (Gergen) (Tab C)	Oval Office
4:30 pm <i>4:45</i> (15 min)	<u>Haircut</u>	West Basement
5:00 <i>5:18</i>	<i>NSPG - SITUATION ROOM</i>	
7:40 pm	N <u>Depart for Dinner with Presidential Authors at Hatfield's Residence</u> (Henkel) (available Monday a.m.)	South Grounds

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2:00 pm (60 min) <i>2:25</i>	<u>Issues Meeting</u> <i>cancelled</i> (Darman, Fulfer) <i>W.R.</i>	Cabinet Room (available Monday a.m.) <i>OAK OFF.</i>
3:00 pm (30 min)	<u>Briefing Time</u> <i>em, DG, LS, MA, + 2 -</i> <i>MIKE BARBODY</i>	Oval Office
3:30 pm <i>-4:40</i> (45 min)	<u>Human Events Interview</u> (Gergen) <i>ALAN ZYSKIND, LS, DG.</i>	Oval Office (Tab C)
<i>4:43 -</i> 4:30 pm (30 min)	<u>Haircut</u>	West Basement
	<i>S.T. Rm.</i>	
7:40 pm	N <u>Depart for Dinner with Presidential Authors at Hatfield's Residence</u> (Henkel)	South Grounds (available Monday a.m.)

THE WHITE HOUSE

WASHINGTON

February 14, 1983

MEMORANDUM FOR DAVE FISCHER

FROM: M. B. OGLESBY, JR. 

SUBJECT: Attendance at Presidential Meeting

The following individuals were in attendance at the 9:45 a.m. meeting today with the President in the Oval Office:

The Vice President
Secretary of State Shultz
Secretary of Treasury Regan

Members of Congress

Congressman Jack Kemp (R-New York)
Congressman Jerry Lewis (R-California)

Staff

Edwin Meese
James Baker
William Clark
M. B. Oglesby, Jr.

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12:20 pm	Depart for Chamber of Commerce for <u>Teleconference to YPO's</u> 12:20 - 12:50 (Gergen) (Tab B) (draft remarks attached)	South Grounds
2:00 pm (60 min)	Issue Meeting 12:55 - 1:12 <i>NAUMARK CARO STONE</i> (Dorman/Fuller) 17 th STREET <i>Impressions</i>	Cabinet Room (available Monday a.m.)
3:00 pm 3:05 (30 min)	1:12 - <u>PERSONAL TIME</u> <u>Briefing Time</u>	Oval Office
3:30 pm 3:40 (45 min)	<u>Human Events Interview</u> (Gergen) (Tab C)	Oval Office
4:30 pm 4:45 (15 min)	<u>Haircut</u>	West Basement
5:00 5:18	<i>NSPG - SITUATION ROOM</i>	
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- William Clark
- ~~Kenneth Duberstein~~

Bill Oberstein

*Dinner - Messer
Beas* →

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UNP 2/11/83
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THE WHITE HOUSE

WASHINGTON

February 14, 1983

MEMORANDUM FOR DAVE FISCHER

FROM: M. B. OGLESBY, JR. 

SUBJECT: Attendance at Presidential Meeting

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Staff

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James Baker
William Clark
M. B. Oglesby, Jr.

A

THE WHITE HOUSE

WASHINGTON

February 10, 1983

MEETING WITH REPUBLICAN CONGRESSMEN C. W. BILL YOUNG
OF FLORIDA, JACK KEMP OF NEW YORK,
MICKEY EDWARDS OF OKLAHOMA, AND
JERRY LEWIS OF CALIFORNIA

DATE: Monday, February 14, 1983
PLACE: The Oval Office
TIME: 9:45 a.m. (15 Minutes)

FROM: Kenneth M. Duberstein *K.M.D.*

I. PURPOSE

To indicate strong Presidential endorsement of the Administration's FY '83 budget request for the funding increment to the sixth replenishment of the International Development Association.

II. BACKGROUND

Congressmen Bill Young, Jack Kemp, Mickey Edwards, and Jerry Lewis have requested a Presidential meeting to discuss their longstanding concerns with United States foreign assistance policy, particularly with respect to U.S. participation in the International Development Association (IDA), the "soft loan," i.e. no-interest, affiliate of the World Bank which provides 50-year loans to the poorest countries. Secretaries Shultz and Regan met on this subject with Kemp and Young on November 24, 1982; Edwards and Lewis were unable to attend.

The Congressmen believe that multilateral aid is less effective in serving U.S. interests than bilateral, and that both have been historically ineffective in promoting economic development or encouraging private sector investment and growth in developing countries. They were dismayed that the Administration decided to honor the IDA VI replenishment negotiated by the Carter Administration, as they had effectively blocked passage of the implementing legislation and were certain this Administration would negotiate a different agreement.

BACKGROUND (CONT'D)

The Members have sought a Presidential meeting since before the Inauguration to discuss this issue. While they agreed not to oppose the FY '82 foreign assistance authorization after a Presidential phone call, they have continued to oppose funding levels requested, thus stretching United States contribution from the original three-year term to four and now a probable fifth year. This has diminished U.S. credibility in international negotiations (e.g., Versailles and Toronto) and in efforts to redirect the policies and programs of the multilateral development banks (MDBs). Their unwillingness to yield on MDB funding, particularly IDA funding, has made it difficult to forge the necessary bipartisan coalition to pass an overall FY '83 foreign assistance request, including the security supporting assistance which these Members support. Of the \$3.24 billion U.S. IDA contribution, Congress has appropriated \$1.2 billion in two years. The present CR would provide \$700 million of the \$945 million requested, leaving \$1.34 billion to be funded in FY '84.

On November 30, the President met with Congressmen Kemp, Edwards, and Lewis, and other bipartisan Members of the House Foreign Operations Appropriations Subcommittee to urge them to act on a FY '83 appropriations bill for outright passage or inclusion in the new Continuing Resolution. At present, there is no indication the House Subcommittee intends any action. While the Senate Foreign Operations Appropriations Subcommittee has marked up an FY '83 bill which increases U.S. IDA funding to \$800 million, it is probable that the current Continuing Resolution level will remain.

The Members may also raise the International Monetary Fund (IMF) quota increase now being negotiated and the problem of adding \$7-8 billion to the foreign aid request.

A previously scheduled meeting on December 14, 1982, was postponed due to an unanticipated conflict in the President's schedule.

Secretaries Shultz and Regan both endorse strongly this meeting.

III. PARTICIPANTS

See attached list.

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE OF EVENTS

No specific agenda.

Attachments: Participants List
Talking Points

PARTICIPANTS LIST

The President
Secretary of State Shultz
Secretary of the Treasury Regan

Members of Congress

Congressman C. W. "Bill" Young (R-Florida)
Congressman Jack Kemp (R-New York)
Congressman Mickey Edwards (R-Oklahoma)
Congressman Jerry Lewis (R-California)

Staff

Edwin Meese
James Baker
William Clark
Kenneth Duberstein

TOPICS OF DISCUSSION

- After several attempts, I am pleased we are finally able to get together to discuss a subject of equal interest-- the sixth replenishment of the International Development Association.

- I am aware of your concerns and know you have met with Don (Regan) and George (Shultz).

- We have reviewed the aid we provide with other donors through multilateral development banks, including IDA. We are working hard to make these institutions more effective.

- We believe lending through the MDBs is far preferable to throwing this issue to UN General Assembly.

- .

- We expect U. S. contributions to future IDA replenishments to be significantly less than the \$1 billion per year negotiated by Carter. If we fail to meet our scheduled contributions, our credibility will be damaged, our friends hurt (Pakistan, Sudan), and the coalition in Congress that passes total foreign aid will not be able to provide sufficient security assistance.

-- I need your support to achieve sufficient appropriations to honor U. S. obligations and enhance our negotiating ability on other issues.

-- (Turn to Don Regan, or George Shultz, for any additional comments that they may have.)

INTERNATIONAL MONETARY FUND (IMF) TALKING POINTS

(In case this comes up, Don Regan is prepared to respond more fully)

- IMF is a monetary, not a foreign aid, institution and it is at the center of international efforts to deal with current global economic and financial difficulties.

- The IMF must have adequate resources to promote stable, open international trade and a financial system essential for U.S. and world economic recovery.

- Failure to act in concert with others now would undermine confidence in the financial markets, create protectionist pressures and damage the recovery.

- IMF has been very helpful in preventing world-wide financial panic in working closely with us to assist Mexico, Argentina, and Brazil.

B

(Maseng/AB)
February 11, 1983
1:00 p.m.

PRESIDENTIAL TAPING: LIVE TELECONFERENCE WITH ARIZONA
YOUNG PRESIDENTS ORGANIZATION
MONDAY, FEBRUARY 14, 1983

Good afternoon. It is a pleasure and a privilege to join such an accomplished group of producers and achievers. The fact that you all became presidents of sizable corporations by the time you were 40 says a lot about your energy, drive and vision -- some of us take a little longer. You are the people most able to lead the coming economic recovery, increase its momentum and bring renewed prosperity to America and the world.

By definition, you are risk-takers, capitalists and entrepreneurs. Your comparative youth also indicates you are open to new ideas, ready to try new ways of doing things. And that's just the kind of attitude we need to guide America into her next period of economic greatness.

Those of you from the Midwest are well aware that the recession has hit hardest in areas dependent on what has been called our "bedrock" industries: autos, steel and chemicals. At the same time, some of our service industries such as banking, computers and communications are not as affected by the slump. They are becoming pillars of our economy.

We are stepping into a new economic era -- and one of the most challenging and exciting decades in our history. High technology is revolutionizing our industries, renewing our economy and promising new hope and opportunity in the years ahead. America is emerging from a painful period of adjustment. We are paying the price for years and years of big spending, big

taxing and over-regulation, but we are also suffering the structural problems of an industrial society transforming into more of a service and information society.

Our traditional, basic industries are not about to die away. America must never abandon them, for they are fundamental to our economic base. But each of us, from corporate presidents to government officials to millions of men and women in the marketplace must recognize what is happening so that we can harness the forces of change to help all of our people.

This technology phenomenon is not new, but is accelerating. Since 1945, service industries have been providing an increasing share of American jobs. Between 1977 and 1980, jobs in computers and data processing increased by 64 percent. By the year I took office, nearly three quarters of all Americans worked in the service industries. In 1982 the service and information sector of our economy made up 50 percent of our total gross national product.

For this growth to continue, we must both revitalize our industrial complex and encourage the boom in our service industries. They depend on each other, and both have a vital role in tomorrow's free market economy.

Our basic industries must move into this new era by using and catering to new technology. Our factories must be retooled and recharged and our systems must integrate high technology whenever possible. If we are to compete internationally, we must, as someone once said, walk forward, not backward, into the future.

You, the captains of industry and commerce, and we in government, share the responsibility for moving our people and our economies over the threshold. We share an obligation to lift all our people into a new age of prosperity, bringing skills to the untrained and opportunity to those without hope. For, as Franklin Roosevelt said, we cannot attain a lasting prosperity "in a Nation half boom and half broke."

In the long run, if men and women like you fulfill your visions, economic growth will put our unemployed back to work, revive idle factories and open the necessary doors of opportunity. As we have seen with the reopening of the Chrysler plants in Fenton, Missouri and the rehiring of a total of 3,200 workers there, the developing recovery is beginning to provide jobs. But, as I have said before, our people continue to hurt. Those of us in government and you in the private sector cannot afford to sit back: we must act. We will not rest until every American who wants a job can find one.

In the short term, I have twice extended the unemployment benefits of workers whose insurance had run out. And I am asking all Federal departments and agencies to study the prospects for speeding up already budgeted construction to provide jobs sooner than later.

But there are other challenges. We must bridge the growing gap between the skills of today's workforce and the future needs of business and industry. That's why, last October, I signed the Job Training Partnership Act, which will train more than one million of our citizens every year in skills that local business,

civic, municipal and labor leaders say are needed in their communities. Shortly I will submit to the Congress the Employment Act of 1983, designed to get at the special problems of the long-term unemployed as well as aid young people trying to enter the job market. I'll propose extending unemployment benefits, special incentives to employers who hire the long-term unemployed, and support for programs for displaced workers, training and relocation assistance. Our proposal will also include new incentives for summer youth employment to help young people get a start in the job market.

In our commitment to ensure that all of our people share tomorrow's opportunities, this Administration is also moving to assure legal and economic equity for women. We will also seek extension of the Civil Rights Commission and we will propose measures to contain the skyrocketing costs of health care.

Above all, Government must get a hammerlock on the budget monster that threatens the road to recovery. I recently sent to the Congress a budget that is fair, prudent and realistic. It includes first, the strong but necessary medicine of a federal spending freeze; second, specific measures to control the "uncontrollable" entitlement programs, third, \$55 billion in defense savings and fourth -- to ensure the reduction and eventual elimination of deficits -- a stand-by tax limited to no more than one percent of the gross national product to start in fiscal 1986.

At the same time, however, this Administration will fight to preserve the third year of the tax break coming to working men

and women this July, and the tax indexing provision which will protect all Americans from inflationary bracket creep. We must not allow inflation to flare up again because of deficit spending, as it has in the past. But let's not lose sight of one vital point. America didn't run up a trillion dollar debt because government didn't tax enough. We're saddled with a trillion dollar debt because government spent too much.

I urge you, as leaders of the private sector, to join us in our campaign to forge a working partnership for recovery between business, labor, education and government. Already, such a partnership is addressing the training needs of American workers. With the help of our Task Force on Private Sector Initiatives, thousands of working people at the community level have already made the shift from dead-end jobs and low-demand skills to the growth areas of high technology and the service economy. There is so much more to be done. Together, we can claim this new world of technology and innovation for America and all of our people.

Now, I understand you may have some questions for me.

[Q&A]

[CONCLUSION:] Together, we are turning America away from past policies of despair and stagnation. Yes, we still face tough challenges, but we know they are not insurmountable. Just as our forefathers tamed a wild continent and built unparalleled prosperity with their vision, courage and hard work, so we can

claim the promise of tomorrow. If we listen to our hearts,
believe in ourselves and pull together, nothing can stand in our
way.

Thank you very much, and God bless you.

C

THE WHITE HOUSE

WASHINGTON

February 11, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID R. GERGEN *Dave*
SUBJECT: Human Events Interview

Allen Ryskind and Tom Winter of Human Events will be interviewing you Monday for the issue that will come out the following Friday, the day you speak to the American Conservative Union in D.C.

Attached are some background materials on issues that are extremely likely to come up in the interview.

Our suggestion is that you take some time in the early part of the interview to drive home a series of accomplishments over the past two years that are of special appeal to conservatives. Some papers are provided here for that purpose.

Attachment

ACCOMPLISHMENTS?

1. Accomplishments -- What are your greatest ones? How will you be remembered in history? Will conservatives look back upon this Administration favorably?

In two years, we have accomplished a great deal that's not only good for the country but should also make conservatives proud. As fellow conservatives, let's take a look at just how far we've come:

General Themes

- o Legitimized and brought into center of national dialogue many key conservative issues. Turned the national debate around. Now the liberals are not proposing many new programs. They are debating how much we should increase defense, how much power should be returned to the States, and whether or not we should allow prayer in schools.
- o We have also credentialed many conservatives for future government service. For first time in our lifetime, large numbers of solid conservatives have had an opportunity to participate in the management of the Federal departments and agencies. They will be able to serve in government under future conservative administrations for many years to come.
- o Both of these changes have profound implications for the future.

Domestic Specifics

- o Overall, we have laid foundations for economic recovery and restoration of U.S. military strength.
- o Specifically, could name many things:
 - inflation at lowest levels since 1972 (when it was artificially held down by wage and price controls) -- this time achieved the right way, through fiscal and monetary restraint so it can stay down;
 - Interest rates down because inflation is lower;
 - Spending growth still too high but -- at about 10% -- is down more than 1/3 from 1980 record rate of 17%;
 - Taxes will be over \$735 billion lower in next 5 years as a result of our programs;
 - Defenses being restored -- have enacted over 90% of what we have sought; 600 ship Navy, morale and re-enlistment rates

up; making up for decade of neglect.

o Other Domestic Accomplishments:

- More than any administration in memory, we have kept the promises of our campaign (e.g., taxes, spending, defense).
- Despite the fact that one House of Congress in hands of other party, we have a substantial string of successes on Capitol Hill, proving that conservatives can govern effectively.
- Have come farther than anyone thought possible in establishing Cabinet government.
- Substantial progress in shrinking size of and intrusiveness of government, e.g. deregulation. Major success in preventing burdensome new regs from being imposed; repealing or reforming old regs more laborious but progress being made.
- Through block grants, have begun the return of power to State and local governments.
- Major cuts and reform of discretionary programs such as CETA.
- Healthy changes in Federal policy toward disruptive issues such as forced school busing and reverse discrimination.
- Major effort underway on tuition tax credit.
- Support for any legitimate pro-life measure in Congress.
- Proposed voluntary prayer amendment and committed to fight for it.
- Proposed regulations to de-politicize Federal grants and contracts. No longer will it be legitimate for tax dollars to be used by grantees to lobby for bigger government.
- On Justice Front, conservatives should especially appreciate how far we've come:
 - * Proposed perhaps the most comprehensive package of tough-minded criminal law reform measures -- e.g., bail reform, sentencing reform, increased penalties for narcotics traffickers. Also cracking down on organized crime and on drugs (e.g. South Florida);
 - * Major, successful effort to appoint devotees of judicial restraint to the bench. Particularly distinguished appointments, in addition to Mrs. O'Connor, have been at Circuit court level: Professors Bork and Scalia (D.C. Court); Posner (7th Circuit) and Winter (2nd Circuit).
 - * In antitrust area, AG and William Baxter (leading conservative professor) have been especially effective in

attacking "big is bad" mythology.

- o Let's also recognize that during entire 97th Congress, few proposals for massive new spending were even seriously discussed. None was enacted. National Health insurance, government-run day care, other key items on the liberal agenda of the '70s have disappeared so far in the '80s.

Foreign Policy Initiatives

The accomplishments and initiatives here are equally lengthy, but let's just name a few of special interest to conservatives:

- Restoration of American defenses;
- Shown a new direction in foreign policy, making it clear that America will no longer be a patsy for the other side. Won't sit still anymore for abuse and double standards in international debate.
- By proposing that we eliminate an entire class of weapons from the face of the earth, we are proving that we can not only hold the moral high ground but that we need not make any more unilateral disarmament concessions to the Soviets.
- Know that conservatives are also pleased that we have taken the right stand on the Law of the Sea Treaty. Major European countries followed our lead despite dire predictions that we would have to stand alone.

SOCIAL SECURITY

2. Many conservatives believe you have capitulated on this, throwing in the towel on taxes without really solving either the short-term or long-term problem. Weren't you just led into this thicket by your liberal advisers? How much control did you really have over the process? (RR can expect several questions on this.)
- o No issue of last two years has been more heavily politicized than Social Security and as Howard Baker has said, it promised to be the most contentious issue of 1983. Hope that the heat of controversy is behind us now.
 - o Hope that's behind us now, but the experience proved no way to solve real problems without bipartisan agreement.
 - o Bipartisanship means compromise and that means accepting some things you don't want to get others that you do want.
 - o Once Commission was formed, didn't seek "control" of process. Whole point was to put Republicans and Democrats together to fashion a plan that would work and get passed by Congress.
 - o They succeeded (at the end in consultation with a superb team from the White House who kept RR fully informed) and produced a plan with widespread general support.
 - o RR doesn't like accelerating taxes; some Democrats don't like COLA delays; federal employees don't like including new hires in the system -- that's the nature of a compromise.
 - o But, on positive side -- plan can ensure solvency of system and make up most, if not every last dollar of system's deficit in both the short-term (through 1990) and the longer term (over the next 75 years).

NOTE: Former chief SS actuary testified Wednesday system may fall short even if Commission plan adopted.

- o Know for sure system can't make it unless changes like Commission plan are adopted. Retirement fund already essentially bankrupt -- has had to borrow \$17.5 billion since October.
- o Growth is the other key. System will stay in trouble, almost no matter what we do, unless economic growth starts up again. With reasonable growth, experts agree the Commission plan can have system a lot stronger by end of this decade.
- o Many encouraging signs that economic growth (which virtually halted at the start of 1979) is starting up again.

TAXES

3. How can you justify the series of tax increases you've proposed over the past year? Aren't these an abandonment of what you campaigned on and what Reaganomics means? Also, how can you win back the blue collar votes -- the populist movement in this country -- when you are hiking SS taxes and gas taxes?
- o Campaigned on pledge to lower tax burden on Americans in a way that could raise incentives to work, save and invest. 1981 tax cut legislation fulfilled that pledge and nothing since represents an abandonment of it.
 - o Outlined economic plan back in September of 1980 (Chicago Speech).
 - o Set goal of taxes down to about 20.5% of GNP. Even if stand-by tax goes into effect, that's about where we'll be (20.6%) in 1988. (Of course, hope stand-by tax can be avoided. If it is receipts will be even smaller percent of GNP -- about 19.5%).
 - o Supported TEFRA (1982 tax reforms) for 3 reasons:
 - Congress pledged \$3 outlay cut for every \$1 in higher revenue;
 - 1981 bill cut revenues somewhat more than we asked;
 - didn't disturb supply-side incentive cuts for individuals and business we won in 1981;
 - o Proposed gas tax increase as way to finance needed highway and bridge repair without increasing deficit in general fund.
 - o Accelerated Social Security tax collections not something RR wants but is price to pay for COLA freeze, other elements of compromise necessary to ensure solvency of system.

Will you veto any attempts to tamper with indexing? What do you make of Rostenkowski's tax ideas?

- o Disagreements with Rostenkowski over some things shouldn't obscure fact he has been very responsible member of the opposition.
- o He showed some independence recently in advocating that the 3rd year installment of the tax cut not be tinkered with. Speaker and others want to repeal or put a cap of some sort on it. Chairman Rostenkowski didn't call for either.
- o Obviously disagree on indexing. He said he doesn't want it to take effect. RR has said he'd veto repeal of indexing; believes it is an essential element of RR's tax policy.

FORD'S CRITICISMS

4. What about Jerry Ford's call for end to 3rd year cut and indexing? Also, his chiding you for blaming past Administrations?
- o On taxes, have just seen press reports; haven't talked with him personally about this.
 - o Know he has always generally supported tax cuts -- proposed some himself when in office.
 - o On blaming past Administrations: When RR took office inflation was in double-digits, interest rates, federal spending and tax burdens all at record levels. Fact is, the blame for that lies in the past -- with Congresses and Administrations over several decades.
 - o If things don't start to get better in the future, because of policies we've put in place, then this Administration will have to take the blame.

CARTER BUDGET VS. REAGAN BUDGET

5. There is a strong sense among conservatives that federal spending just seems to grow and grow without regard to what administration is in power. How do you respond? How do you respond to the charge that, in the end, your overall budget -- counting taxes, domestic spending and defense spending -- is pretty close to Carter's budget plans?
- o Just not true. The spending growth rate is being cut way back. From about 17% in 1980, President Carter's last full year, he hoped to cut it to about 10% by 1984. RR has cut it almost to 10% this year, and the fiscal 1984 budget will get it down to about 4%. (Figures exclude interest.)
 - o Non-defense spending growth has been stopped in its tracks.
 - From 1981-84, non-defense spending will rise slightly less than inflation, meaning real spending will decline a little.
 - This contrasts with the period 1970-81, when it doubled in real terms and went from 10% to 15% of GNP.
 - o Straight comparison between Carter projection and RR actual spending is misleading. Carter projected \$739 billion in FY '82; RR spent \$728 billion. But economic conditions, such as higher interest payments, unemployment compensation, farm supports, drove spending about \$20 billion higher for RR, would have boosted Carter to almost \$760 billion.
 - o For that year alone (FY 1982), fair comparison shows RR savings of about \$30 billion.
 - o RR's reforms of entitlements (those already achieved and more proposed in 1984 budget) will increase savings in future. (Carter achieved no entitlement reforms; RR's have already saved about \$19 billion.)

PERSONNEL -- ADMINISTRATION APPOINTMENTS

6. Are you not really abandoning the conservatives when you appoint people like Margaret Heckler and Elizabeth Dole to top positions? Haven't the real conservatives left the Administration to be replaced by moderates?

NOTE: Congressional Quarterly gave Heckler lowest rating for support of RR among Republicans in Congress.

- o Both competent and accomplished women who are pledged to carry out our program.
- o Really cleaned house when RR took office. Very few holdovers from previous Administration. Brought in good people -- many known for their involvement in conservative causes, some not -- but all committed to a basic effort to turn this country around.
- o RR thinks successes in that effort have been substantial and progress couldn't have been made without good staff, cabinet.

JIM BAKER

7. How about Jim Baker? Didn't his interview in the turkey blind, calling for Ray Donovan's resignation, bother you? And why have you let him push you into so many positions that depart from your original pledges to conservatives?
- o Jim Baker has my confidence.
 - o I think conservatives make a mistake in trying to find scapegoats among their own to explain a failure to get 100% successes on everything. Jim's no liberal.
 - o His job is often to find the compromise that will allow us to get as much as possible if we can't get all we want from Congress.
 - o He does that job extraordinarily well. It is not his job to try to push me in directions I don't want to be pushed -- that's not in anyone's job description at the White House -- and there aren't any present openings in that line of work.
 - o All in all, I believe we have an excellent team in this Administration -- in the Cabinet, White House and elsewhere -- and I think we have accomplished many things which should make conservatives proud for years to come.
 - o Let me point out that there have been 3 recent articles on Jim in Human Events that have done him a great disservice:
 - Article saying there was clash between Laxalt and Baker over re-election plans. Laxalt issued a statement this week specifically denying there was any turf battle and saying that, like Jim, he thought any national campaign for me ought to be run through a re-election committee, not the RNC.
 - Article saying that Baker was out to get Weinberger. Any check with Baker would have revealed that it is absolutely false.
- NOTE: When White House called Human Events to complain about the article, their excuse was that at they didn't know if it was true -- they only knew some people at DOD were alleging it.
- Article saying that RR had offered Baker the Secretary of Transportation. Again, absolutely false.
- o These articles only drive wedges between people, poison the atmosphere and make our job more difficult.

PRC/TAIWAN

On the PRC/Taiwan issue, it is expected the interviewers will ask about RR's August 1980 statement on "official" policy toward Taiwan and its commitment to "official relations with Taiwan". As long as that phrase is understood to refer to the "official policy" of the USG as expressed by the Taiwan Relations Act, there is no problem. But that rarely is the case and the term "official relationship" more often connotes an official government-to-government relationship with Taiwan. There is, of course, no such relationship. Therefore, because of the extreme sensitivity on this issue in Beijing, the Administration has emphasized that we have an unofficial, people-to-people relationship with Taiwan.

RR can emphasize to Ryskind and Winter that symbols and words are very important, but we should not become mired down in arguments over such matters if we are accomplishing the objectives which we all seek.

The fact is that last year's US-PRC Communique both advanced our important strategic relationship with Beijing and maintained U.S. obligations to the people of Taiwan.

It is hard to imagine anyone with a serious interest in world affairs who would want to jettison our relationship with Beijing. We share very important economic, security and political interests and it is essential that we work with the PRC in a mature way to strengthen our relationship.

At the same time, this Administration, consistent with the will of the Congress and our people, is maintaining the full range of unofficial cultural, commercial and people-to-people contacts with Taiwan. We are continuing arms sales to Taiwan in line with the Taiwan Relations Act's provision that such arms be provided consistent with our assessment of Taiwan's defensive needs. Obviously, as those needs decline, our arms sales can decline. That policy as expressed in the communique is based on the full expectation that Beijing's approach to the resolution of the Taiwan issue will continue to be peaceful. (What if that approach changes? As RR said, our policy is based on that approach. As to any change, we'll cross that bridge when we come to it.)

RR has not in any way sold out the people of Taiwan -- their security and well-being were very important considerations in working out the communique.

What about RR's August, 1980 pledges to:

- 1) Have U.S. officials meet with Taiwanese in their offices and ours?
 - In fact, Taiwan representatives have access to U.S. officials on unofficial basis to deal with substantive issues.

- 2) Increase the number of Taiwan offices in U.S?
 - That was a desire, though not requirement of Taiwan Relations Act. There has been an additional office set up under arrangements between the unofficial American Institute in Taiwan and the Coordination Council for North American Affairs.
- 3) Train Taiwanese military officers in U.S?
 - Prefer not to comment.
- 4) Allow "Republic of China" to be labeled on imports?
 - "Made in Taiwan" is the label required. What else is added is not a major concern.
- 5) Renew Civil Aviation Act?
 - An improved Act exists. (Actually was worked out by Carter Administration.)

Will U.S. support Beijing's admission to Asian Development Bank?

- No formal application has been made.

(IF PRESSED VERY HARD, could say while Beijing application should be accepted if they apply, view prevalent on the Hill and in the nation at large is that Taiwan, as a faithful member, should be allowed continued participation. And RR shares that view.)

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Reagan at Mid-Term

'80 Mandate Endangered by Yielding to 'Pragmatists'

Dear Mr. President:

HUMAN EVENTS has been a long-time champion of yours, and we still are. But we have to confess to a certain apprehension about the drift of your Administration in mid-term. You have, of course, done many things we are grateful for, and the country should be grateful for as well. And we probably have not dwelt on them nearly enough, for, as you reminded us not so long ago—after wading through some of our tarter critiques—you were reading us more but enjoying us less.

Well, let us state here and now that it is difficult for us to believe that this country will ever elect a more conservative President, someone whose instincts are almost invariably on the mark from the point of view of those of us on the right side of the political spectrum.

True, you have tacked to port from time to time, hardly surprising when one considers the political vectors arrayed against you, but even when you have done so, often against our urgings, we still have never had any doubt that your long-range goal is to fulfill your major campaign promises.

We have applauded the 1981 spending and tax cuts—and that achievement, particularly the slash in marginal tax rates, coupled with tax indexation, was truly impressive. You and your Administration, as you remarked in your press conference last week, have also pursued a course that has dramatically reduced the inflation rate (now at 4½ per cent), lowered the interest rates and generally placed the economy in a position from which it can blossom.

Through such determined men as Interior Secretary James Watt, FDA Commissioner Arthur Hayes, FTC Commissioner James Miller and others, this government has worked hard to reduce burdensome regulations. And we know of your efforts—even against the advice of your top advisers and close Republican friends in the Senate—to upgrade both our strategic nuclear capabilities and our conventional strength.

Despite criticism from us at times, a good number of conservatives have been placed into key positions—Watt at Interior, Don Hodel at the Energy Department, Ann Gorsuch at EPA, Ray Donovan at Labor, Jerry Carmen



at the General Services Administration, Don Devine at the Office of Personnel Management, Dan Sawyer with the Government Printing Office, etc. etc.

And you have not stinted in placing foreign policy hardliners in important posts. Gen. Edward Rowley, who heads the U.S. delegation at the strategic arms negotiation in Geneva, comes to mind. We remember well that Rowley, who helped Gen. Douglas MacArthur plan the Inchon landing, quit the SALT II negotiating team to speak out against that disastrous agreement.

Other hardliners include Jeane Kirkpatrick at the United Nations, Richard Perle (once Henry Jackson's brains on nuclear arms matters) at Defense; Navy Secretary John Lehman; William Schneider, a former aide to Rep. Jack Kemp (R.-N.Y.), at Defense; Elliott Abrams, who heads the State Department's human rights division; and *The Reader's Digest's* Ken Tomlinson at the Voice of America.

Equally impressive—and something you are not given much credit for by conservatives generally—is that the Congress is no longer seriously thinking about creating those huge, new social spending programs that kept popping up during the Nixon, Ford and Carter years.

Gone are the days when the congress-

sional liberals were trying to ram through Congress such big-ticket items as comprehensive national health insurance, federal welfare "reform" (i.e., the guaranteed annual income program), federal child-care centers, etc. The recession has undoubtedly helped to put these issues on the back burner. But more importantly, the liberals know they don't stand a ghost of a chance of getting such stuff through so long as you are in the Oval Office. Most of the battles today are not over the funding of new domestic programs, but over the funding of old ones.

Nevertheless, we are concerned about what's happening now. We may be wrong—and the upcoming State of the Union speech and the budget message will show whether our fears are ill-founded—but we see the Administration adrift, with your own leadership having been seriously eroded.

There is a sharp sense that the White House has somehow lost its compass, that the real leaders in your Administration—aside from Chief of Staff Jim Baker, who rarely takes a solidly conservative position—are Senators Howard Baker, Robert Dole and Pete Domenici. This isn't just the conservative view. *The Washington Post's* David Broder,

(Continued on page 8)

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REN FITTOTT

GRAMM / From page 6

know whether this is a wise decision but I do believe it is an honest one."

Gramm, a former economist at Texas A&M University, could have switched parties without giving up his House seat. However, he decided to submit himself to the voters as a Republican because "there are those who voted for me as a Democrat who would view it as wrong for me to walk across the aisle and change parties and serve out the remainder of my term as a Republican having been elected as a Democrat."

Liberal Democrats in Washington, including O'Neill, were reported to be seeking a strong candidate to oppose Gramm in the special election, which has been scheduled for February 12. Among Democrats who had expressed interest in challenging Gramm as HUMAN EVENTS went to press were leftist humorist John Henry Faulk and State Rep. Dan Kubiak.

Both Faulk and Kubiak indicated that they would base their prospective campaigns against Gramm on his support for "Reaganomics," which they said made him a "turncoat" in the heavily Democratic district.

"He's the essence of Reaganomics," said Faulk. "I happen to think that President Reagan's economic policies are plunging this country into total disaster economically. This would be my principal charge."

But this tactic could backfire on the Democrats. Gramm himself made his support for the President's economic policies the chief issue in his reelection campaign last year, and came through with flying colors. Gramm beat his liberal primary challenger by nearly 2 to 1 and went on to win the general election with 96 per cent of the vote.

★ A consensus is developing on the Soviet role in the attempted assassination of Pope John Paul II. Former Secretary of State Henry Kissinger says the evidence leads "almost to no other conclusion" than the Soviets were involved. "Here is a Turkish terrorist, who suddenly shows up in Bulgaria, which is not the normal thing for a Turk to do, lives in the best hotel in Bulgaria, emerges with \$50,000 and a weapon, travels all over Europe. It cannot happen without the Bulgarian secret police." And what about the KGB? "It had to be the Soviets. The Bulgarians have no interest in coming after the pope."

★ Added Brzezinski: "There is no doubt that the investigation made by Italian authorities has established the complicity of Bulgaria in the attack against the pope. Those who know the reality of Eastern Europe automatically deduce that the Soviet Union was in command of the operation. Only the KGB could have been its instrument and Andropov dominated it for 15 years. The logic of this affair is irrefutable."

★ A remarkably similar position was taken by former National Security Adviser Zbigniew Brzezinski. In an interview published in the Turin, Italy, newspaper *La Stampa*, Brzezinski charged that former KGB chief Yuri Andropov, now the Soviet boss of bosses, was implicated in "the most monumental assassination attempt carried out in this century—that against the pope."

REAGAN AT MID-TERM

From page 1

an excellent political reporter but liberal to the marrow, wrote a recent column cheering the fact that these three men were probably going to set the course for the next two years.

Baker, Broder virtually sang, will lead the Senate in a mission "mandated by the 1982 election." And then Broder, through his own ideological squint, spelled out the mandate: "It is to set the pragmatic, realistic course of public policy between the polar extremes represented by those doctrinaire septuagenarians, Ronald Reagan and Tip O'Neill. If this country is to be governed in the next two years, chances are it will be on the terms that Baker and his colleagues define."

And that is what really distresses us. When a liberal says we're about to head off on a "pragmatic, realistic course," conservatives normally head for their shelters. Baker & Co.'s agenda is not the conservative agenda, and that at least partially explains why both Baker and Dole tried to defeat you in the 1980 primaries. Fundamentally, these men want *more* domestic spending, *higher* federal taxes and *lower* defense spending. They don't have any deep desire to dismantle the Great Society, return federal responsibilities to the states or bring about any of the drastic changes that you have talked about.

And we fear that Broder is right: They are beginning to steal away your leadership mantle. Many of us believe that you began to lose your way a bit last August when you successfully pushed through a \$227-billion tax hike (basically a Dole creation, however), and went along with that U.S.-China communique which, in our view (though we know you vehemently disagree), seriously undermines our good friend Taiwan.

In September, however, our hopes rose a bit when you said it would take a "palace coup" before you would consider raising taxes again. But, lo and behold, you suddenly found yourself embracing a gas tax hike that was more than *double* the previous tax. And, completely contrary to your idea of shifting responsibility from the federal government to the states, this bill had the federal government picking up an ever greater share of what states now spend on highways and mass transit systems.

The recent lame-duck session suggests precisely what's wrong with your Administration at mid-point. We're not quite certain what your priorities were in this session, but we know what Sen. Baker's were: the gas tax hike and the survival of the controversial Clinch River project, which, of course, is in his home state. He managed to gain his top goals. But what about *your* priorities? How did they fare?

Two of your most important Latin American initiatives—the Caribbean Basin Initiative and Radio Marti—lost on the Senate side. And Sen. Lowell Weicker, as columnists Evans and Novak have detailed, merely threatened to filibuster extra money (some \$44 million) for the Voice of America and the freedom radios (Radio Liberty and Radio Free Europe), and the Senate leadership quickly backed away from that fight.

We know how you have been battling to gain production funds for the MX missile and the Pershing IIs, two critical weapons systems the left-wing peace movement has vowed to erase from the U.S. arsenal. Money for their production was

blocked cold. Sen. Gary Hart (D.-Colo.), in fact, managed to attach an amendment which even prevents the Administration from flight-testing the MX, let alone producing it in quantity.

Where was Sen. Baker on these key issues? Why should he move heaven and earth to pass a new tax—not a cent of which, incidentally, will be used to lessen those massive deficits everyone is talking about—but not use the same energies to get the Senate to embrace crucial elements of your defense and foreign policy?

Your selection of Elizabeth Dole last week to



ELIZABETH & BOB DOLE

head the Department of Transportation has prompted still more sighs of despair from conservatives. She is no conservative herself, and many observers insist that, as White House liaison with special interest groups, she cultivated more liberal groups at the expense of conservative ones. Her only known stellar accomplishment was to rid her shop of a conservative woman, Wendy Borcherdt.

Considered in the larger scheme of things, her appointment is no big deal, and, of course, we recognize that you are trying to get credit for putting women into high places. Nevertheless, the elevation of Mrs. Dole is viewed by many as part of a growing Administration syndrome: doing the trendy, non-conservative thing. Doing the kind of thing that Sen. Baker—and even more certainly, Sen. Dole—would appreciate.

What has happened to the tough leadership that we saw in the early part of your term? On Social Security, you left the work to a commission, which, from the looks of things, isn't going to come up with *any* solution, and certainly not one that you might feel the most comfortable with (no advancing of the built-in SS tax increases, for example). The MX has also been shunted off to another "bipartisan panel," and who knows where that will end up. And judging from the leaks about your budget, there is not much there that is going to gladden the hearts of conservatives.

What we see at the present time is an Administration that seems overly cautious, unwilling to tackle with any verve or imagination the tough problems that must be confronted. What we see is an Administration that has gone into a defensive crouch, hoping to survive the blows the Democrats are certain to rain down upon it. Without an offensive strategy of your own, you seem to have gradually ceded power to those who relish the laurels handed to them in David Broder's columns. Whatever the political efficacy of such a posture—and Glenn's and Mondale's lead in the polls suggests it isn't very efficacious—this is not the kind of government that conservatives expected from Ronald Reagan.

THIS WEEK'S N

Is Jim Baker Out To Get Weinberger?

White House Chief of Staff Jim Baker is suspected in top Pentagon circles of being responsible for an extremely derogatory story concerning Defense chief Caspar Weinberger, just one day before Weinberger was to give critical testimony to the Senate in support of the President's military budget.

While Baker would certainly deny the charge, the fact that he is being fingered as a prime suspect suggests to many observers that the President's top aide is continuing to collect enemies among Administration conservatives and old Reagan loyalists, many of whom have already been Baker targets.

The article Baker is suspected of having directly or indirectly planted appeared in a Joseph Kraft column on Tuesday morning, February 1. Called "Odd Man Out Front" and scoring the defense chief for his hardline stand on both defense spending and arms control, the column said a "move is now afoot in the Senate and the White House to replace the secretary of defense. Because Weinberger is close to the President, the idea is to give him what looks like a promotion as part of a larger shuffle. While details have not been worked out, it is notable that Majority Leader [Howard] Baker, on 'Meet the Press' January 23, twice said of Weinberger, 'I might like him someplace other than defense.' "

This poisonous column has not only angered Pentagon officials, but partly concerned them as well. What many suspect is that Jim Baker, who has been eager to cut down the Reagan defense budget, is now gunning for Weinberger, even though the President and National Security Adviser William Clark are considered to be wholly supportive of the defense secretary's tough position.

Charts put out through the Pentagon, in fact, reveal that both the President and Weinberger have already made substantial changes in their defense requests. In March 1981, the Reagan Administration, amending President Carter's last military budget, requested outlays from 1982-



WEINBERGER

1986 that were \$116.3 billion over the Carter five-year program.

The just-released fiscal '84 budget reveals that the President, through the same five-year period, now plans to spend only \$50 billion more in outlays than the Carter program, and even this sum

BUDGET OUTLAYS BY AGENCY, 1982-88

(in billions of dollars)

1982 actual	Estimate					
	1983	1984	1985	1986	1987	1988
251.3	274.4	288.8	312.6	336.2	363.0	392.3
182.9	208.9	238.6	277.5	314.9	345.6	377.0

The above chart, taken from the "Budget in Brief" book, compares past and planned spending by the Health and Human Services department to military spending by the Defense Department. The top line represents HHS outlays; the bottom, Pentagon spending.

will probably be scaled back because of congressional cutting efforts.

Indeed, as we point out in the cover story and as can be seen in the above chart, the Health and Human Services department plans to outspend the Pentagon in every fiscal year from 1983 through 1988.

Nevertheless, the one Cabinet official who more than any other is trying to preserve the needed defense budget increases is now under attack from those within the White House itself, according to Kraft. And the finger of suspicion points at Baker.

EXCERPTS FROM RECENT ARTICLES IN HUMAN EVENTS

2-12-83

BUDGET

"84 Budget Shows Spending Out of Control"

The tax increases are a reversal of the Administration's initial drive to reduce tax burdens. In 1981, Reagan pushed to passage a bill reducing tax liabilities a total of \$609 billion from 1982 to 1986. Last year, however, he supported two bills raising taxes a total of \$163.1 billion over the same period, in effect, taking back 27 percent of the 1981 cut.

If Reagan wins approval of all the new increases called for in the current budget, he will have raised taxes by a total of \$246.9 billion for 1982 through 1986. In effect, he would have taken back 40.5 percent of his 1981 tax cut.

This take-back percentage would also rise as the years go on. Thus if all the new increases in the budget were to take effect, the net Reagan tax cut by fiscal 1986 would be just 42 percent of what was promised in the 1981 bill.

Federal revenues this fiscal year will be an estimated 18.7 percent of the GNP, one of the lower figures in recent years. But by fiscal 1986 they are projected to move back to 20.3 percent, which is about where they were when Reagan took office and, the third-highest since 1969 ... [I]n fiscal 1981 and 1982, they were 20.9 and 20.4 percent.

Hence the reason so many conservatives are concerned about the direction of the President's program.

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2-12-82

BUDGET

"Under Reagan As Well As Carter -- The Federal Budget Keeps On Growing"

The basic fact of the matter is this: The Federal budget is out of control. It was out of control when Reagan came to office, it is out of control today, and is likely to be out of control tomorrow.

Despite Administration rhetoric about cutting back on spending, and Democratic complaints about Republican hard-heartedness, Federal outlays under Ronald Reagan are soaring upward just as rapidly as under Jimmy Carter.

...the White House argues that the rate of spending growth has fallen -- from an annual average of 15 percent in Carter's last two years to under 11 percent in Reagan's first two.

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2-5-83

SOCIAL SECURITY

Opposition is increasing to the bipartisan Social Security bail-out endorsed by President Reagan. Says Senator Steve Symms (R-Idaho); "It is nothing more than a tax increase that allows politicians to claim they're taking action on Social Security when in fact they're ignoring the deep-rooted structural problems that are built into the 'chain letter' Social Security system ... Some people are calling this a compromise, but it is not a compromise. It is a crushing disappointment for the working taxpayer, especially the younger workers who will get higher taxes but no guarantee that the program will be alive when they reach retirement."

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1-29-83

SOCIAL SECURITY

Social Security is the General Motors of entitlements ... spewing out \$200 billion annually, devouring more than 25 percent of the entire Federal budget. By 1990 -- just seven short years away -- the annual cost of Social Security is expected to climb to more than double this amount, to nearly half-a-trillion dollars.

This is virtually the same kind of formula that Congress embraced in 1977, when it passed the \$277 billion Social Security tax hike, which President Carter assured us would keep the sytem sound for another half-a-century...

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1-8-83

RECOVERY

The Administration got some good economic news at year's end. The Dow-Jones average soared 25 points to reach an all-time high of 1,070.55. Analysts said the boom was touched off by sharp increases in new car sales and housing starts, indications that the recession has finally ended.

JOBS

"Strong Federal Moves Would Cut Unemployment"

... White House feverishly at work on a "top-priority" jobs-creation package of proposals for President Reagan.

Feldstein: "A variety of things are being discussed, both in the regulatory areas and in other areas, for giving markets more of a chance to do the jobs."

Also, under serious consideration are proposals for making the markets work better, for reducing imperfections in markets, for reducing government interference in markets.

The feeling among many at the White House is that the President must come forth with bold new initiatives of his own to deal with a deepening unemployment crisis that will not go away soon -- even in the best of economic scenarios.

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11-13-82

MID-TERM ELECTIONS

"Elections Show Reaganomics Still Alive and Well"

Reaganomics -- loose translation: large tax cuts plus Federal spending restraints.

The Republicans sustained no net losses in the Senate -- hardly a repudiation -- and only 26 losses in the House, not particularly bad for a party in power with over 10 percent unemployed.

Reaganomics is alive and well, thank you. The only reason the GOP lost as many seats in the House as they did, is that the economy hadn't turned around fast enough.

If the three leading lawmakers identified with "Reaganomics" have been returned to office with room to spare in this near-Depression, how can one seriously make the claim that people have turned away from its basic precepts? The obvious answer is, one can't.

Thus to say that Reaganomics is dead or dying is just plain nonsense, a view peddled by those who have hated it from the beginning.

In our opinion, the President, despite the losses in the House, is far from paralyzed, and his advisers would be dead wrong to urge him to start caving in to the Democrats, as GOP Senators Howard Baker and Robert Dole are already suggesting that he do.

Hence, the President has no reason to abandon his goals. Indeed,

he should take the initiative, crusading for his popular objectives as if he hadn't been nicked. The worst thing he can do is to allow his timid allies in the GOP and his foes in the media to bluff him out of raising the conservative standard.

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11-20-82

GOP STRATEGY

"How Republicans Can Go on the Offensive"

... the Republicans, contrary to popular opinion, really do have the Democrats over a barrel.

Social Security has been dubbed the "Third Rail of Politics"... but contrary to the popular perception, we think the Reagan Administration -- which must deal with this critical subject if it is ever to control spending -- can transform it into a winning issue.

... not necessary to come up with a solution at this moment, and there's great merit -- as many Republicans are now hoping the President will do -- in forcing the Democrats to come up with their own proposal as well, so they can't just pounce on any GOP formula.