

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: 03/29/1983 (Case File: 127529)
Box: 28

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>

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- X-MEDIA
- H-INTERNAL

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

MAR 29 83

Subject Codes:

P	R	0	0	7	-	0	1
PR	0	1	6	-			
				-			
				-			
FG	0	1	0	-	0	1	
BE	0	0	3	-			
FE	0	0	3	-			
FE	0	0	5	-			
FG	3	8	1	-			
RA	0	0	2	-			
				-			
				-			
				-			
				-			
				-			
				-			
				-			
				-			
				-			
				-			

1) Subject: Interview with six White House Correspondents.

2) Cabinet Meeting to discuss:
A) anti trust issues
B) work space reduction Executive Order
C) Property Review Board

3) List of invitees/attendees for Cabinet Meeting

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 has seen _____

Tuesday, March 29, 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>Senior Staff Time</u>	Oval Office
10:00 am (90 min)	<u>Personal Staff Time</u>	Oval Office
11:30 am (30 min)	<u>Clark Briefing (Weinberger)</u> (Clark)	Situation Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time</u>	Oval Office
1:00 pm (30 min)	<u>Briefing for Interview</u> (Gergen/Speakes) (TAB A)	Oval Office
1:30 pm (30 min)	<u>Interview with six White House Correspondents</u> (Gergen/Speakes) (TAB B)	Oval Office
2:00 pm (60 min)	<u>Cabinet Meeting</u> (Fuller) (TAB C)	Cabinet Room
3:00 pm	<u>Personal Staff Time Remainder of Afternoon</u>	Oval Office/ Residence

E. M. ...

UNP 3/28/83
4:00 pm

THE SCHEDULE OF
PRESIDENT RONALD REAGAN

Tuesday, March 29, 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) <i>VP - JB - EM - M. Furlong</i>	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (90 min)	<u>Personal Staff Time</u>	Oval Office
11:30 am (30 min)	<u>Clark Briefing (Weinberger)</u> (Clark)	Situation Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time</u>	Oval Office
1:00 pm (30 min)	<u>Briefing for Interview</u> (Gergen/Speakes) (TAB A)	Oval Office
1:30 pm (30 min)	<u>Interview with six White House Correspondents</u> (Gergen/Speakes) (TAB B)	Oval Office
2:00 pm (60 min)	<u>Cabinet Meeting</u> (Fuller) (TAB C)	Cabinet Room
3:00 pm	<u>Personal Staff Time Remainder of Afternoon</u>	Oval Office/ Residence

UNP 3/28/83
4:00 pm

Set

THE SCHEDULE OF
PRESIDENT RONALD REAGAN



Tuesday, March 29, 1983

9.00 OVAL

9:00 am (30 min)	<u>Staff Time 9:02</u> (Baker, Meese, Deaver)	Oval Office
9:30 am (15 min)	<u>National Security Briefing 9:30-9:57</u> (Clark), <i>BUSH, SM, JB, MR FARLAND</i> <i>9:36 - HELENE VON DAMM</i>	Oval Office
9:45 am (15 min)	<u>Senior Staff Time</u>	Oval Office
10:00 am (90 min)	<u>Personal Staff Time 9:57-11:31</u>	Oval Office
11:30 am (30 min)	<u>Clark Briefing (Weinberger) 11:32-12:13</u> (Clark)	Situation Room
12:00 m (60 min)	<u>Lunch and Personal Staff Time 12:14-</u>	Oval Office
1:00 pm (30 min)	<u>Briefing for Interview Gergen Speakes, Broom</u> (Gergen/Speakes) <i>M. ALLEN, D. D. ... W. CLARK</i> <i>1:03-1:32</i> (TAB A)	Oval Office
1:30 pm (30 min)	<u>Interview with six White House Correspondents 1:40-2:20</u> (Gergen/Speakes) (TAB B) <i>2:22-2:28 SM, JB, CLARK</i>	Oval Office
2:00 pm (60 min)	<u>Cabinet Meeting 2:29-3:25</u> (Fuller) (TAB C)	Cabinet Room
3:00 pm	<u>Personal Staff Time Remainder of Afternoon</u>	Oval Office/ <u>Residence</u>

3:55

For Dave Mischer:

Pres.
V.P.
Shultz
Regan
Weinberger
Smith
Watt
(Lyng)
Baldridge
(Ford)
Heckler
Pierce
Dole
(Hesse)
Bell
EM
(Wright)
(CIA)
(us)
(Smith)

CABINET MEETING PARTICIPANTS

Tuesday, March 29, 1983 -- 2:00 p.m.

The Cabinet -- All Members *

- * Richard E. Lyng, Deputy Secretary of Agriculture, for Secretary Block
- * Martha Hesse, Assistant Secretary of Energy for Management & Administration--Acting Secretary of Energy, for Secretary Hodel
- * Joseph Wright, Deputy Director of Office of Management and Budget, for Director Stockman
- * Michael Smith, Deputy Trade Representative, for Ambassador Brock
- * Ford Ford, Assistant Secretary of Labor for Mine Safety & Health, for Secretary Donovan
- * Director Casey will not attend
- * Ambassador Kirkpatrick will not attend

- ~~James A. Baker, III~~
- ~~Richard G. Darman~~
- Martin Feldstein
- Fred F. Fielding
- Craig L. Fuller
- Dave Gergen (only present for portion of meeting)
- Edwin L. Harper
- James E. Jenkins
- Rich Williamson
- Kenneth Cribb
- ~~Larry Speakes~~
- Jonathan Vipond for Faith Whittlesey
- Jim Cicconi
- Nancy Risque for Ken Duberstein
- Steve Rhodes for Admiral Mruphy
- Norman Bailey for Judge Clark
- Karen Hart

Note: Shultz ~~note~~ > left after Item #1

For Presentations:

- Item #1 - William Baxter, Assistant Attorney General
- Item #2 - Gerald P. Carmen, Administrator, GSA
 Ray Kline, Deputy Administrator, GSA
- Item #3 - Joshua Muss, Director, Property Review Board


THE WHITE HOUSE

WASHINGTON

March 28, 1983

MEMORANDUM FOR THE PRESIDENT

FROM:

DAVE GERGEN 

SUBJECT:

Correspondents Interview

Here are a few general points on domestic policy as background for your interview. The foreign policy materials are basically a re-run of what you saw on Friday prior to your mini press conference; we will be giving you a copy of them on Tuesday.

ECONOMIC OUTLOOK

- o Since first of the year, it's been looking up and appears we may have started the kind of recovery RR's program was designed to bring about -- sustained recovery with low inflation.
- o Many encouraging signs over last several weeks -- none more encouraging than two reports out last week:
 - Commerce preliminary "flash" estimate pegs growth around 4% for 1st quarter of 1983 (much higher than most economists foresaw);
 - CPI went down in February by 0.2%, bringing inflation for last 12 months to 3.5% and, for last 6 months, to 0.4%.
- o Many other signs in recent weeks that recovery is here:
 - Housing starts running at annual rate over 1.7 million;
 - U.S. Auto sales up in March and domestic car production up 53% in first two months of 1983 over 1982;
 - Economic indicators index up 9 of last 10 months, February rise was largest in 33 years;
 - Dow-Jones punched through record 1100 a month ago, has stayed above it since; shows investor confidence;
 - Prime rate less than half January 1981 level and many banks now lowering shorter-term consumer loan rates.
- o Feldstein announced new economic assumptions last Friday calling for higher growth, lower inflation and unemployment. (Year-over-year growth estimate now set at 4.7%, above 3.1% predicted earlier).

Why the "low-ball" forecast last December?

- o Knew then recovery was coming; couldn't be sure precisely when it would arrive.
- o Feldstein was saying that growth could be higher than forecast of 3% if recovery started early enough in 1983.
- o Now appears it started right about first of the year -- which accounts for revisions upward in growth estimate.

Will higher growth mean lower deficit?

- o Higher growth by itself might -- but also expecting lower inflation than earlier forecast.
- o Advisers say the two will mostly offset each other, so the deficit will not be affected much -- could lower 1984 deficit as much as \$10 billion.
- o Still true that we need prudent budget that keeps control of spending. Only way to solve serious deficit problems.

GENERAL BUDGET AND FAIRNESS ISSUES

- o House budget more of a partisan political statement than a real budget plan.
- o As political statement, it says majority of Democrats still stand for failed old policies of tax and spend and cater to special interests.
- o Final adoption of such a budget would stall recovery and send clear signal that taxes will soar again, and domestic spending is zooming back out of control.
- o From 1984-88, House Democrats' budget would:
 - raise taxes \$315 billion;
 - cut defense spending (authority) \$206 billion;
 - raise domestic spending \$181 billion
- o Would be a massive retreat from progress made over last 2 years in getting government under control.
- o Also, already represents retreat by Democrats in House from bipartisan spirit which accomplished so much in 1981 and 1982. They never even tried to work with GOP in Congress or Administration to work out compromise.

Fairness?

- o What's fair in renewing cycle of tax and spend that gave us double-digit inflation of late '70s? Low inflation increases purchasing power for all.
- o On Taxes: What's fair about taking away next year's tax cut by eliminating 3rd year (and making taxes higher in future years by repeal of indexing)?
- o Repealing 3rd year indexing would raise taxes almost 25% for those earning under \$10,000 and almost 15% for those from \$10-50,000. Repeal would cost median income family of four from \$3550 in higher taxes through 1988.
- o On Social Spending: What's fair about undoing reforms in welfare, food stamps, medicaid and other entitlement programs that would save taxpayers nearly \$10 billion (and maintain services for truly needy).
- o Food stamps a good example to show the charge of "unfairness" is false. Lots of talk about food stamp budget cuts, but fact is, spending almost 50% more this year (FY83) than in FY80 -- \$12 billion vs. a little over \$8 billion AND almost 4 million more people getting benefits now than in 1980.

DEFENSE BUDGET

- o Disappointed in House action on Democrats' alternative budget.
- o Cut of over \$200 billion in military spending authority is just not acceptable.
- o As I said Wednesday night, burden is on those who want cuts to show exactly which programs they think we can do without.
- o Defense critics have obligation to say if they think we need fewer troops, less conventional strength, cancellation of first new manned bomber in 25 years, etc.

Flexibility

How much are you willing to show and when?

- o Plan to talk with Congressional leaders when they return next week and will try to reach understanding with them.
- o As I said Wednesday night, we cannot accept "further, deep cuts."

WITHHOLDING TAX REPEAL

- o Issue will come up again in mid-April. RR committed to maintaining the provision in law.
- o Financial special interests have mounted a major campaign to support repeal, but much of it is on basis of misinformation.
- o Law now taxes income from interest and dividends -- the withholding requirement doesn't raise taxes, just improves tax collection.
- o Elderly can be exempt and small savers not affected at all -- special interest scare tactics to the contrary notwithstanding.
- o RR remains firm in opposition to repeal.

ENVIRONMENT -- EPA CONTROVERSY; WATT RNC CLEARANCES

- o Have good team in place at EPA for interim until Ruckleshaus is confirmed by Senate.
- o Believe acting Administrator Verstandig and many other dedicated officials at EPA can now move forward with agency's business.
- o Broad consensus that Ruckleshaus is right man for the job. Watt a strong supporter of his appointment and EPA staff showed him a hearty welcome.

Will Ruckleshaus appointment end controversy?

- o Hope critics volume will be lowered -- so agency can get back to business.
- o But investigations (by Congress and Justice Department) will continue -- and should -- until all questions are resolved.
- o Still, with all that's been going on -- and the charges made -- no wrongdoing at EPA has been proven.

Why did Watt seek political clearance for scientists?

- o Administration takes and seeks advice from many sources in personnel matters. No single source is ever the final word.
- o RNC often asked to provide routine information -- for any non-competitive appointment (those not subject to regular Civil Service hiring criteria).
- o Political info important to every Administration in case of political appointees -- not very important at all for technical assignments.
- o On any appointment, our first and foremost requirement is to find a qualified person. If possible, of course, also like to see if we can find people who are sympathetic to good of Administration. This is time-honored practice in Washington.

NOTE: Interior advises that RNC recommended 14 persons for appointment to Science Advisory Committee -- only one was named.

POLITICS -- CHICAGO MAYORALTY RACE

- o RR and White House not involved; haven't really gotten involved in any local races and have not been asked to get involved in this one.

But RR must have a preference

- o Always favor legitimate GOP candidates.

Concern that Epton's campaign against Washington is racist?

- o Voters in Chicago better able to judge that than we here in Washington. Would be foolish for candidate for any office in 1983 to try such a shoddy tactic -- lose more than he'd gain.
- o RR has no first-hand acquaintance with candidates, issues or campaigns in Chicago.

LEAKS -- NEW POLICY ON CLASSIFIED INFO

- o Law is unchanged; new policy is designed to permit better enforcement of existing laws forbidding unauthorized disclosure of classified information.
- o New policy is a product of inter-agency review, chaired by AG, which was begun last year.
- o On lie detectors: Much was made of this but all the directive did was prohibit any agency from a ban on use of polygraphs. It did not require them to be used anywhere they are not used now.

NOTE: Some agency regs prohibit use of polygraphs under any circumstances. New policy disallows that prohibition but leaves decision as to whether lie detectors be used in any particular "leak" investigation up to discretion of agency head.

B

THE WHITE HOUSE


WASHINGTON

INTERVIEW WITH SIX WHITE HOUSE CORRESPONDENTS

DATE: Tuesday, March 29, 1983

PLACE: Oval Office

TIME: 1:30 pm (30 minutes)

FROM: Larry Speakes 

I. PURPOSE

To give the President an opportunity to be interviewed by six White House correspondents, on current topics.

II. BACKGROUND

This would be the first of a periodic series of interviews with the President by regular members of the White House press corps. The interview would be in lieu of one of the weekly mini press conferences.

This idea was suggested and discussed with the White House Correspondents Association.

III. PARTICIPANTS

The President	
Tom DeFrank	Newsweek
Susan Page	Newsday
Gary Schuster	Detroit News
Ben Taylor	Boston Globe
Paul West	Dallas Times Herald
Loye Miller	Newhouse News

IV. PRESS COVERAGE

This interview would be for immediate release at the conclusion of the interview. The six correspondents would act as a pool for the entire White House press corps. There will be a photo opportunity at the beginning of the interview.

V. SEQUENCE OF EVENTS

After pleasantries, the interview will proceed.

C

THE WHITE HOUSE

WASHINGTON

March 28, 1983

CABINET MEETING

DATE: March 29, 1983
LOCATION: Cabinet Room
TIME: 2:00 P.M.
FROM: Craig L. Fuller *CS*

I. PURPOSE

To complete the discussion on anti-trust issues; to hear a presentation from GSA Administrator Jerry Carmen on their work space reduction and to sign Executive Order dealing with same; and to receive a briefing from Ed Harper, Chairman of the Property Review Board.

II. BACKGROUND

Anti-trust legislative initiatives were handled at last week's Cabinet meeting leaving Retail Price Maintenance and Municipal liability still to be covered. Retail Price Maintenance is a practice by which manufacturers restrict the prices for which their products may be resold. Such activities have been held to be per se violations of the anti-trust law. DOJ would like the Administration to support a position which states that each RPM case should be considered on its merits, looking at the effects of competition in the particular circumstances. Municipal liability: local officials have petitioned Congress to grant municipalities immunity from federal anti-trust liability. DOJ is not convinced an exemption beyond existing state exemptions is necessary.

Work Space Reduction/Management Initiative: Jerry Carmen will make a presentation which demonstrates a number of actions which GSA has undertaken to effectively reduce the amount of federal office space it uses. The Executive Order which you requested to make this program a top Administration initiative government-wide will be available for your signature at the meeting to emphasize to your Cabinet members your strong support for it.

Property Review Board briefing: Ed Harper, Chairman of the Property Review Board will explain to the Cabinet what the Board does, and how it goes about its work. The PRB is charged with determining what is excess federal property and how to best dispose of it.

III. PARTICIPANTS

Full Cabinet
Willian Baxter, AAG, Anti-Trust Division
Gerald Carmen, Administrator, GSA
Edwin Harper, Assistant to the President for Policy
Development, Chairman, Property Review
Board

IV. PRESS PLAN

None

V. SEQUENCE OF EVENTS


The Attorney General will lead the anti-trust discussion. Ed Meese will be prepared to open the discussion on the Work Space Initiative and the Property Review Board.

THE WHITE HOUSE

WASHINGTON

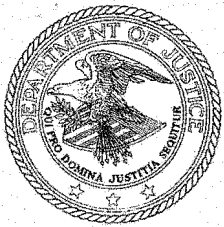
March 28, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: CRAIG L. FULLER 

SUBJECT: Antitrust Paper

Attached is the antitrust paper provided as background for the Cabinet meeting tomorrow. You will notice that it is the same paper you were provided with for the March 24th meeting. These issues have been again scheduled for discussion.



Office of the Attorney General
Washington, D. C. 20530

MEMORANDUM TO: The Cabinet Council on Legal Policy

FROM: William French Smith, *WFS*
Attorney General

SUBJECT: Antitrust Issues to be Discussed at
Our Meeting on Thursday, March 24, 1983

In addition to our proposed antitrust legislative reforms (discussed in a separate memorandum), the Agenda for this Thursday's meeting of the Cabinet Council on Legal Policy will include discussions of antitrust policy issues concerning (1) resale price maintenance and (2) the liability of municipalities under the antitrust laws. This memorandum provides background for discussion of these latter two subjects.

1. Resale Price Maintenance. Resale price maintenance (RPM) is a practice by which sellers limit the prices that their customers (and sometimes the customers of those customers) may charge when reselling their products. It may take the form of minimum RPM (where the limit is a price floor), maximum RPM (where the limit is a price ceiling), or the seller may establish a particular resale price from which the customer is not free to deviate.

All types of RPM are presently illegal per se under the anti-trust laws. As such, they are held unlawful without consideration of their possible procompetitive effects. While the Supreme Court in recent years has moved away from per se condemnation of other seller-imposed restrictions on buyers, particularly in its decision in Continental T.V., Inc. v. GTE Sylvania, Inc., ^{1/} it has yet to relax the per se rules it has created against RPM.

Since this Administration took office, the Department of Justice has pointed out the extent to which these judicial rules are overly restrictive. The Department has stated its intention

^{1/} 433 U.S. 36 (1977).

to challenge the practice under the antitrust laws in circumstances in which it actually restrains competition. But in briefs filed as amicus curiae, in testimony before Congress, and in other public comments, the Department has pointed to the possible procompetitive effects of RPM, and the difficulty of distinguishing it from other "vertical" arrangements between manufacturers and their distributors. We have argued that RPM and other, nonprice vertical arrangements are sufficiently similar in their basic competitive characteristics that RPM activities, too, should be analyzed under the rule of reason. The Supreme Court recently granted certiorari in a case (Monsanto Company v. Spray-Rite Service Corp.) in which the Department, as amicus, has recommended to the Court that it fully reexamine the legal status of resale price maintenance. The Department's legal and economic arguments regarding the competitive merits of RPM were set forth in substantial detail in a letter from Assistant Attorney General Baxter to Congressman Robert McClory in June of 1982, and I have enclosed a copy of this letter for your convenience.

Briefly, a manufacturer may wish to employ RPM so that retailers will market his product in ways that the manufacturer desires. By setting the retail price sufficiently above the retailer's wholesale cost, the manufacturer may induce the retailer to provide a wide variety of point-of-sale or promotional services, such as more intensive local advertising, more knowledgeable and highly trained sales personnel, and quicker and more expert repair services. All of these services may increase sales and intensify interbrand competition.

The question arises why retailers will not increase services unilaterally (even without RPM) if more sales would result. The problem is that if some but not all retailers offer more services, some, perhaps most, of the increased sales that result may be made by those who offer lower prices because they offer no services. Thus, a substantial number of customers may go to the higher-priced outlet, consume the time of sales personnel in order to obtain the appropriate counseling, but then purchase from a low-cost, low-priced outlet, which ultimately forces all dealers to reduce or drop services. This is referred to as the "free-rider" problem.

If the manufacturer is to be successful in increasing his sales by affecting the manner in which his distributors market his product, he must be able to shelter the profit margins of cooperative distributors from free riders. For this reason, he may wish to impose RPM on all dealers. Such arrangements can promote competition and consumer welfare, and are clearly not of the category of covert cartel practices (e.g., bid rigging) that should be subject to a rule of per se illegality.

It is important to note that in the Sylvania case, the Supreme Court viewed the free-rider problem as justifying the imposition of reasonable nonprice vertical territorial and customer restraints. A manufacturer may impose such restraints precisely for the purpose of protecting his distributors from certain types of intrabrand price competition that the manufacturer considers harmful and adverse to intense promotion of his product in competition with other brands. This analysis indicates the logic of treating RPM as other vertical arrangements are treated under the antitrust laws, under the rule of reason.

2. Municipal Liability. Under the "state action" doctrine, competitive restraints imposed by a state as sovereign are immune from the federal antitrust laws, if the state has clearly articulated and affirmatively expressed a policy to limit competition and has provided for active state supervision. Municipalities may be eligible for such a state action exemption, but only where the state has authorized or directed their conduct pursuant to such a state policy. The Supreme Court held in its 1978 City of Lafayette decision 2/ that municipalities are not equated with states for antitrust purposes, and may not claim a state action exemption in the absence of a state policy to limit competition. The Court's 1982 Boulder decision 3/ established that home-rule municipalities are not exempt from that standard and, like other municipalities, must base any claim for state action immunity on a clearly expressed and actively supervised state policy.

Local government officials have expressed serious concerns that fear of antitrust treble-damage liability could inhibit the performance of legitimate governmental functions. They fear that the City of Lafayette and Boulder rulings could require state legislatures to prescribe municipal policy in detail in order to avoid antitrust liability. Many state officials, on the other hand, have opposed granting subordinate governmental entities antitrust immunity in the absence of a state policy to limit competition.

There have been a number of proposals for legislation affording antitrust immunity to municipalities in the wake of City of Lafayette and Boulder. One such proposal, favored by associations of municipalities, would simply equate the actions of local governments with those of the states for antitrust purposes. Other proposals would go further and alter the complex

2/ 435 U.S. 389 (1978).

3/ Community Communications Co. v. City of Boulder, 455 U.S. 40 (1982).

state action doctrine itself, as that doctrine has evolved in several recent Supreme Court decisions. Each proposal has presented its own set of difficult legal and policy issues. The Administration probably will be asked for its views on legislation in this area during the current Congress.

Although the concerns of local governments are serious ones, it is not clear that the Boulder decision requires a special antitrust exemption for municipalities beyond the scope of the state action exemption. It is important to note that the Supreme Court did not hold in Boulder or City of Lafayette that the city had violated the antitrust laws. The Court emphasized in Boulder that it was dealing only with antitrust immunity, and specifically suggested that a "flexible" approach to the question of actual liability would probably be appropriate. Thus, the normal conduct of municipal affairs, including the purchase or provision of municipal services, may well be found by the courts to present no serious substantive antitrust concerns. The Court also emphasized, as the plurality had in City of Lafayette, that it was not reaching the question of what remedies might be appropriate if municipal conduct were found to constitute an antitrust violation. Finally, the Court repeated in Boulder the standard articulated by the plurality in City of Lafayette, which requires only that anticompetitive municipal conduct be "authorized or directed" by the state to qualify for state action immunity. The plurality in City of Lafayette explained that its holding did not mean that a city "necessarily must be able to point to a specific, detailed legislative authorization" before it may assert a state action exemption.

These factors have led the Department of Justice to question the need for legislation in this area at this time. The Department is keeping abreast of developments and continuing to study the issues.

Enclosures (Held by Craig Fuller;
available upon request.)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: EDWIN L. HARPER

SUBJECT: PROGRESS REPORT FROM
THE PROPERTY REVIEW BOARD

Background:

One year ago, Executive Order 12348 established the Property Review Board to oversee a government-wide initiative to improve real property management and to dispose of unneeded property. To accomplish this objective, the Property Review Board has worked with all federal agencies and, in particular, with the major land holding agencies: the Department of Interior, the Department of Agriculture, the Department of Defense and the General Services Administration.

Principal Agency Accomplishments:

- o The Department of Interior has established an Asset Management Program to dispose of unneeded property in accordance with existing statutes. Parks, wilderness areas, wild and scenic rivers and other environmentally sensitive areas are exempt from this program.
- o The Department of Agriculture has also established an Asset Management Program to review property managed by the Forest Service. Property has been identified that appears to be inefficient to manage or no longer needed for federal government purposes. New legislative authority is needed before any Forest Service property can be disposed of.
- o The Department of Defense has begun a comprehensive program this year to survey 75 military facilities in major metropolitan areas in order to identify portions of installations which are unused or underutilized.

- o The General Services Administration is surveying 100 additional Federal facilities and has upgraded their program to dispose of real property by the federal Government.
- o Other Federal Agencies are surveying 31 major installations to look for unneeded property.

Policy Changes:

The Property Review Board has coordinated several significant policy changes designed to improve property management:

- o The give-away of surplus federal property will be limited to cases where the Administrator of General Services determines, after advice by the Board, that the application has exceptional merit and where the proposed use of the property is also its highest and best use.
- o If federal agencies want to get unneeded property from other federal agencies, they will have to "pay" fair market value to the Treasury unless the OMB Director grants an exemption.
- o Future transfers of unoccupied property between military departments require payment to the Treasury.
- o Initiated a government-wide program for regular review of continuing adherence to conditions in prior discount conveyances. This relates to FAA (Airports), Interior (Parks), HHS (Hospital), DOE (Education), GSA (Fish and Wildlife).
- o All prior leases of federal property to non-federal tenants have been reported to the Board and will be reviewed by agencies to see if the property should be disposed of.

Problems and Goals:

The property initiative has some specific goals which have not been achieved yet:

- o Dramatically increase GSA's sale inventory: It remains difficult to get agencies to identify unneeded property and report it to GSA for disposal.

Solution:

- o Aggressively survey major facilities and establish firm target dates for agency action.
- o Gain Congressional support for sale of surplus property: Members of Congress generally prefer to give federal property away to their state and local governments and thus try to block sale of even truly unneeded property.

Solution:

- Keep property management improvement a White House priority so that it will become easier for agencies (especially GSA) to withstand Congressional pressure. Point out the positive local economic benefits from putting idle property to more productive use.
- o Enact legislation to earmark proceeds from property sales for reduction of the national debt: Proceeds from surplus property sales now go to the Land and Water Conservation Fund which was created to acquire new land for recreational purposes. Thus, Congress has resisted changing a law which is perceived pro-environmental.

Solution:

- Emphasize that the loss of funds from the Land and Water Conservation Fund will be made up from other sources. Try to increase Congressional support for providing some direct relief to the unchecked growth of our National debt.
- o Accelerate the sales of unneeded property: Prior sales techniques are not adequate for a sales program of this magnitude.

Solution:

- The GSA and the Department of Interior are adopting modern real estate disposal techniques which will more efficiently sell unneeded property.
- o Improve the public perception of property initiative: Some of the media have called it short-sighted to sell property to reduce the deficit and characterized the initiative as anti-environmental.

Solution:

Continue to point out that the initiative is a solid management reform opposed only by those who believe in "big government" or those who are in a favored position at the present time. Reaffirm that no property which is environmentally sensitive will be considered for sale.

Requested Action By Cabinet Members:

In order to attain the goals of the property initiative the Secretaries should:

- o Supply leadership for their Departments by emphasizing personal commitment to success of this initiative.
- o Screen applications for discount conveyance prior to forwarding to GSA to assure they have exceptional merit.
- o Ensure that the property surveys performed by the agencies are thorough, aggressive in seeking out excess property, and are promptly completed.
- o Promptly report to GSA all excess property.

PROPERTY REVIEW BOARD
ACTIVITY REPORT

In accordance with Executive Order 12348, the Board has performed three principal activities in addition to the overall coordination of the President's property management initiative:

- o Advice to GSA on proposed public benefit discount conveyances
- o Resolution of survey disputes that arise when GSA and the property holding agency have not agreed on the amount of property to be declared excess
- o Policy advice on property management and disposal issues.

ADVICE ON PUBLIC BENEFIT DISCOUNT DISPOSALS

Fifteen GSA proposals for disposal of surplus property at less than fair market value have been referred to the Board for advice. The Board has completed review on 12 proposals; two are awaiting new property appraisals and one case is the subject of litigation.

RESOLUTION OF SURVEY DISPUTES

Twenty disputes involving GSA and other agencies have been referred to the Board for resolution. Six of these disputes have been resolved. Pending disputes involve: Veterans Administration (one property), Health and Human Services (three), Defense (four), Coast Guard (five), Federal Aviation Administration (one), Interior (one) and the International Communications Agency (one).

POLICY ADVICE

The Board has been asked to provide advice on a variety of property policy questions. The principal issues during the past year were:

- o Improvement of Administrative procedures to increase the ability of state and local governments to acquire surplus property for correctional facilities
- o Implement administrative procedures for the acquisition of surplus property by Alaskan Native Tribes

- o Begin process to resolve equitably, surplus property claims by private in-holders in Federal parks and National Forests
- o Implementation by Defense of new policy on withdrawing of public lands for military purposes.

Status of Properties Identified to PRB
In Initial Reports

<u>Agency</u>	<u>Properties</u> <u>Initially</u> <u>Identified</u>	=	<u>Properties</u> <u>Reported Excess</u>	+	<u>Properties Not Yet</u> <u>Reported Excess</u>
Agriculture	51		27		24
Air Force	27		13		14
Army	30		22		8
Commerce	1		1		0
Corps of Engineers	149		79		70
Energy	11		4		7
GSA/Public Buildings Service	23		21		2
HHS	2		1		1
Interior	25		5		20
Justice	1		0		1
Navy	22		9		13
Transportation	11		3		8
Treasury	1		1		0
Veterans Administration	<u>5</u>		<u>4</u>		<u>1</u>
Total	359		190		169
Value of Properties	\$698,979,000		\$274,703,000		\$424,276,000

Revenues from Property Sales

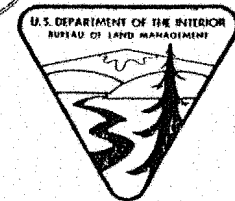
<u>Agency</u>	<u>Actual</u>	<u>Projected</u>					
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
		(In \$Million)					
General Services Administration							
Former Defense Properties	77	513*	710*	384*	352*	192*	192
Other Agencies	<u>28</u>	<u>130</u>	<u>177</u>	<u>96</u>	<u>88</u>	<u>48</u>	<u>48</u>
GSA Total	105	643	887	480	440	240	240
Department of Agriculture	--	--	200	200	200	200	200
Department of Interior	<u>--</u>	<u>10</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total Sales	105	653	1,387	980	940	740	740

*Estimate based on historic ratios of Defense properties to total GSA sales (80/20).

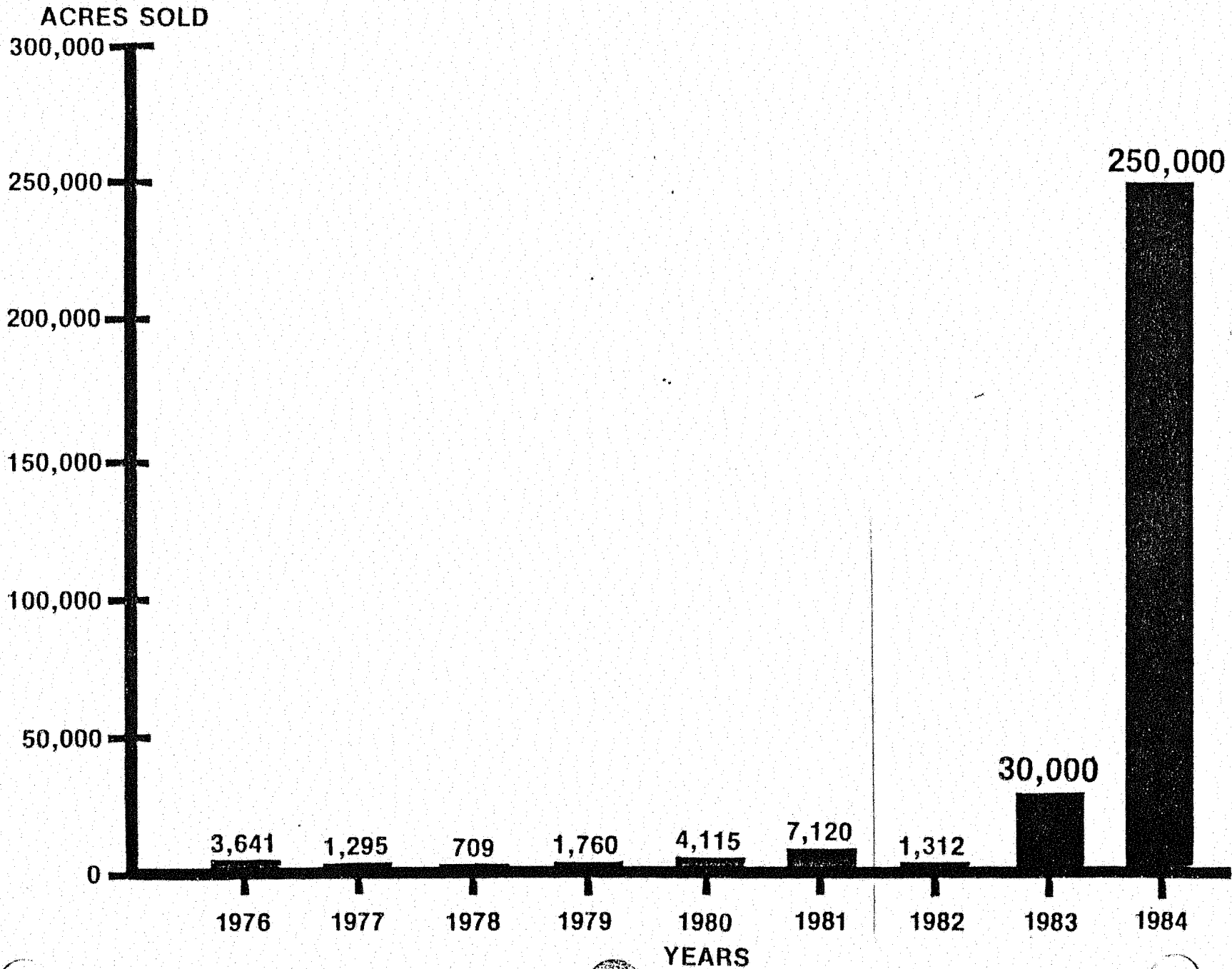
Source: FY84 Budget

DEPARTMENT OF THE INTERIOR HIGHLIGHTS OF ASSET MANAGEMENT

- BLM public land identified for disposal: 2.5 million acres
- FY83 sales: 30,000 acres
Revenue expectation: \$10 million
- FY84 sales: 250,000 acres
Revenue expectation: \$300 million
- FY 84 budget request: \$18 million
- Beginning April, 1983, BLM will annually hold "open houses" for public comment and nominations of additional lands for sale.



BLM PUBLIC LAND SALES



**Forest Service
Asset Management Program**

1. The National Forest System (NFS), administered by the Forest Service, U.S. Department of Agriculture, consists of approximately 191,000,000 acres of land.

2. In August, 1982, it was announced that authority exists to dispose of about 60,000 acres of NFS land.

3. At the same time, about 51,000,000 acres of NFS land in congressionally designated areas such as Wilderness, Wild and Scenic Rivers, National Recreation Areas, and National Monuments were identified for retention in public ownership.

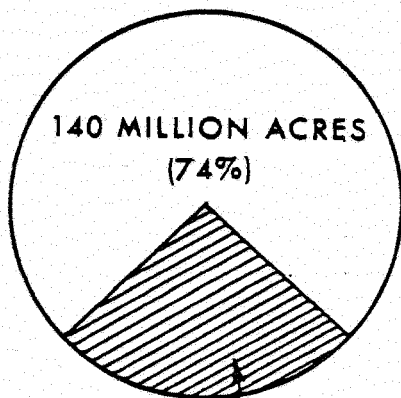
4. In November, 1982, a review of the remaining 140 million acres was undertaken to quickly decide which needed further study to determine their suitability for disposal. The review, completed March 15, 1983, identified 6,000,000 million acres for further study.

5. In brief, of the 191,000,000 acres:
- a. 185,000,000 acres will be retained.
 - b. 6,000,000 acres are identified for further study.
 - c. 60,000 acres can be disposed of using existing authorities.

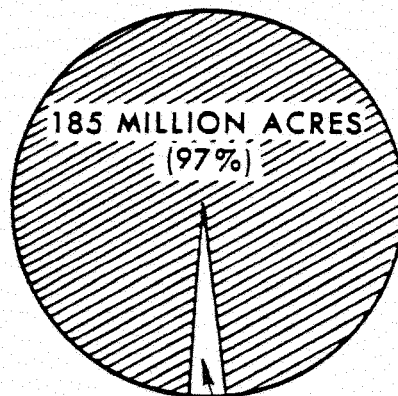
Further study of the 6,000,000 acres will not proceed until legislation is enacted allowing sale of NFS lands. The U.S. Department of Agriculture is preparing such legislation.

**NATIONAL FOREST SYSTEM LANDS
191 MILLION ACRES**

AUGUST 10, 1982





MARCH 15, 1983



51 MILLION ACRES
(26%)

6 MILLION ACRES
(3%)

 AREA TO BE RETAINED
 AREA TO BE STUDIED

FEDERAL REAL PROPERTY
NATIONAL SALES INITIATIVE
GSA HISTORIC TREND
(millions)

FY '79  \$45

FY '80  \$84

FY '81  \$46

FY '82  \$82

FY '83  \$643

FY '84  \$887

FY '85  \$480

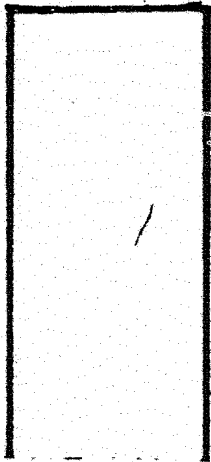
 SOLD

 GOALS

FISCAL YEAR '83

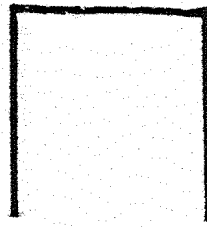
GSA SALES PLAN

GOAL



\$643 MILLION

SCHEDULED



\$346 MILLION

SOLD

(THRU FEB 1983)



\$21 MILLION

NOTE: THE ESTIMATED VALUE OF GSA'S INVENTORY IS \$679 MILLION.
IN ORDER TO ACHIEVE THE SALES GOAL OF \$643 MILLION
ALL PROPERTIES WOULD HAVE TO BE SOLD. THIS IS NOT
FEASIBLE.

NOT TO SCALE

FY '83 GSA PROPERTY SALES PLAN/PERFORMANCE

GSA FY '83 SALES SCHEDULE

(MILLIONS)

GOAL - \$643

SOLD - 21

SCHEDULED - 346

OCT  \$2.5


NOV  \$3.7


DEC  \$10.5

JAN  \$3.2

FEB  \$.6

MAR  \$29


APR  \$39

MAY  \$49


JUN  \$33

JUL  \$87

AUG  \$21

SEPT  \$88

 SOLD

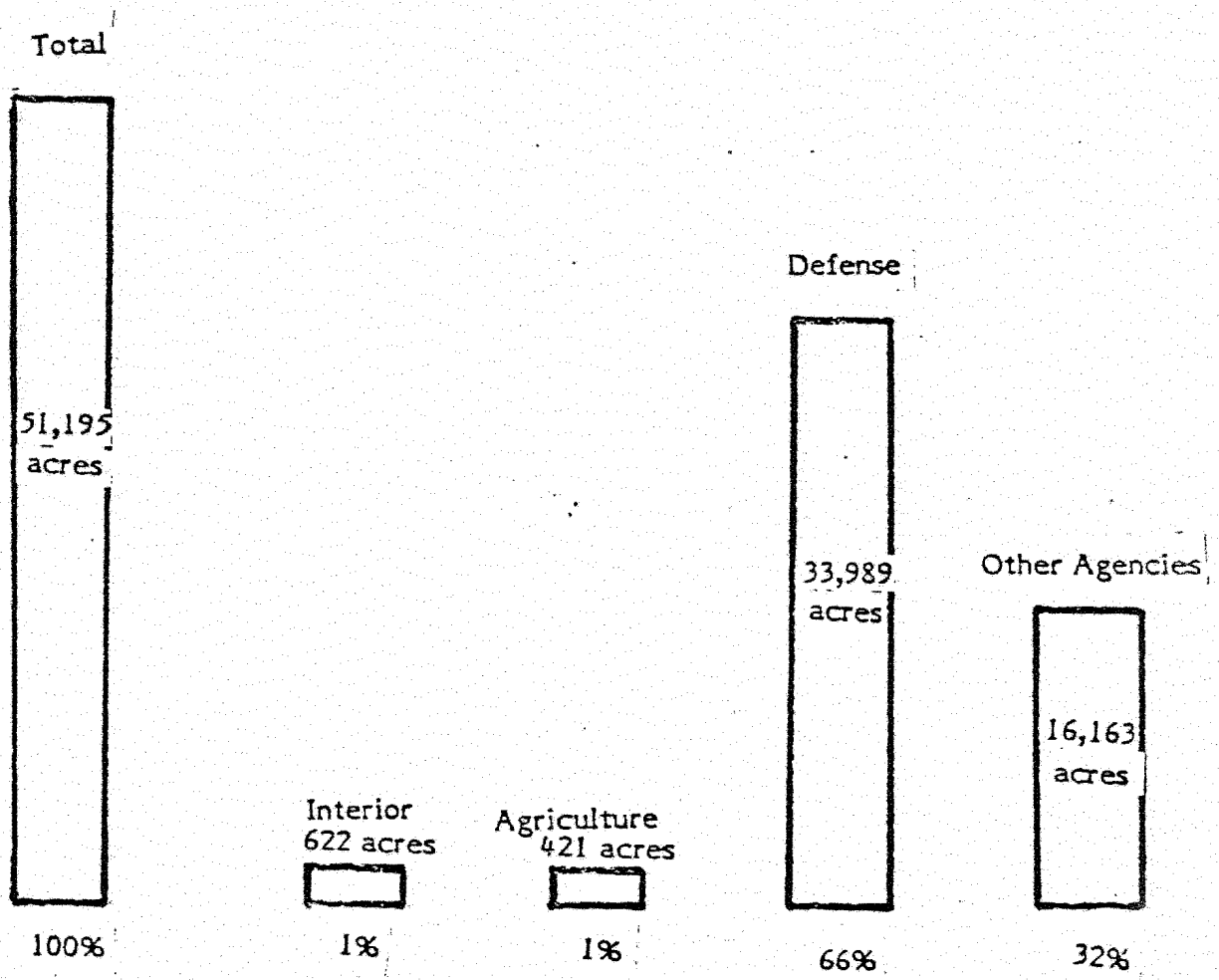
 SCHEDULED

NOT TO SCALE

GSA

FY '83 DISPOSAL INVENTORY

(Acquired Land)



NOT TO SCALE!

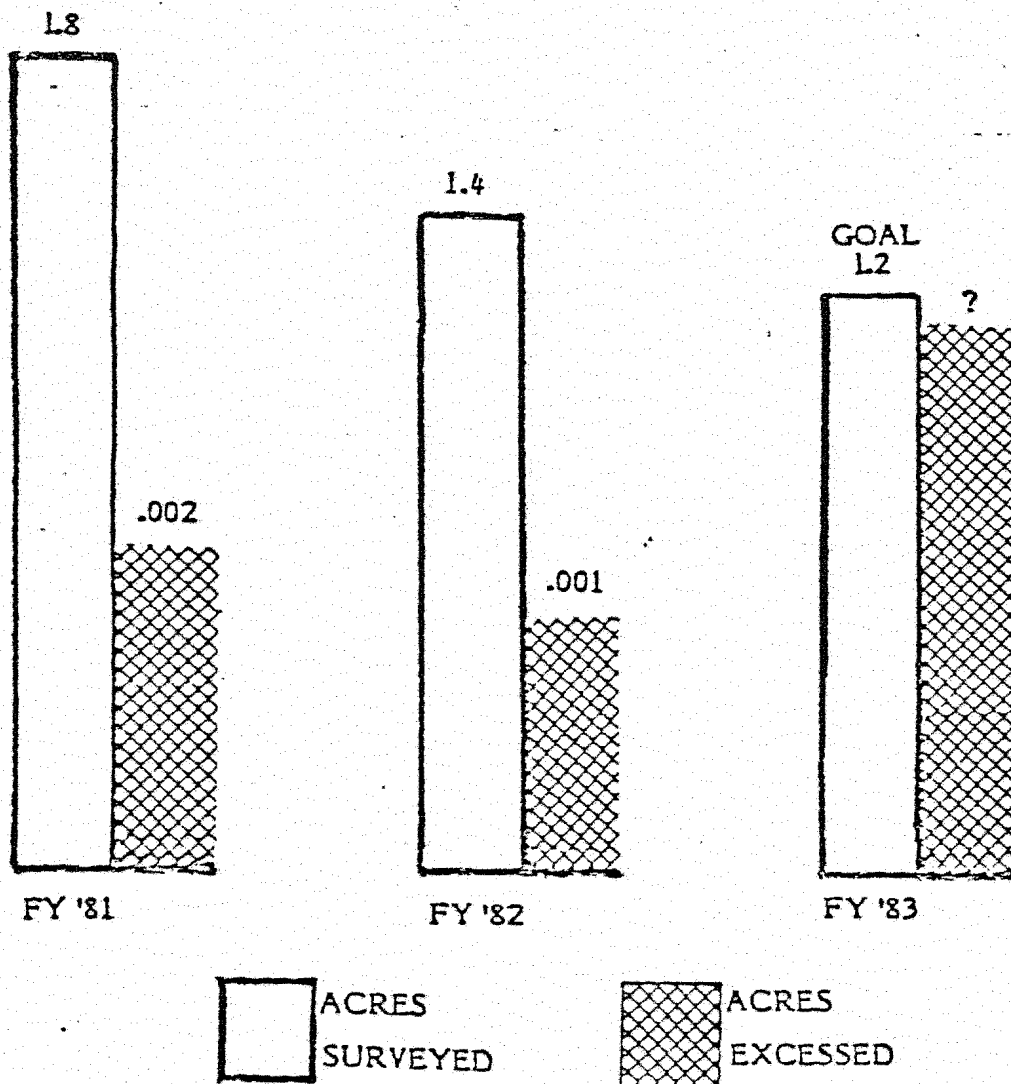
GSA LAND UTILIZATION SURVEYS

COMMENTS

- o There is no direct correlation between the acres surveyed and the acres excessed in any one year due to the time lag involved in reporting properties excess
 - o The survey program has not generated the desired results
 - o In FY '81 the value of the acres surveyed by GSA was \$2.3 billion, while the value of the acres excessed by the holding agencies was \$9 million
 - o In FY '82 the value of the acres surveyed by GSA was \$3.5 billion, while the value of the acres excessed by the holding agencies was \$7 million
 - o At the direction of the Property Review Board, in FY '83 GSA has a goal of 100 surveys, while the holding agencies have a goal of 141 surveys
 - o The execution of the FY '83 survey plan is behind schedule
 - o For FY '83 the emphasis is on surveying high value property to achieve maximum benefits
-

GSA LAND UTILIZATION SURVEYS

(MILLIONS OF ACRES)



NOT TO SCALE