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Continuing regulatory relief, will provide the policy framework for further reduced inflation and increased economic growth.

## A SUMMARY OF ECONOMIC CONDITIONS

General economic conditions during 1981 reflected the transitory effects of the necessary changes in Federal economic policies. The major elements of the Administration's economic policy are designed to increase long-term economic growth and to reduce inflation. Uniformly favorable near-term effects were not expected.

The primary redirection of economic policy that affected economic conditions during the year was the reduction in the growth of the money supply relative to the record high rate of growth in late 1980. This monetary restraint reduced inflation and short-term interest rates but also influenced the decline in economic activity in late 1981.

Beginning in late 1979, substantial variability in money growth rates was associated with unusually large swings in interest rates. By the end of 1980, as a result of an unprecedented degree of monetary stimulus, interest rates had risen to new peaks. In December 1980 the Federal funds rate reached more than 20 percent, the prime rate was 21½ percent, and 3-month Treasury bills had doubled in yield from their midyear lows. Long-term interest rates had risen by as much as 3 full percentage points from their midyear lows.

The rise in interest rates that began in late 1979 gradually produced an ever-widening circle of weakness centering on the most interest-sensitive industries, notably homebuilding and motor vehicles. Falling demand for housing and autos gradually affected an increasing number of other sectors, ranging from forest products to steel and rubber to appliances and home furnishings. The high interest rates also contributed to a squeeze on farm incomes—already under pressure from weaker farm prices—and weakness in industries and services closely tied to the farm sector.

Excessive monetary expansion in the latter half of 1980 helped to drive interest rates to record highs. Rates were kept at those levels for the next 6 months or so by a variety of factors, including the transitory impact of the shift to monetary restraint. Rates then fell because of the monetary restraint that characterized Federal Reserve policy during most of 1981. The high interest rates were an important factor in precipitating the downturn in the final quarter of 1981, when real output fell at an annual rate of 5.2 percent.

In short, the conflict between continued expectations of rising inflation, based on the history of the last 15 years, and the more recent monetary restraint explains many recent problems. Continued mone-

etary restraint and a reduction of the within-year variability of money growth, however, are necessary both to reduce inflation and provide the basis for sustained economic growth.

## PROSPECTS FOR RECOVERY

The series of tax cuts enacted in 1981 provides the foundation for increased employment, spending, saving, and business investment. Inflation and short-term interest rates are now substantially lower than they were at the beginning of 1981. At the time this *Report* was prepared, it appeared that the recession which started in August—as determined by the National Bureau of Economic Research—will be over by the second quarter of 1982. This would make it about average in length for a post-World War II downturn. Output and employment are expected to increase slightly in the second quarter and at a brisk pace through the rest of the year, when growth in output is expected to be in excess of a 5 percent annual rate. Inflation is likely to continue to decline and to average about 7 percent for the year, with further reductions in 1983 and beyond.

The outlook for 1983 and subsequent years is based on continuation of the Administration's spending, tax, and regulatory policies, continued monetary restraint, and broader public recognition that the Administration is committed to each of these key elements of its program. Prospective budget deficits are a consequence of the difference in the timing of the spending and tax policy actions, and of the impact on nominal gross national product growth of continued monetary restraint. Although the prospective deficits are undesirably high, they are not expected to jeopardize the economic recovery program.

Concerns have been expressed that the Federal Reserve's targets for money growth are not compatible with the vigorous upturn in economic activity envisioned later in 1982. Any such upturn, it is feared, will lead to a renewed upswing in interest rates and thus choke off recovery. We believe that such fears, while understandable on the basis of recent history and policies, are unjustified in light of current policies and the Administration's determination to carry them through.

Interest rates, after more than a decade of rising inflation, contain sizable premiums to compensate lenders for the anticipated loss in value of future repayments of principal. It is our estimate, however, that such premiums will decline over the course of 1982 and beyond. Such a decline would occur while "real" (inflation-adjusted) interest rates remain high as a result of private and public sector credit demands even as private saving flows increase. In other words, the

tinue to be deeply and profoundly concerned by the mounting loss of lives caused by this ongoing spiral of violence and counterviolence.

We renew our call on all parties to refrain at once from further violence. We continue to call on all with influence on the parties to exert all their efforts to effecting a speedy end to this tragic violence. We will

## Statement Issued at the Conclusion of the Versailles Economic Summit Conference in France

June 6, 1982

Since World War II our peoples in Europe, Canada, Japan, and the United States have worked together to lay the foundation for global prosperity. Together, we built the international institutions which have seen us through the greatest economic expansion in the history of the world. This weekend at Versailles, that spirit of partnership was very much alive.

In the formal sessions and informal exchanges, the leaders of the major industrial democracies worked on strengthening and solidifying Western cooperation.

We did not ignore the serious difficulties facing our economies. These problems will not go away overnight, but they will be overcome. Beating inflation, convincingly and enduringly, is the key to a strong recovery of growth and employment. This was agreed. And I was pleased to report to my colleagues that in the U.S. we are conquering inflation and are convincing our people that we will not return to the inflationary policies of the past.

In times of economic stress, it is always tempting to seek simple solutions at the expense of others. At Versailles, we resisted this temptation. Instead, we concentrated on ways and means to strengthen our economic performance individually and collectively. We have agreed to reinforce the international institutions which assure cooperation and coordination. In doing so, we are looking to a future with low inflation, greater employment opportunities, rising standards of living through advancing technol-

ogy, and smoothly functioning international economic relations.

*Note: Deputy Press Secretary Larry M. Speakes read the statement to reporters at his daily briefing at L'Orangerie Press Center in Paris, France.*

ogy, and smoothly functioning international economic relations.

Just to name a few specific areas:

—We will work in association with the IMF to achieve meaningful coordination of medium-term economic policies, aimed at fiscal and monetary discipline and greater reliance on market forces.

—We have dedicated our efforts to a productive ministerial meeting of the GATT, which will address the trade problems of the 1980's.

—We have reaffirmed our commitment, made last year at Ottawa, to ensure that our economic relations with the Soviet Union are fully consistent with our political and security objectives. Specifically, we have agreed to exercise prudence in financial relations with the Soviet Union, including limiting export credits.

—We also agreed to work together to develop the considerable energy potential in the West, as another step in assuring a strong, sustained economic recovery, less vulnerable to energy disruptions.

In our informal political discussions, we addressed the major critical issues before the West. We know that the economic growth we seek would be hollow without the collective capacity to defend our democratic principles and our freedom.

We addressed our shared concerns in East-West relations. The continuing buildup of Soviet military power is a major challenge, heightened by Soviet actions in Poland, Afghanistan, and Southeast Asia—

issues I look forward to discussing in greater depth at the Bonn summit. At the same time, we agreed that the serious economic problems and impending succession in the Soviet Union provide us with major opportunities to work out a more constructive East-West dialog.

We must maintain dialog with the Soviet Union, based on reciprocity and restraint. In that spirit, my colleagues have endorsed U.S. initiatives for arms control, particularly the negotiations on reducing strategic arms which will begin on June 29.

The tragedy in the Falkland Islands has been a serious concern to us all. Throughout the crisis, we have all been impressed by the British resolve, and in various ways, we have demonstrated our support for the United Kingdom. The United States continues to believe that we must end the fighting in the South Atlantic and achieve a political settlement.

On other matters, we urged restraint on all parties in Lebanon. Increasing bloodshed in that region is something we all abhor. We have also called for a political settlement in the Iran-Iraq conflict which would preserve the territorial integrity of both nations. And we agreed to improve our coordinated fight against international terrorism.

Finally, I believe that we should reach out to new generations. The summit nations can invest in the future with expanded exchanges among young people from North America, Japan, and Europe.

A year ago in Ottawa, we ended the first series of economics summits that began in France. With this summit at Versailles, we have begun a new cycle. We thus reaffirm our strong commitment to economic and political cooperation. In the spirit of partnership with our fellow democracies, I want to say that I very much look forward to welcoming these nations to the United States next year.

*Note: The statement was issued following a gathering of the heads of delegation to the conference, at which time French President*

*François Mitterrand delivered a declaration on the outcome of the conference on their behalf. The session took place in the Salle du Congress at the Palace of Versailles.*

*The 3-day economic summit conference, which began on Friday evening, June 4, with a reception and dinner for heads of delegation at the Grand Trianon, consisted of morning and afternoon plenary sessions, June 5 and 6, held in the Salle du Sacre at the Palace of Versailles. Attending the sessions were President Reagan, French President Mitterrand, German Chancellor Helmut Schmidt, British Prime Minister Margaret Thatcher, Canadian Prime Minister Pierre Elliott Trudeau, Italian Prime Minister Giovanni Spadolini, Japanese Prime Minister Zenko Suzuki, Belgian Prime Minister Wilfried Martens, in his capacity as President of the European Economic Community Council of Ministers, and Gaston Thorn, President of the Commission of the European Communities, and their foreign and finance ministers. The morning sessions concluded with a luncheon for the heads of delegation in the Salon de la Paix at the Palace.*

*The President prepared for each day's sessions by meeting first in his suite at the Grand Trianon with members of the White House staff and then with Secretary of State Alexander M. Haig, Jr., Secretary of the Treasury Donald T. Regan, and members of the White House staff.*

*On Saturday evening, the President attended a reception for heads of delegation in the Salon de Famille, a dinner in the Salon de Jardin, and entertainment in the Salle à Manger, all at the Grand Trianon.*

*On Sunday evening, following the presentation of the declaration, the President attended a dinner for the delegations in the Galerie des Glaces at the Palace of Versailles. The dinner was followed by an opera in the Palace's Opera House and fireworks in the Palace Gardens. The President then returned to the Grand Trianon, where he spent the night before flying to Rome, Italy, the following day.*

straint, in particular to avoid retaliation which only results in escalation; and to forego acts which could lead, in the current tense situation in the area, to further bloodshed and war.

4. We are particularly concerned, in this respect, by the tragic fate of the Lebanese people. We support the efforts now in progress to permit Lebanon to achieve a genuine national reconciliation, internal security and peace with its neighbours.

5. In East-West Relations, we are seriously concerned about the continuing build-up of Soviet military power. Our concern is heightened by Soviet actions which are incompatible with the exercise of restraint and responsibility in international affairs. We ourselves, therefore, need a strong defense capability. We will be firm in insisting on a balance of military capabilities and on political restraint. We are prepared for dialogue and cooperation to the extent that the Soviet Union makes this possible. We are convinced of the importance of working towards balanced and verifiable arms control and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure.

6. We welcome the fact that, at the Madrid Conference on Security and Cooperation in Europe, Western countries have just taken another major initiative aimed at defining the area to be covered by the measures the proposed European Disarmament Conference would negotiate. Equally important, they have proposed a number of human rights provisions that would give new hope for individuals deprived of their freedom. We believe that Soviet acceptance of these initiatives would enable a balanced conclusion of the Madrid meeting and a substantial reduction of tension in Europe.

7. As regards Afghanistan, about which we publicly stated our firm and unanimous position at last year's Venice Summit, we note that the situation remains unchanged. Therefore, with the overwhelming majority of nations, we continue to condemn the

Soviet military occupation of Afghanistan. We support international efforts to achieve the complete withdrawal of Soviet troops and to restore to the Afghan people, who are fighting a war of liberation, their right to determine their own future. We note with approval the constructive proposal of the European Council for an international conference to bring about this result and call upon the Soviet Union to accept it. We are grateful for the report given us by Foreign Secretary Carrington on his recent visit to Moscow, and his discussions there, on behalf of the Ten, on the international conference proposal.

8. Believing as we do that the Kampuchean people are entitled to self-determination, we welcome and support the Declaration of the International Conference on Kampuchea.

9. Together with other states and regional organizations, we are resolved to do what is necessary to enhance regional security and to ensure a peace built on the independence and dignity of sovereign nations. All peoples should be free to chart their own course without fear of outside intervention. To that end, we shall continue to promote peaceful resolution of disputes and to address underlying social and economic problems. We reaffirm our conviction that respect for independence and genuine non-alignment are important for international peace and security.

10. Recalling the statement on refugees adopted at the Venice Summit, we are seriously concerned over the growing plight of refugees throughout the World. We reaffirm our support for international relief efforts and our appeal to all governments to refrain from actions which can lead to massive flows of refugees.

*Note: As printed above, the summary follows the text issued at the summit conference and made available by the Office of the Press Secretary. It was not issued as a White House press release.*

## Ottawa Economic Summit Conference Statement on Terrorism

July 20, 1981

1. The Heads of State and Government, seriously concerned about the active support given to international terrorism through the supply of money and arms to terrorist groups, and about the sanctuary and training offered terrorists, as well as the continuation of acts of violence and terrorism such as aircraft hijacking, hostage-taking and attacks against diplomatic and consular personnel and premises, reaffirm their determination vigorously to combat such flagrant violations of international law. Emphasizing that all countries are threatened by acts of terrorism in disregard of fundamental human rights, they resolve to strengthen and broaden action within the international community to prevent and punish such acts.

2. The Heads of State and Government view with particular concern the recent hijacking incidents which threaten the safety of international civil aviation. They recall and reaffirm the principles set forth in the 1978 Bonn Declaration and note that there are several hijackings which have not been resolved by certain states in conformity with their obligations under international law. They call upon the governments concerned to discharge their obligations promptly and thereby contribute to the safety of international civil aviation.

3. The Heads of State and Government are convinced that, in the case of the hijacking of a Pakistan International Airlines aircraft in March, the conduct of the Babrak Karmal government of Afghanistan, both during the incident and subsequently in giving refuge to the hijackers, was and is in flagrant breach of its international obligations

under the Hague Convention to which Afghanistan is a party, and constitutes a serious threat to air safety. Consequently the Heads of State and Government propose to suspend all flights to and from Afghanistan in implementation of the Bonn Declaration unless Afghanistan immediately takes steps to comply with its obligations. Furthermore, they call upon all states which share their concern for air safety to take appropriate action to persuade Afghanistan to honour its obligations.

4. Recalling the Venice Statement on the Taking of Diplomatic Hostages, the Heads of State and Government approve continued cooperation in the event of attacks on diplomatic and consular establishments or personnel of any of their governments. They undertake that in the event of such incidents, their governments will immediately consult on an appropriate response. Moreover, they resolve that any state which directly aids and abets the commission of terrorist acts condemned in the Venice Statement, should face a prompt international response. It was agreed to exchange information on terrorist threats and activities, and to explore cooperative measures for dealing with and countering acts of terrorism, for promoting more effective implementation of existing anti-terrorist conventions, and for securing wider adherence to them.

*Note: As printed above, the statement follows the text issued at the summit conference and made available by the Office of the Press Secretary. It was not issued as a White House press release.*

## Concluding Statements of the Ottawa Economic Summit Conference Participants

July 21, 1981

*Prime Minister Trudeau.* Good afternoon, ladies and gentlemen. I should wish first on

behalf of my colleagues at the table here to express our welcome to the press here and

in accordance with the practices, established practices, and as Chairman of the summit meeting this year, I must make a statement summarizing the main points we have dealt with in the course of the last few days, and each of my colleagues will in turn speak to you.

The Ottawa Summit was met at a time of rapid change and great challenge to world economic progress and peace. East-West relations have been affected by the increase in the armed forces of the U.S.S.R. and its ever-increasing presence in the world. The political and economic situation of many countries has made it difficult for them to adapt to the new changes. The members of the summit meeting have also been victims of these changes and whatever we have attempted to do in the course of the last years was not necessarily carried out. We have had to reexamine the situation and restructure our activities so that, of course, there has been some pessimism about this summit.

Of course, it seemed to have been a difficult one but in my dual capacity as a participant and Chairman I am able to say, "No, the pessimists were not justified." We have met for many hours, and these contacts, of course, promote mutual trust and confidence in facing the crises we may have to—which challenge us. We've had very comprehensive discussions and frank discussions during our meetings. We have not tried to hide our divergences. We realize that we are dealing with economies which have different structures and have different reactions to the evolving situation. We have agreed that we could not revitalize our economies by isolating ourselves from one another. We have agreed on the fundamentals and realize we must take into account in our politics the impact it may have on our partners.

The whole burden of that fight cannot be made on monetary policy alone. And third, levels and movements of interest rates in one country can make life more difficult for other countries by influencing the exchange rates. This is something to which we must all remain sensitive and which we must try to minimize.

We must also pursue responsible trade policies. Over the years, as summit part-

ners, we have warned against succumbing to the temptation of protection. These warnings have served us well. If we had drifted into protectionism, we might have conjured up an economic crisis similar to that of the 1930's. We have reiterated our strong commitment to an open, liberal, and multilateral trading system. We have agreed to deal with trade distortions. But we are determined not to lay the burdens of adjustment at the doorstep of our neighbors. We are looking forward to working with others on a trade agenda for the 1980's.

I regard this consensus about trade policy as one of the most important to have emerged from our meeting, not least for a major trading nation like Canada.

One of the uncertainties hovering over this summit was how it would deal with the North-South relationship. It's no secret to anyone that I attach very great importance to that relationship as an element of fundamental equity of mutual interests and benefits, and of global security.

The Ottawa Summit was the first of a series of important meetings this year where the North-South relationship will be at the center of the agenda. It seemed important to me, therefore, that the signal emanating from Ottawa should be clear and that it could be positive. For such a signal to be persuasive, it had to come from all of us jointly. That was the purpose of much of the travel, that as Chairman of this year's meetings I undertook in the weeks immediately preceding the summit.

The world looked to the Ottawa Summit for some sign of movement, some basis for hope that progress is possible, that the logjam can be broken. I'm very pleased with what we've been able to achieve. Our discussions showed a common appreciation of the magnitude of the problem and a common readiness to respond to it. There is now a disposition on the part of all summit countries to pursue any opportunity for meaningful progress, including what are known as global negotiations. That openness to the process of global negotiations represents a consensus which did not exist before our summit and seemed very remote not too many months ago.

The message we send from this meeting to the developing countries is the following: First, we respect your independence and support genuine nonalignment as a contribution to international peace and stability and as a basis for cooperation. Second, we look to you to play a full part in the international economic system and to become closely integrated to it. Third, we are ready to participate with you in preparations for a process of global negotiations. Fourth, we appreciate the problems of energy supply which you are encountering and are prepared to join with the surplus oil-exporting countries in examining how best we might jointly help you in developing your indigenous energy reserves. Five, we recognize the importance of more food production in your countries and of greater world food security and will try to make increased resources available for these purposes. Six, we will maintain our strong multilateral commitment to the international financial institutions and to the role they have played in alleviating the problems of development. And lastly, we will direct the major portion of our aid to the poorer countries.

On the occasion of this year's summit meeting, it seemed to us we could not ignore the fact that the strengthening of the armed forces in the Soviet Union has had an impact on the resources of our country and on the orientations which we have had to follow. We are convinced of the need for a strong defense capability, but we're also open to the possibility of dialog and negotiation with the Soviet Union, particularly as regards the nuclear armaments and security with less armaments and diminished cost.

I should wish, in conclusion, as Prime Minister of Canada, to say that we were very happy to be the host nation of this summit meeting. I am particularly grateful to all those who have accepted the challenge for this great endeavor and have provided the maximum of effort in assuring success. May I be permitted also to express deep gratitude to my colleagues at this table for having made my task so easy and to wish them Godspeed as they return to their own countries.

I will now call on the President of the United States, President Reagan.

*President Reagan.* Prime Minister Trudeau, I am sure I speak for all of us in thanking you for the welcome we've had and the hospitality that we've enjoyed during our 2 days together in Montebello. *Merci.* You've been a most gracious host, and my fellow countrymen and I shall long be grateful.

Not long ago, the conventional wisdom was that our seven nations were more sharply divided than any time in years. Only three of us had attended an economic summit before, and the rest of us are still in the first grade, the first-year class.

To the outside world this looked like it would be a difficult summit. Inflation rates are running at incredible levels. Unemployment, I should say, disrupts the lives of millions of people, and new fears of protectionism are sweeping across our continents. The agenda of Montebello represented an enormous challenge for all of us. The true measure of these past 2 days, days filled with candid but always friendly talks, is that we leave with a true sense of common understanding and common purpose. We've discussed at great length how each one of us is addressing economic problems at home while working in concert to assure that we are sensitive to the impact of our actions upon our partners.

I'm grateful to the other leaders here for their degree of understanding and support for the economic policies we're embarked upon in the United States. We have also resolved that we shall resist protectionism and support an open, expanding system for multilateral trade. And, as you have been told by the Prime Minister, we shall work together in helping the developing nations move toward full partnership in that system.

As Chancellor Schmidt has told us, our unity in economic matters is the best insurance we have against a return to the disastrous "beggar-thy-neighbor" policies of another era. Economic unity and political unity are two great goals we must continue to pursue. All our nations share democratic institutions based on a belief in human dignity, freedom, and the preeminence of the individual. I believe that we depart with fresh confidence and optimism about the

future of democratic values and our societies.

Many uncertainties still lie ahead; much remains to be done. But, as an American, I would like to recall for you an inspiring story of my native land. It's the story of young Franklin Roosevelt, who was struck down by polio in the prime of life and then, struggling to cover and to scale new heights. I mention it because much of that struggle took place on a little island not too far from here in New Brunswick, Canada, and the story is remembered by a very appropriate title, "Sunrise at Campobello."

Now, today, as we leave Montebello, I just can't resist the suggestion that over the past few years our nations have suffered from an affliction too, an economic affliction. I hope sometime in the future people will look back and say that here, in these talks, we began to put our nations back on the road to economic recovery and that a new Sun rose at Montebello.

That is a hope I know all of us share. Thank you very much.

*Prime Minister Trudeau.* Thank you, President Reagan. I now give the floor to the President of the French Republic, President Mitterrand.

*President Mitterrand.* I, too, would like to express my thanks to Mr. Pierre Elliott Trudeau, Prime Minister, and I would like to thank the Canadian Government for their excellent welcome and for the very favorable conditions under which the Ottawa or Montebello Summit was carried out. These conditions were so favorable that we were able to progress, to achieve work, and even to achieve some conclusions.

You know that France has an original policy, a new policy, if you like, within this framework, as compared to the theme generally put forward. Now, I call this an original policy. It is our own peculiar policy. We have our own objectives, and it was important for us to see whether it was possible—and I had no doubt this was possible—for us to fulfill this policy in harmony with the others. By the others, I mean our main partners, those represented here and a few others as well. This has been possible partly because everybody participated, partly because everybody has realized what elements in our own policies can harm other

countries' policies and what must, therefore, be set aside.

We have all realized what can be favorable to our common success and should, thus, be supported. But this has succeeded also because France is in favor of solidarity. We support, first of all, our friends. We think of history—particularly the history of the past half century in which we have seen disruptions, crises, and war—and we, thus, are united behind a certain number of fundamental changes, particularly freedom—freedom concerning the international level and freedom concerning democracy and democratic values within each of our countries.

We stand solidly behind our friends, and we also fully support those who, without being represented here, have been kept in mind in many of our discussions, and in many, in fact, of our decisions. I'm thinking more particularly of the countries of the Third World, more particularly the poorer among the countries of the Third World.

Right from the beginning, I wanted to emphasize the fact that we have to cooperate, to restrict as much as possible erratic exchange rates in our currencies, and to avoid as much as possible, as well, high interest rates. This is not a French problem; it is a European problem. In fact, I can say that this is a worldwide problem. I can say this taking into account possible consequences of present trends.

If you have a look at the text of our communique, you will see that there are a certain number of points being put forward concerning these issues. Similarly, right from the start, our position was in favor of everything that is able to bring down protectionism provided, of course, that right from the start we are all familiar with the whole set of existing mechanisms—mechanisms which mean that here and there protectionism is much too present.

Concerning trade with East bloc countries, as the communique says, a new examination of the situation will be carried out shortly. I have expressed the hope that, concerning this issue as concerning all the others, we take stock very precisely of the state of trade with those countries and that we take stock of the strategic consequences

that might arise. This is also a point included in the communique.

In addition to this, priority had to be given during our talks to a policy towards countries of the Third World, what we call North-South relations. This is necessary not simply because it is our duty, but also because it is in our own interest. We must be distrustful of any attitude that I would term paternalistic. It is when we will be able to expand trade on stable bases, when we will be able to stabilize raw material prices—once this is done—it will be possible for those countries to set up lasting development plans. And once they have done this, we, the industrialized countries, will be able to fulfill our tasks.

And I think that along the lines of what we call the energy affiliate and along the lines of global negotiations which will be referred to again at Cancun, and also concerning international relations, I would say that on all these points progress has been achieved. We have been able to outline our objectives clearly.

And then, particularly during our informal meetings, we discussed problems concerning international relations, concerning the balance of forces. The position of France has always been as follows: equilibrium above anything else. Of course, equilibrium has to dominate not simply the matter of forces, but it should determine the nature, the type of negotiation to be opened up—the aim being to ensure disarmament and peace.

In conclusion, I would like to say that in Paris, or perhaps I should say in France, the next summit will be held. As you know, we have reached the end of a first cycle here in Canada. This was the seventh summit. So a new cycle of such summit meetings will begin, and I am very happy that the first element, the first step in this cycle, will take place in France. I will be happy to welcome there, my friends and partners, gathered here today. And since it is my task, I will continue to put forward and defend the interests of my country, but I will make sure that the summit of the industrialized countries will make it possible for us to continue along the path of understanding of our common interests and of our common tasks.

Thank you, very much. Thank you, Mr. President.

*Prime Minister Trudeau.* The Chancellor of the Federal Republic of Germany, Chancellor Schmidt, now has the floor.

*Chancellor Schmidt.* Thank you, Mr. Chairman, ladies and gentlemen. First of all, I, too, would like to thank you very warmly for the welcome, the hospitality of your country, and for the way you have acted as Chairman. You have been a very fair, very just Chairman. Thank you very much, Mr. Trudeau.

I think that we have found many areas in which we have been able to agree, and there were also many other areas or sectors in which close cooperation is possible and in which I think we can achieve or have already achieved a compromise. We have all expressed our desire to fight inflation and unemployment and to achieve competent and strong world trade and world economy.

I would like to stress these points because this time, even more so than in the past, the countries were represented by heads of state who use different economic policies or recipes, if I can call them this, in their own countries, in the range between monetarism and Keynesian theory.

I would like to bring up four points. Firstly, the main role played by trade policy. We agreed here that we do not wish to adopt any policies that take account only of national goals and do not take account of the repercussions they may have on the world economy. We do not wish to pursue such national policies.

I'd like to refer you to points 21 through 24 of the communique more particularly. We all face considerable pressure towards protectionism in our own governments, and we have all here expressed the desire to avoid such protectionism with a view to maintaining the strength and freedom of world trade.

Secondly, another important subject was that concerning the problems caused by high interest rates. We had a very detailed and interesting discussion without any accusations from one of the other parties, and several participants mentioned what negative repercussions a longlasting, high interest rate would have on their national econo-

mies. This is true in any case for the German economy, particularly if you keep in mind the fact that the European economies have already been more strongly affected by the second oil price rise than was expected a couple of years ago.

We also welcome the fact that the United States of America has expressed the intention to do their very best to bring down these high interest rates. President Reagan, too, has told us that the American economy is also suffering from high interest rates.

It has not yet been able to see whether the fight against inflation in the United States might take certain different paths, which is why I have had to point out that my government, when I go back to Bonn, will begin to take certain decisions concerning the fact that, unfortunately for the time being, we will still have to deal with high interest rates and that we will thus have to take certain measures.

The third point, North-South relations, I would like to emphasize what Prime Minister Trudeau said a moment ago, and I would like to say, quite clearly, that we have full respect towards truly nonaligned countries, towards genuine nonalignment, which we consider to be an essential element of stability throughout the world.

I would also like to announce that the Federal Government in Bonn will support the organization of global negotiations in the near future. I am happy that we have already been able to hold discussions on the upcoming summit in Cancún.

Fourthly, I would like to emphasize the importance of the exchange of views involving the basic agreement concerning East-West relations where we are talking about equilibrium in military forces, dialog, and preparedness to cooperation. An exchange of views about present-day problems, about arms limitation and arms control, more particularly, were particularly important to me.

And I was also very much interested in the exchange of views about the present-day situation in the Middle East. We have expressed the common desire to see peace be established in that part of the world in the near future. We all want the vicious circle of the use of violence in that part of the world to be ended.

In conclusion, I would like to thank very warmly President Reagan, President Mitterrand, my colleagues Prime Minister Thatcher, Mr. Spadolini, Mr. Suzuki, and more particularly, to our host, Prime Minister Pierre Trudeau. I would like to thank you all for the openness, the frankness with which you all spoke.

As far as I am concerned, I have been very much enriched by this summit meeting, and I have to say that I'm happy to note that we have become better acquainted and that we are all determined not to accept that we should act without taking account of each other's problems. But quite on the contrary, we have said strongly that we will take into account everybody else's interests and problems. These are two essential points for me.

Thank you.

*Prime Minister Trudeau.* Thank you very much, Chancellor. From Great Britain, Prime Minister Thatcher.

*Prime Minister Thatcher.* Mr. Chairman, can I join my colleagues in paying a very warm tribute to your skilled chairmanship and thorough preparations. I think our success at this summit owes a great deal to those two things. I'd like also to say thank you to our Canadian hosts for the excellent arrangements they made, both in Montebello and in Ottawa.

It is my third economic summit. And over that period, we've increasingly given time in our discussions to the major political issues of the day such as Afghanistan and the Middle East, as well as to the economic problems that face us. I think this development reflects reality, because political issues and economic matters can't be isolated from one another and treated separately. They interact at every level, national and international. And I think this reality was recognized more at this summit than at any other. And the result, I think, was a workmanlike, balanced discussion which comprehended all of the major problems, whether economic or political, that face the Western world.

On these substantive issues, I'd like to confine my comments to four points: First, the world economy. At the last two summits in Tokyo and Venice, our work was domi-

nated by the impact of the second oil price shock on the world economy. We then considered the impact it would have and how we should react to it. This time, of course, we met in the trough of the recession which that shock produced. But we've had to look at the whole range of economic questions, at the twin evils of inflation and unemployment, the need to adopt our economies and attitudes in order to beat unemployment, and of monetary disorders producing high interest rates and volatile exchange rates.

We all agreed on the need to fight inflation as the precondition for defeating unemployment as you have emphasized, Mr. Chairman, and on the need for low monetary growth, on the need for containing public borrowing, and for tight control of government expenditure. We are all giving effect to these principles in our own policies according to our own different circumstances.

Now, the second substantive issue on which I'd like to comment is developing countries. I think I take away three salient thoughts from our discussions on relations with developing countries. The first is that we share many of the problems of the world economy with them—the need to develop energy resources, to encourage investment, to fight inflation and unemployment, and to expand trade. All of these things we share with them. The second thing that we share is that we welcome discussion with them in whatever ways or groups are useful. And the third is, we must pay particular regard to the needs of the poorer countries. We agreed to direct a major portion of our aid to the poorer countries, and I would like to stress that the United Kingdom has a particularly good record on that.

Thirdly, a few comments about the Middle East. We have been meeting in the shadow of a further outbreak of fierce fighting in the Middle East. Once again, the unfortunate people of Lebanon are bearing the brunt of a conflict that is not of their seeking. And whatever any of us may think about the causes, we all agree on the need for an urgent cease-fire in Lebanon, for an end to the loss of innocent civilian life there and, above all, for a solution to the conflict

between Arabs and Israel from which this violence flows. In the United Kingdom, we shall continue to use all our influence for this purpose.

And the last issue on which I'd like to comment—East-West relations. We discussed this scene and the concern that we all feel about the extent of the Soviet military threat to our interests. Speaking for Britain, I've been heartened by the strength of common purpose that I sensed in our discussions. We all agreed, and we agreed with real determination, on the need to maintain a strong defense capability and to insist on the need for military balance. Of course, that goes hand-in-hand with our readiness to negotiate arms control agreements that will ensure genuine security at a lower level of weaponry and resources.

So, Mr. Chairman, our discussions have linked the two aspects of the preservation of the free world and the free market economy which sustains it, namely, defense and the maintenance of peace and the health and soundness of the world economy. Altogether, a very successful summit on which you, Mr. Chairman, and Canada deserve our thanks and congratulations.

Thank you.

*Prime Minister Trudeau.* Ms. Thatcher, thank you. I will now call on the Prime Minister of Japan, Prime Minister Suzuki.

*Prime Minister Suzuki.* Thank you, Mr. Chairman. For this most successful conclusion of this Ottawa Summit, we are indebted to the outstanding chairmanship of Prime Minister Trudeau and the most generous cooperation by the Government of Canada. I am grateful, Mr. Prime Minister, beyond expression.

The fundamental task of summitry, particularly this summit, is for us to deal with political and economic difficulties that threaten the peace and the prosperity of the world. It is in this sense that as the sole representative having crossed the Pacific Ocean to join this summitry, to say that the nations of Asia and the Pacific also have much expectation of and interest in this summit.

Now, as regards the fruits of this summit, there have been many fruits—on East-West

relations, North-South issues, and various problems that face all of us in the West within us. We have committed ourselves and expressed this commitment that we should tackle these problems with a common perception and sense of common objectives in a way that benefits our respective nations and its strength and circumstances.

Another fruit is that we have felt strongly that we should demonstrate that the Western political, economic, and social institutions are superior to those in the East. And also to step up our cooperation with the Third World and pledging ourselves to the steadfast maintenance of free trade institutions is a most important fruit out of this summit. I believe this is indeed the message from Ottawa to the world.

Our participants have expressed our solidarity and cooperation and this strong expression, I believe, is a most valuable and irreplaceable achievement of this summit.

Above all, I am satisfied that we have been able to build friendship and mutual confidence among us, the leaders of these summit nations.

The North-South question was an important item on our agenda. We have been united in recognition that our interdependence in international community is becoming more important than ever, and we have committed to further expand official development assistance.

In conclusion, I would like to say that for this most successful summit conference, I am again grateful to Prime Minister Trudeau personally and to the people of Canada for their most generous support and cooperation and, with that note of thanks, I would like to conclude my comments.

Thank you.

*Prime Minister Trudeau.* I now give the floor to the President of the Council of the Italian Republic, Mr. Spadolini.

*Prime Minister Spadolini.* The Government of the Italian Republic is very grateful to the Canadian Government and in particular to Prime Minister Trudeau, who was the animator and coordinator of our discussion, for the perfect organization of this summit meeting of the main industrial countries of the Western world—a summit meeting which has coincided with one of

the most difficult periods of the Western industrial countries and after many events which have affected our countries, which has had an impact on all our countries and which have made it necessary to search for new points of view and coordinated views.

In this case, also, as in the past, the work of the summit meeting developed in a spirit of civil and constructive confrontation and a frame of tolerance and a mutual understanding within a frame of a common understanding of our pluralistic, complex society, which is shaken by serious events. In a short period of time, the societies we have constructed on the basis of a reliance on and a firm belief in our values have gone over to uncertainty and doubt. And it is our responsibility to interpret and to understand the reasons for these upheavals, which are affecting the very foundation of our societies, in order to revitalize our societies and to broaden consensus and trust in our political democratic institutions based on stability of our economy and the social progress.

The Italian Government has explained its own policy in the field of economics, and social policies as well, which is aimed at controlling inflation through a range of initiatives and activities aimed at reducing the cost—government costs—and conciliating the interests of unions and management, just as all of the nations participating in these matters. We are convinced that we must defeat this monster of inflation and unemployment since they absorb ever-increasing resources and leave very little room for productive investments.

We consider it very significant that the joint communique refers explicitly to the common desire of the seven governments that the fluctuations of interest rates cause difficulties for other countries in pursuing their affairs. The problem of foreign exchange and stability of markets is considered very important for the proper and consistent development of our economies.

We have also dealt with the problems of energy and the dialog—the North-South dialog. We have emphasized our interest in developing alternative sources of energy, starting with nuclear energy.

As regards the problems affecting our societies, many derived from the need to find a common measure between industrialized countries and developing countries, mindful of the mutual interdependence of the summit, has made forward progress in this. We are well aware that developing countries, that is to say, the Third World, their public debt has reached proportions which can no longer be sustained, and therefore, there is an urgent need to provide aid to those countries so that they will not be burdened with further debts. And we have given appropriate priority to the harmonious development of relations between the North and South. And if we forego this need, we would be abdicating our own responsibility as regards peoples who are faced with those problems of underdevelopment and hunger. That is why we have proposed that Italy should assume, as soon as possible, in concert with the European economy, the development of specific proposals for action in the field of food and agriculture, in coordination with the international agencies in Rome and that should—priority interest should be devoted to those countries. One of the results of our summit meeting has been to unite our bonds even stronger on the basis of effective common activities and pursuits beyond all rhetoric and ritual. And this is a battle which, as Chancellor Schmidt indicated, is of essential importance.

Italy reaffirms, just as France, as Prime Minister Mitterrand, its solidarity with the Western powers in the knowledge and that there is a close link between Europe and the United States, and this has been again confirmed by President Reagan. And we may say that this is a great satisfaction for us to observe that we have—there are many common points on which we have agreed—social justice, international peace, and other items are all indivisible problems for us.

*Prime Minister Trudeau.* I now give the floor to the President of the European Community, Mr. Gaston Thorn.

*President Thorn.* Thank you, Mr. Chairman. I'm sure it's no exaggeration to be the seventh to thank you. And I would like to say that the heads of state and of governments represented here have decided to

start up a new cycle, a second cycle of summits. And they have done so because the results quite justify such a second cycle. This is because the conference was very well prepared, of course, and also because the welcome extended by Canada and the beautiful site at which the conference took place favored such success. Moreover, Prime Minister Trudeau had taken up the pilgrim staff and had made sure that debates be restricted as much as possible, that as many results be achieved as possible.

Speaking on behalf of the Community, on behalf of the Commission of the European Communities, I'm not speaking at the same level and not speaking on behalf—for example, I'm not wishing to take the place of Mrs. Thatcher, who's President of the Council at the time being.

But I would like to say that the Community, particularly countries not represented at the summit, wish to be heard, wish to speak. And we have been heard. It has been sufficiently often said that times are very hard. They are particularly hard for the European Community. Why is this so? Well, because in terms of trade, we are more vulnerable than anybody else—we depend much more on foreign trade—and also because, in monetary terms, our interdependence is greater and, thus, perhaps we suffer more greatly from the repercussions of policies carried out in other industrialized countries. Moreover, perhaps our commitment is greater towards the Third World, since we are committed to the Lomé Convention, for example, which binds us to a large number of Third World countries.

It has been said that it was important for us to get to know each other. It was particularly important through personal contact to become aware of the limits of everybody, to understand why perhaps each of us have adopted somewhat different attitudes. I think that once this understanding exists, there should no longer be any unclarity among ourselves. We understand the essential points. We agree, although we do, all of us, understand that sometimes we have to act differently. We agree that trade at the world level must remain open, that protectionism is something we all should avoid, it



being fully understood that free trade is a common rule that has to be respected by everybody, and this is why another conference at the ministerial level will perhaps be organized.

Now, we also understand why the United States follows a certain policy while other countries adopt another policy, and we have to see, as the Chancellor of Germany has just said, we have to—we will have to see how each of us will have to react to the results of this conference between us. You will have to react as well, of course.

Finally, I would like to say that I'm very happy that during this summit of the industrialized nations we did not concern ourselves only with industrialized nations. We dealt also with other countries, with the developing countries, not for reasons of charity but because we know that the future of those countries will play an important part in our own future. And I am happy on behalf of the European Community to be able to see that on this point people have moved closer together and that dialog, perhaps even global negotiations, and perhaps even the energy affiliate, on all these points I think that we have achieved greater agreement. We are happy to see that concerning substantive matters we all agree. And once again, I would like to thank

Canada warmly for their excellent organization of this summit.

Thank you.

*Prime Minister Trudeau.* Thank you, Mr. President of the European Community.

Ladies and gentlemen, this ends the meeting we have with the press. I believe the press of the various countries will have some occasion to meet the heads of state or government of its own country. At this time, however, we adjourn this meeting.

*Merci beaucoup.*

*Note: Prime Minister Pierre Elliott Trudeau of Canada, Chairman of the summit meeting, spoke at 5:05 p.m. in the Opera House at the National Arts Centre in Ottawa, Ontario, Canada. Some participants spoke in their native languages, and their remarks were translated by interpreters.*

*The concluding statements were made to members of the press following the 2½ days of the summit conference between President Reagan, Prime Minister Trudeau, President François Mitterrand of France, Chancellor Helmut Schmidt of the Federal Republic of Germany, Prime Minister Zenko Suzuki of Japan, Prime Minister Margaret Thatcher of the United Kingdom, Prime Minister Giovanni Spadolini of Italy, and Gaston Thorn, President of the Commission of the European Communities.*

*Trudeau  
Reagan  
Mitterrand  
Helmut Schmidt  
Suzuki  
Thatcher  
Spadolini*

## Declaration Issued at the Conclusion of the Ottawa Economic Summit Conference

July 21, 1981

1. We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our common objectives and our recognition of the need to take into account the effects on others of policies we pursue. We are confident in our joint determination and ability to tackle our problems in a spirit of shared responsibility,

both among ourselves and with our partners throughout the world.

### *The Economy*

2. The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3. Since the Venice Summit the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unem-

ployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979-80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, would threaten productive investment.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change: change in expectations about growth and earnings, change in management and labour relations and practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

5. We need in most countries urgently to reduce public borrowing; where our circumstances permit or we are able to make changes within the limits of our budgets, we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and

exchange rates; greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF in financing payments deficits on terms which encourage needed adjustment.

8. In shaping our long term economic policies, care should be taken to preserve the environment and the resource base of our planet.

### *Relations With Developing Countries*

9. We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognizing the reality of our interdependence.

10. It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11. We look forward to constructive and substantive discussions with them, and believe the Cancún Summit offers an early opportunity to address our common problems anew.

12. We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13. While growth has been strong in most middle income developing countries, we are deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced especially by the poorer among them. We remain ready to support the developing countries in the efforts they make to promote their economic and social development within the frame-

## United States-Soviet Summit in Geneva

Joint Statement November 21, 1985

By mutual agreement, President of the United States Ronald Reagan and General Secretary of the Central Committee of the Communist Party of the Soviet Union Mikhail Gorbachev met in Geneva November 19-21. Attending the meeting on the U.S. side were Secretary of State George Shultz; Chief of Staff Donald Regan; Assistant to the President Robert McFarlane; Ambassador to the USSR Arthur Hartman; Special Advisor to the President and the Secretary of State for Arms Control Paul H. Nitze; Assistant Secretary of State for European Affairs Rozanne Ridgway; Special Assistant to the President for National Security Affairs Jack Matlock. Attending on the Soviet side were Member of the Politburo of the Central Committee of the CPSU, Minister of Foreign Affairs E. A. Shevardnadze; First Deputy Foreign Minister G. M. Korniyenko; Ambassador to the United States A. F. Dobrynin; Head of the Department of Propaganda of the Central Committee of the CPSU, A. N. Yakovlev; Head of the Department of International Information of the Central Committee of the CPSU L. M. Zamyatin; Assistant to the General Secretary of the Central Committee of the CPSU, A. M. Aleksandrov.

These comprehensive discussions covered the basic questions of U.S.-Soviet relations and the current international situation. The meetings were frank and useful. Serious differences remain on a number of critical issues.

While acknowledging the differences in their systems and approaches to international issues, some greater understanding of each side's view was achieved by the two leaders. They agreed about the need to improve U.S.-Soviet relations and the international situation as a whole.

In this connection the two sides have confirmed the importance of an ongoing dialogue, reflecting their strong desire to seek common ground on existing problems.

They agreed to meet again in the nearest future. The General Secretary accepted an invitation by the President of the United States to visit the United States of America

and the President of the United States accepted an invitation by the General Secretary of the Central Committee of the CPSU to visit the Soviet Union. Arrangements for and timing of the visits will be agreed upon through diplomatic channels.

In their meetings, agreement was reached on a number of specific issues. Areas of agreement are registered on the following pages.

### SECURITY

The sides, having discussed key security issues, and conscious of the special responsibility of the USSR and the U.S. for maintaining peace, have agreed that a nuclear war cannot be won and must never be fought. Recognizing that any conflict between the USSR and the U.S. could have catastrophic consequences, they emphasized the importance of preventing any war between them, whether nuclear or conventional. They will not seek to achieve military superiority.

### NUCLEAR AND SPACE TALKS

The President and the General Secretary discussed the negotiations on nuclear and space arms.

They agreed to accelerate the work at these negotiations, with a view to accomplishing the tasks set down in the Joint U.S.-Soviet Agreement of January 8, 1985, namely to prevent an arms race in space and to terminate it on earth, to limit and reduce nuclear arms and enhance strategic stability.

Noting the proposals recently tabled by the U.S. and the Soviet Union, they called for early progress, in particular in areas where there is common ground, including the principle of 50% reductions in the nuclear arms of the U.S. and the USSR appropriately applied, as well as the idea of an interim INF agreement.

During the negotiation of these agreements, effective measures for verification of compliance with obligations assumed will be agreed upon.

### RISK REDUCTION CENTERS

The sides agreed to study the question at the expert level of centers to reduce nuclear risk taking into account the issues and developments in the Geneva negotiations. They took satisfaction in such recent steps

in this direction as the modernization of the Soviet-U.S. hotline.

### NUCLEAR NON-PROLIFERATION

General Secretary Gorbachev and President Reagan reaffirmed the commitment of the USSR and the U.S. to the Treaty on the Non-Proliferation of Nuclear Weapons and their interest in strengthening together with other countries the non-proliferation regime, and in further enhancing the effectiveness of the Treaty, *inter alia* by enlarging its membership.

They note with satisfaction the overall positive results of the recent Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons.

The USSR and the U.S. reaffirm their commitment, assumed by them under the Treaty on the Non-Proliferation of Nuclear Weapons, to pursue negotiations in good faith on matters of nuclear arms limitation and disarmament in accordance with Article VI of the Treaty.

The two sides plan to continue to promote the strengthening of the International Atomic Energy Agency and to support the activities of the Agency in implementing safeguards as well as in promoting the peaceful uses of nuclear energy.

They view positively the practice of regular Soviet-U.S. consultations on non-proliferation of nuclear weapons which have been businesslike and constructive and express their intent to continue this practice in the future.

### CHEMICAL WEAPONS

In the context of discussing security problems, the two sides reaffirmed that they are in favor of a general and complete prohibition of chemical weapons and the destruction of existing stockpiles of such weapons. They agreed to accelerate efforts to conclude an effective and verifiable international convention on this matter.

The two sides agreed to intensify bilateral discussions on the level of experts on all aspects of such a chemical weapons ban, including the question of verification. They agreed to initiate a dialogue on preventing the proliferation of chemical weapons.

### MBFR

The two sides emphasized the importance they attach to the Vienna (MBFR) negotiations and expressed their willingness to work for positive results.

### CDE

Attaching great importance to the Stockholm Conference on Confidence and Security Building Measures and Disarmament in Europe and noting the progress made there, the two sides stated their intention to facilitate, together with the other participating states, an early and successful completion of the work of the conference. To this end, they reaffirmed the need for a document which would include mutually acceptable confidence and security building measures and give concrete expression and effect to the principle of non-use of force.

### PROCESS OF DIALOGUE

President Reagan and General Secretary Gorbachev agreed on the need to place on a regular basis and intensify dialogue at various levels. Along with meetings between the leaders of the two countries, this envisages regular meetings between the USSR Minister of Foreign Affairs and the U.S. Secretary of State, as well as between the heads of other Ministries and Agencies. They agree that the recent visits of the heads of Ministries and Departments in such fields as agriculture, housing and protection of the environment have been useful.

Recognizing that exchanges of views on regional issues on the expert level have proven useful, they agreed to continue such exchanges on a regular basis.

The sides intend to expand the programs of bilateral cultural, educational and scientific-technical exchanges, and also to develop trade and economic ties. The President of the United States and the General Secretary of the Central Committee of the CPSU attended the signing of the Agreement on Contacts and Exchanges in Scientific, Educational and Cultural Fields.

They agreed on the importance of resolving humanitarian cases in the spirit of cooperation.

They believe that there should be greater understanding among our peoples and that to this end they will encourage greater travel and people-to-people contact.

### NORTHERN PACIFIC AIR SAFETY

The two leaders also noted with satisfaction that, in cooperation with the Govern-

ment of Japan, the United States and the Soviet Union have agreed to a set of measures to promote safety on air routes in the North Pacific and have worked out steps to implement them.

#### CIVIL AVIATION/CONSULATES

They acknowledged that delegations from the United States and the Soviet Union have begun negotiations aimed at resumption of air services. The two leaders expressed their desire to reach a mutually beneficial agreement at an early date. In this regard, an agreement was reached on the simultaneous opening of Consulates — General in New York and Kiev.

#### ENVIRONMENTAL PROTECTION

Both sides agreed to contribute to the preservation of the environment—a global task—through joint research and practical measures. In accordance with the existing U.S.-Soviet agreement in this area, consultations will be held next year in Moscow and Washington on specific programs of cooperation.

#### EXCHANGE INITIATIVES

The two leaders agreed on the utility of broadening exchanges and contacts including some of their new forms in a number of scientific, educational, medical and sports fields (*inter alia*, cooperation in the development of educational exchanges and software for elementary and secondary school instruction; measures to promote Russian language studies in the United States and English language studies in the USSR; the annual exchange of professors to conduct special courses in history, culture and economics at the relevant departments of Soviet and American institutions of higher education; mutual allocation of scholarships for the best students in the natural sciences, technology, social sciences and humanities for the period of an academic year; holding regular meets in various sports and increased television coverage of sports events). The two sides agreed to resume cooperation in combatting cancer diseases.

The relevant agencies in each of the countries are being instructed to develop specific programs for these exchanges. The resulting programs will be reviewed by the leaders at their next meeting.

#### FUSION RESEARCH

The two leaders emphasized the potential importance of the work aimed at utilizing controlled thermonuclear fusion for peaceful purposes and, in this connection, advocated the widest practicable development of international cooperation in obtaining this source of energy, which is essentially inexhaustible, for the benefit for all mankind.

#### United States-Soviet Summit in Geneva

*Remarks on Issuing a Joint Statement.  
November 21, 1985*

**General Secretary Gorbachev.** You've already been handed the joint statement. The President and I have done a huge amount of work. We've gone into great detail; we've really done it in depth. And we've done it totally openly and frankly. We've discussed several most important issues. The relations between our two countries and the situation in the world in general today—these are issues and problems the solving of which in the most concrete way is of concern both to our countries and to the peoples of other countries in the world.

We discussed these issues basing our discussions on both sides' determination to improve relations between the Soviet Union and the United States of America. We decided that we must help to decrease the threat of nuclear war. We must not allow the arms race to move off into space, and we must cut it down on Earth.

It goes without saying that discussions of these sort we consider to be very useful, and in its results you find a clear reflection of what the two sides have agreed together. We have to be realistic and straightforward and, therefore, the solving of the most important problems concerning the arms race and increasing hopes of peace, we didn't succeed in reaching at this meeting.

So, of course there are important disagreements on matters of principle that remain between us; however, the President and I have agreed that this work of seeking mutually acceptable decisions for these

questions will be continued here in Geneva by our representatives. We've also going to seek new kinds of developing bilateral Soviet-American relations. And also we're going to have further consultations on several important questions where, for the most part, our positions, again, are completely different. All this, we consider these forthcoming talks to be very, very useful.

But the significance of everything which we have agreed with the President can only, of course, be reflected if we carry it on into concrete measures. If we really want to succeed in something, then both sides are going to have to do an awful lot of work in the spirit of the joint statement which we have put out. And in this connection, I would like to announce that the Soviet Union, for its part, will do all it can in this cooperation with the United States of America in order to achieve practical results to cut down the arms race, to cut down the arsenals which we've piled up, and produce the conditions which will be necessary for peace on Earth and in space.

We make this announcement perfectly aware of our responsibility both to our own people and to the other peoples of the Earth. And we would very much hope that we can have the same approach from the administration of the United States of America. If that can be so, then, the work that has been done in these days in Geneva will not have been done in vain.

I would like to finish by thanking most profoundly the Government of Switzerland for the conditions which they've created for us to be able to work.

Thank you for attention.

**The President.** President Furgler, General Secretary Gorbachev, may I express Nancy's and my deep personal appreciation and that of all Americans to the people of Switzerland for welcoming us so warmly and preparing the foundations for productive discussions. Yours is a long and honorable tradition of promoting international peace and understanding. You should take pride in being the capital for international discussions. So, again, to the Government of Switzerland and to the citizens of Geneva, many, many thanks.

We've packed a lot into the last 2 days. I came to Geneva to seek a fresh start in relations between the United States and the

Soviet Union, and we have done this. General Secretary Gorbachev and I have held comprehensive discussions covering all elements of our relationship. I'm convinced that we are heading in the right direction. We've reached some useful interim results which are described in the joint statement that is being issued this morning.

In agreeing to accelerate the work of our nuclear arms negotiators, Mr. Gorbachev and I have addressed our common responsibility to strengthen peace. I believe that we have established a process for more intensive contacts between the United States and the Soviet Union. These 2 days of talks should inject a certain momentum into our work on the issues between us, a momentum we can continue at the meeting that we have agreed on for next year.

Before coming to Geneva, I spoke often of the need to build confidence in our dealings with each other. Frank and forthright conversation at the summit are part of this process, but I'm certain General Secretary Gorbachev would agree that real confidence in each other must be built on deeds, not simply words. This is the thought that ties together all the proposals that the United States has put on the table in the past, and this is the criteria by which our meetings will be judged in the future.

The real report card on Geneva will not come in for months or even years, but we know the questions that must be answered. Will we join together in sharply reducing offensive nuclear arms and moving to non-nuclear defensive strengths for systems to make this a safer world? Will we join together to help bring about a peaceful resolution of conflicts in Asia, Africa, and Central America so that the peoples there can freely determine their own destiny without outside interference? Will the cause of liberty be advanced, and will the treaties and agreements signed—past and future—be fulfilled? The people of America, the Soviet Union, and throughout the world are ready to answer yes.

I leave Geneva today and our fireside summit determined to pursue every opportunity to build a safer world of peace and freedom. There's hard work ahead, but we're ready for it. General Secretary Gor-

bachev, we ask you to join us in getting the job done, as I'm sure you will.

Thank you.

*Note: The President spoke at approximately 10:13 a.m. in the International Press Center at the Hotel Intercontinental.*

*As printed above, this item follows the text of the White House press release.*

## United States-Soviet Summit in Geneva

*Address Delivered Before a Joint Session of the Congress Following the Summit, November 21, 1985*

Mr. Speaker, Mr. President, Members of the Congress, distinguished guests, and my fellow Americans:

It's great to be home, and Nancy and I thank you for this wonderful homecoming. And before I go on, I want to say a personal "thank you" to Nancy. She was an outstanding Ambassador of good will for all of us. She didn't know I was going to say that.

Mr. Speaker, Senator Dole, I want you to know that your statements of support here were greatly appreciated. You can't imagine how much it means in dealing with the Soviets to have the Congress, the allies, and the American people firmly behind you.

I guess you know that I have just come from Geneva and talks with General Secretary Gorbachev. In the past few days, the past 2 days, we spent over 15 hours in various meetings with the General Secretary and the members of his official party. And approximately 5 of those hours were talks between Mr. Gorbachev and myself, just one on one. That was the best part—our fireside summit.

There will be, I know, a great deal of commentary and opinion as to what the meetings produced and what they were like. There were over 3,000 reporters in Geneva, so it's possible there will be 3,000 opinions on what happened. So, maybe it's the old broadcaster in me, but I decided to file my own report directly to you.

We met, as we had to meet. I called for a fresh start, and we made that start. I can't claim that we had a meeting of the minds

on such fundamentals as ideology or national purpose, but we understand each other better, and that's a key to peace. I gained a better perspective; I feel he did, too.

It was a constructive meeting. So constructive, in fact, that I look forward to welcoming Mr. Gorbachev to the United States next year. And I have accepted his invitation to go to Moscow the following year. We arranged that out in the parking lot.

I found Mr. Gorbachev to be an energetic defender of Soviet policy. He was an eloquent speaker and a good listener. Our subject matter was shaped by the facts of this century.

These past 40 years have not been an easy time for the West or for the world. You know the facts; there is no need to recite the historical record. Suffice it to say that the United States cannot afford illusions about the nature of the U.S.S.R. We cannot assume that their ideology and purpose will change; this implies enduring competition. Our task is to assure that this competition remains peaceful. With all that divides us, we cannot afford to let confusion complicate things further. We must be clear with each other and direct. We must pay each other the tribute of candor.

When I took the oath of office for the first time, we began dealing with the Soviet Union in a way that was more realistic than in, say, the recent past. And so, in a very real sense, preparations for the summit started not months ago, but 5 years ago when, with the help of Congress, we began strengthening our economy, restoring our national will, and rebuilding our defenses and alliances. America is once again strong, and our strength has given us the ability to speak with confidence and see that no true opportunity to advance freedom and peace is lost. We must not now abandon policies that work. I need your continued support to keep America strong.

That is the history behind the Geneva summit, and that is the context in which it occurred. And may I add that we were especially eager that our meetings give a push to important talks already underway on reducing nuclear weapons. On this subject it would be foolish not to go the extra mile or, in this case, the extra 4,000 miles.

We discussed the great issues of our time. I made clear before the first meeting that no question would be swept aside, no issue buried, just because either side found it uncomfortable or inconvenient. I brought these questions to the summit and put them before Mr. Gorbachev.

We discussed nuclear arms and how to reduce them. I explained our proposals for equitable, verifiable, and deep reductions. I outlined my conviction that our proposals would make not just for a world that feels safer, but one that really is safer.

I am pleased to report tonight that General Secretary Gorbachev and I did make a measure of progress here. We have a long way to go, but we're still heading in the right direction. We moved arms control forward from where we were last January, when the Soviets returned to the table. We are both instructing our negotiators to hasten their vital work. The world is waiting for results.

Specifically, we agreed in Geneva that each side should move to cut offensive nuclear arms by 50 percent in appropriate categories. In our joint statement we called for early progress on this, turning the talks toward our chief goal—offensive reductions. We called for an interim accord on intermediate-range nuclear forces, leading, I hope, to the complete elimination of this class of missiles. And all of this with tough verification.

We also made progress in combating, together, the spread of nuclear weapons, an arms control area in which we've cooperated effectively over the years. We are also opening a dialog on combating the spread and use of chemical weapons, while moving to ban them altogether. Other arms control dialogs—in Vienna on conventional forces and in Stockholm on lessening the chances for surprise attack in Europe—also received a boost. And finally, we agreed to begin work on risk reduction centers, a decision that should give special satisfaction to Senators Nunn and Warner who so ably promoted this idea.

I described our Strategic Defense Initiative, our research effort, that envisions the possibility of defensive systems which could ultimately protect all nations against the danger of nuclear war. This discussion produced a very direct exchange of views.

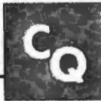
Mr. Gorbachev insisted that we might use a strategic defense system to put offensive weapons into space and establish nuclear superiority. I made it clear that SDI has nothing to do with offensive weapons; that, instead, we are investigating nonnuclear defense systems that would only threaten offensive missiles, not people. If our research succeeds, it will bring much closer the safer, more stable world that we seek. Nations could defend themselves against missile attack and mankind, at long last, escape the prison of mutual terror. And this is my dream.

So, I welcomed the chance to tell Mr. Gorbachev that we are a nation that defends, rather than attacks; that our alliances are defensive, not offensive. We don't seek nuclear superiority. We do not seek a first-strike advantage over the Soviet Union. Indeed, one of my fundamental arms control objectives is to get rid of first-strike weapons altogether. This is why we've proposed a 50-percent reduction in the most threatening nuclear weapons, especially those that could carry out a first strike.

I went further in expressing our peaceful intentions. I described our proposal in the Geneva negotiations for a reciprocal program of open laboratories in strategic defense research. We're offering to permit Soviet experts to see firsthand that SDI does not involve offensive weapons. American scientists would be allowed to visit comparable facilities of the Soviet strategic defense program, which, in fact, has involved much more than research for many years.

Finally, I reassured Mr. Gorbachev on another point. I promised that if our research reveals that a defense against nuclear missiles is possible, we would sit down with our allies and the Soviet Union to see how together we could replace all strategic ballistic missiles with such a defense, which threatens no one.

We discussed threats to the peace in several regions of the world. I explained my proposals for a peace process to stop the wars in Afghanistan, Nicaragua, Ethiopia, Angola, and Cambodia—those places where insurgencies that speak for the people are pitted against regimes which obviously do not represent the will or the approval of the people. I tried to be very clear about

**GOP Nominee for November:****Bush Takes the Lead and Defines His Mission**

*Following is the text of Vice President George Bush's Aug. 18 speech, in which he formally accepted the Republican presidential nomination. The text, transmitted by The Associated Press, appears as delivered to the Republican National Convention in New Orleans that night.*

Thank you ladies and gentlemen, thank you very, very much.

I have many friends to thank tonight. I thank the voters who supported me. I thank the gallant men who entered the contest for this presidency this year, and who've honored me with their support. And, for their kind and stirring words, I thank Governor Tom Kean of New Jersey, Senator, Senator Phil Gramm of Texas, President Gerald Ford — and my friend, and my friend, President Ronald Reagan.

I accept your nomination for president. I mean to run hard, to fight hard, to stand on the issues — and I mean to win.

There are a lot, there are a lot of great stories in politics about the underdog winning — and this is going to be one of them.

And we're going to win with the help of Senator Dan Quayle of Indiana — a young leader who has become a forceful voice in preparing America's workers for the labor force of the future. What a superb job he did here tonight.

Born in the middle of the century, in the middle of America, and holding the promise of the future — I'm proud to have Dan Quayle at my side.

Many of you have asked, many of you have asked, "When will this campaign really begin?" Well, I've come to this hall to tell you, and to tell America: Tonight is the night.

For seven and a half years I've helped the president conduct the most difficult job on Earth. Ronald Reagan asked for, and received, my candor. He never asked for, but he did receive, my loyalty. And those of you who saw the president's speech last week, and listened to the simple truth of his words, will understand my loyalty all these years.

And now, now you must see me for what I am: the Republican candidate for president of the United States. And now I turn to the American people to share my hopes and intentions, and why and where I wish to lead.

And so tonight is for big things. But I'll try to be fair to the other side. I'll try to hold my charisma in check.

I reject the temptation to engage in



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personal references. My approach this evening is, as Sergeant Joe Friday used to say, "Just the facts, ma'am."

And after all, after all, the facts are on our side.

**Build a Better America**

I seek the presidency for a single purpose, a purpose that has motivated millions of Americans across the years and the ocean voyages. I seek the presidency to build a better America. It's that simple — and that big.

I'm a man who sees life in terms of missions — missions defined and missions completed.

And when I was a torpedo bomber pilot they defined the mission for us. And before we took off, we all understood that no matter what, you try to reach the target. And there have been other missions for me — Congress, and China, the CIA. But I'm here tonight, and I am your candidate, because the most important work of my life is to complete the mission we started in 1980. And how, and how do we complete it? We build on it.

The stakes are high this year and the choice is crucial. For the differences between the two candidates are as deep and wide as they have ever been in our long history.

Not only two very different men, but

two very different ideas of the future will be voted on this Election Day.

And what it all comes down to is this: My opponent's view of the world sees a long slow decline for our country, an inevitable fall mandated by impersonal historical forces.

But America is not in decline. America is a rising nation.

He sees, he sees America as another pleasant country on the U.N. [United Nations] roll call, somewhere between Albania and Zimbabwe. And I see America as the leader — a unique nation with a special role in the world.

And this has been called the American century, because in it we were the dominant force for good in the world. We saved Europe, cured polio, went to the moon, and lit the world with our culture. And now we are on the verge of a new century, and what country's name will it bear? I say it will be another American century.

Our work is not done, our force is not spent.

**'We Can Deliver'**

There are those, there are those who say there isn't much of a difference this year. But America, don't let 'em fool ya.

Two parties this year ask for your support. Both will speak of growth and peace. But only one has proved it can deliver. Two parties this year ask for your trust, but only one has earned it.

Eight years ago, eight years ago, I stood here with Ronald Reagan and we promised, together, to break with the past and return America to her greatness. Eight years later, look at what the American people have produced: the highest level of economic growth in our entire history — and the lowest level of world tensions in more than 50 years.

You know, some say this isn't an election about ideology, but it's an election about competence. Well, it's nice of them to want to play on our field. But this election isn't only about competence, for competence is a narrow ideal.

Competence makes the trains run on time but doesn't know where they're going. Competence, competence is the creed of the technocrat who makes sure the gears mesh but doesn't for a second understand the magic of the machine.

The truth is, the truth is, this election is about the beliefs we share, the values we honor and the principles we hold dear.

But, but since someone brought up

competence . . .

Consider the size of our triumph: A record number of Americans at work, a record high percentage of our people with jobs, a record high of new businesses, a high rate of new businesses, a record high rate of real personal income.

These are facts.

And one way, and one way we know our opponents know the facts is that to attack our record they have to misrepresent it. They call it a Swiss cheese economy. Well, that's the way it may look to the three blind mice.

But, but when they were in charge it was all holes and no cheese.

Inflation — you know the litany — inflation was 13 percent when we came in. We got it down to four. Interest rates, interest rates were more than 21. We cut them in half. Unemployment, unemployment was up and climbing, and now it's the lowest in 14 years.

My friends, eight years ago this economy was flat on its back — intensive care. And we came in and gave it emergency treatment: Got the temperature down by lowering regulation, and got the blood pressure down when we lowered taxes. And pretty soon the patient was up, back on his feet, and stronger than ever.

And now who do we hear knocking on the door but the same doctors who made him sick. And they're telling us to put them in charge of the case again? My friends, they're lucky we don't hit 'em with a malpractice suit!

### More Jobs: Economic Power

We've created 17 million new jobs [in] the past five years — more than twice as many as Europe and Japan combined. And they're good jobs. The majority of them created in the past six years paid an average — average — of more than \$22,000 a year. And someone better take a message to Michael: Tell him, tell him that we have been creating good jobs at good wages. The fact is, they talk and we deliver.

They promise and we perform.

And there are millions of young Americans in their 20s who barely remember, who barely remember the days of gas lines and unemployment lines. And now they're marrying and starting careers. To those young people I say, "You have the opportunity you deserve, and I'm not going to let them take it away from you."

The leaders, the leaders of the expansion have been the women of America who helped create the new jobs, and filled two out of every three of them. And to the women of America I say, "You know better than anyone that equality begins with economic empowerment. You're gaining economic power, and I'm not going to let them take it away from you."

There are millions, there are millions of older Americans who were brutalized by inflation. We arrested it — and we're not going to let it out on furlough.

We're going, and we're going to keep the Social Security trust fund sound, and out of reach of the big spenders. To Ameri-

ca's elderly I say. "Once again you have the security that is your right, and I'm not going to let them take it away from you."

I know the liberal Democrats are worried about the economy. They're worried it's going to remain strong. And they're right, it is — with the right leadership it will remain strong.

But let's be frank. Things aren't perfect in this country. There are people who haven't tasted the fruits of the expansion. I've talked to farmers about the bills they can't pay and I've been to the factories that feel the strain of change. And I've seen the urban children who play amidst the shattered glass and the shattered lives. And, you know, there are the homeless. And you know, it doesn't do any good to debate endlessly which policy mistake of the '70s is responsible. They're there, and we have to help them.

But what we must remember if we're to be responsible and compassionate is that economic growth is the key to our endeavors.

I want growth that stays, that broadens, and that touches, finally, all Americans, from the hollows of Kentucky to the sunlit streets of Denver, from the suburbs of Chicago to the broad avenues of New York, and from the oil fields of Oklahoma to the farms of the Great Plains.

And can we do it? Of course we can. We know how. We've done it. If we, if we continue to grow at our current rate, we will be able to produce 30 million jobs in the next eight years.

And we will do it — by maintaining our commitment to free and fair trade, by keeping government spending down, and by keeping taxes down.

### Peace Through Strength

Our economic life is not the only test of our success. One issue overwhelms all the others, and that is the issue of peace.

Look at the world on this bright August night. The spirit of democracy is sweeping the Pacific rim. China feels the winds of change. New democracies assert themselves in South America. And one by one the unfree places fall, not to the force of arms but to the force of an idea: freedom works.

And we, we have a new relationship with the Soviet Union. The INF [intermediate-range nuclear-force] treaty, the beginning of the Soviet withdrawal from Afghanistan, the beginning of the end of the Soviet proxy war in Angola, and with it the independence of Namibia. Iran and Iraq move toward peace.

It's a watershed. It is no accident.

It happened when we acted on the ancient knowledge that strength and clarity lead to peace — weakness and ambivalence lead to war. You see, you see, weakness tempts aggressors. Strength stops them. I will not allow this country to be made weak again — never.

The tremors in the Soviet world continue. The hard earth there has not yet settled. Perhaps what is happening will

change our world forever. And perhaps not. A prudent skepticism is in order. And so is hope.

But either way, we're in an unprecedented position to change the nature of our relationship. Not by preemptive concession, but by keeping our strength. Not by yielding up defense systems with nothing won in return, but by hard, cool engagement in the tug and pull of diplomacy.

My life, my life has been lived in the shadow of war — I almost lost my life in one.

And I hate war. Love peace.

And we have peace.

And I am not going to let anyone take it away from us.

Our economy is stronger but not invulnerable, and the peace is broad but can be broken. And now we must decide. We will surely have change this year, but will it be change that moves us forward? Or change that risks retreat?

In 1940, when I was barely more than a boy, Franklin Roosevelt said we shouldn't change horses in midstream.

My friends, these days the world moves even more quickly, and now, after two great terms, a switch will be made. But when you have to change horses in midstream, doesn't it make sense to switch to one who's going the same way?

### Family and Community

An election that is about ideas and values is also about philosophy. And I have one.

At the bright center is the individual. And radiating out from him or her is the family, the essential unit of closeness and of love. For it is the family that communicates to our children — to the 21st century — our culture, our religious faith, our traditions and history.

From the individual to the family to the community, and then on out to the town, the church and the school, and, still echoing out, to the county, the state, and the nation — each doing only what it does well, and no more. And I believe that power must always be kept close to the individual, close to the hands that raise the family and run the home.

I am guided by certain traditions. One is that there is a God and he is good, and his love, while free, has a self-imposed cost: We must be good to one another.

I believe in another tradition that is, by now, imbedded in the national soul. It is that learning is good in and of itself. You know, the mothers of the Jewish ghettos of the east would pour honey on a book so the children would know that learning is sweet. And the parents who settled hungry Kansas would take their children in from the fields when a teacher came. That is our history.

And there is another tradition. And that is the idea of community — a beautiful word with a big meaning. Though liberal Democrats have an odd view of it. They see "community" as a limited cluster of interest groups, locked in odd confor-

mity. And in this view, the country waits passive while Washington sets the rules.

But that's not what community means — not to me.

For we are a nation of communities, of thousands and tens of thousands of ethnic, religious, social, business, labor union, neighborhood, regional and other organizations — all of them varied, voluntary and unique.

This is America: the Knights of Columbus, the Grange, Hadassah, the Disabled American Veterans, the Order of AHEPA [American Hellenic Educational Progressive Association], the Business and Professional Women of America, the union hall, the Bible study group, LULAC [League of United Latin American Citizens], "Holy Name" — a brilliant diversity spread like stars, like a thousand points of light in a broad and peaceful sky.

Does government have a place? Yes. Government is part of the nation of communities — not the whole, just a part.

And I don't hate government. A government that remembers that the people are its master is a good and needed thing.

### 'Old-Fashioned Common Sense'

I respect old-fashioned common sense, and have no great love, and I have no great love for the imaginings of the social planners. You see, I like what's been tested and found to be true.

For instance,

Should public school teachers be required to lead our children in the pledge of allegiance? My opponent says no — and I say yes.

Should society be allowed to impose the death penalty on those who commit crimes of extraordinary cruelty and violence? My opponent says no — but I say yes.

And should our children, should our children have the right to say a voluntary prayer, or even observe a moment of silence in the schools? My opponent says no — but I say yes.

And should free men and women have the right to own a gun to protect their home? My opponent says no — but I say yes.

And is it right to believe in the sanctity of life and protect the lives of innocent children? My opponent says no — but I say yes.

You see, we must, we must change, we've got to change from abortion to adoption. And let me tell you this: Barbara and I have an adopted granddaughter. And the day of her christening we wept with joy. I thank God that her parents chose life.

I'm the one who believes it is a scandal to give a weekend furlough to a hardened first-degree killer who hasn't even served enough time to be eligible for parole.

I'm the one who says a drug dealer who is responsible for the death of a policeman should be subject to capital punishment.

### Policies for the Future

And I'm the one who will not raise

taxes. My opponent now says, my opponent now says he'll raise them as a last resort, or a third resort. Well, when a politician talks like that, you know that's one resort he'll be checking into. And, my opponent won't rule out raising taxes. But I will.

And the Congress will push me to raise taxes, and I'll say no, and they'll push, and I'll say no, and they'll push again. And I'll say to them: Read my lips. No new taxes.

Let me tell you more — let me tell you more, let me just tell you more about the mission.

On jobs, my mission is: 30 in 8. Thirty million jobs in the next eight years.

Every one of our children deserves a first-rate school. The liberal Democrats want power in the hands of the federal government. And I want power in the hands of the parents. And, I will — and I will, I will encourage merit schools. I will give more kids a head start. And I'll make it easier to save for college.

I want a drug-free America — and this will not be easy to achieve. But I want to enlist the help of some people who are rarely included. Tonight I challenge the young people of our country to shut down the drug dealers around the world. Unite with us, work with us.

"Zero tolerance" isn't just a policy, it's an attitude. Tell them what you think of people who underwrite the dealers who put poison in our society. And while you're doing that, my administration will be telling the dealers: Whatever we have to do we'll do, but your day is over, you're history.

I am going to do whatever it takes to make sure the disabled are included in the mainstream. For too long they've been left out. But they're not going to be left out anymore.

And I am going to stop ocean dumping. Our beaches should not be garbage dumps and our harbors should not be cesspools.

And I am going to have the FBI trace the medical wastes and we are going to punish the people who dump those infected needles into our oceans, lakes and rivers. And we must clean the air. We must reduce the harm done by acid rain.

And I will put incentives back into the domestic energy industry, for I know from personal experience there is no security for the United States in further dependence on foreign oil.

In foreign affairs I will continue our policy of peace through strength. I will move toward further cuts in strategic and conventional arsenals of both the United States and the Soviet Union and the Eastern Bloc and NATO. I will modernize and preserve our technological edge and that includes strategic defense.

And a priority, a priority: Ban chemical and biological weapons from the face of the Earth. That will be a priority with me.

And I intend to speak for freedom, stand for freedom, be a patient friend to anyone. East or West, who will fight for freedom.

### A New Harmony

It seems to me the presidency provides an incomparable opportunity for "gentle persuasion."

And I hope to stand for a new harmony, a greater tolerance. We've come far, but I think we need a new harmony among the races in our country. And we're on a journey into a new century, and we've got to leave that tired old baggage of bigotry behind.

Some people who are enjoying our prosperity have forgotten what it's for. But they diminish our triumph when they act as if wealth is an end in itself.

And there are those who have dropped their standards along the way, as if ethics were too heavy and slowed their rise to the top. There's graft in city hall, and there's greed on Wall Street; there's influence peddling in Washington, and the small corruptions of everyday ambition.

But you see, I believe public service is honorable. And every time I hear that someone has breached the public trust it breaks my heart.

And I wonder sometimes if we have forgotten who we are. But we're the people who sundered a nation rather than allow a sin called slavery — and we're the people who rose from the ghettos and the deserts.

And we weren't saints, but we lived by standards. We celebrated the individual, but we weren't self-centered. We were practical, but we didn't live only for material things. We believed in getting ahead, but blind ambition wasn't our way.

The fact is prosperity has a purpose. It is to allow us to pursue "the better angels," to give us time to think and grow. Prosperity with a purpose means taking your idealism and making it concrete by certain acts of goodness.

It means helping a child from an unhappy home learn how to read — and I thank my wife Barbara for all her work in helping people to read and all her work for literacy in this country.

It means teaching troubled children through your presence that there is such a thing as reliable love. Some would say it's soft and insufficiently tough to care about these things. But where is it written that we must act as if we do not care, as if we are not moved?

Well, I am moved. I want a kinder and gentler nation.

### 'Quiet Man'

Two men this year ask for your support. And you must know us.

As for me, I have held high office and done the work of democracy day by day. Yes, my parents were prosperous; and their children sure were lucky. But there were lessons we had to learn about life.

John Kennedy discovered poverty when he campaigned in West Virginia; there were children who had no milk. And young Teddy Roosevelt met the new America when he roamed the immigrant streets of New York. And I learned a few things about life in a place called Texas.

And when I — and when I was, when I

was working on this part of the speech, Barbara came in and asked what I was doing. And I looked up, and I said I'm working hard. And she said: "Oh dear, don't worry, relax, sit back, take off your shoes and put up your silver foot."

Now, we moved to West Texas 40 years ago — 40 years ago this year. The war was over, and we wanted to get out and make it on our own. Those were exciting days. We lived in a little shotgun house, one room for the three of us. Worked in the oil business, and then started my own.

And in time we had six children. Moved from the shotgun to a duplex apartment to a house. And lived the dream — high school football on Friday nights, Little League, neighborhood barbecue.

People don't see their own experience as symbolic of an era — but of course we were.

And so was everyone else who was taking a chance and pushing into unknown territory with kids and a dog and a car.

But the big thing I learned is the satisfaction of creating jobs, which meant creating opportunity, which meant happy families, who in turn could do more to help others and enhance their own lives.

I learned that the good done by a single good job can be felt in ways you can't imagine.

It's been said that I'm not the most compelling speaker, and there are actually those who claim that I don't always communicate in the clearest, most concise way.

But I dare them to keep it up — go ahead: Make my 24-hour time period!

Well, I — I may be, may not be the most eloquent, but I learned that, early on, that eloquence won't draw oil from the ground.

And I may sometimes be a little awkward. But there's nothing self-conscious in my love of country.

And I am a quiet man, but — I am a quiet man, but I hear the quiet people others don't. The ones who raise the family, pay the taxes, meet the mortgages.

And I hear them and I am moved, and their concerns are mine.

### Man With a Mission

A president must be many things.

He must be a shrewd protector of America's interests; and he must be an idealist who leads those who move for a freer and more democratic planet.

And he must see to it that government intrudes as little as possible in the lives of the people; and yet remember that it is right and proper that a nation's leader take an interest in the nation's character.

And he must be able to define — and lead — a mission.

For 7½ years, I have worked with a great president — I have seen what crosses that big desk. I have seen the unexpected crisis that arrives in a cable in a young aide's hand. And I have seen problems that simmer on for decades and suddenly demand resolution. And I have seen modest

decisions made with anguish, and crucial decisions made with dispatch.

And so I know that what it all comes down to, this election — what it all comes down to, after all the shouting and the cheers — is the man at the desk. And who should sit at that desk.

My friends, I am that man.

I say it, I say it without boast or bravado.

I've fought for my country, I've served, I've built — and I will go from the hills to the hollows, from the cities to the suburbs to the loneliest town on the quietest street to take our message of hope and growth for every American to every American.

I will keep America moving forward, always forward, for a better America, for an endless enduring dream and a thousand points of light.

This is my mission. And I will complete it.

Thank you.

You know, you know it is customary to end an address with a pledge or a saying that holds a special meaning. And I've chosen one that we all know by heart. One that we all learned in school. And I ask everyone in this great hall to stand and join me in this — we all know it.

I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Thank you.

## Accepts No. 2 Spot on Ticket:

# Quayle: Eager to Promote Freedom, Family and Future

*Below is the text of Indiana Sen. Dan Quayle's address, as delivered at the Republican National Convention Aug. 18, when he accepted the party's nomination for vice president. The text was transmitted by The Associated Press.*

Thank you. Thank you very much.

You're great.

Boy, I can see we're going to have a lot of fun in this campaign.

Thank you very much.

Mr. Chairman, Mr. Chairman, fellow Republicans, I accept your nomination for vice president of the United States of America.

Just, just think, 82 days from now, George Bush and I are going to win one for you, win one for America's future, and, yes, win one for the Gipper.

My friends, I am standing here tonight because of the decision made by a great man and a great leader, George Bush.

Two days ago, he asked me if I would join him as his running mate. I am deeply grateful for George's confidence in me, and I am humbled by the task ahead.

I would like to add a very personal note. I am also standing here tonight because of the decision my wife, Marilyn, and I made nearly 16 years ago to be married. Marilyn and our children, Tucker, Benjamin and Corinne, are my strength, my pride, my joy, my love. They are and always will be my total life.

### 'One Humble Hoosier'

Many this week have asked, who is Dan Quayle?

The people of Indiana know me and now the nation will.

Since 1980, I have been a United States senator from Indiana — and very proud of it. Before that, I was a member of the United States House of Representatives — and proud of it. And, as a young

man, I served six years in the National Guard, and, like millions of Americans who have served in the Guard and who serve today — and I am proud of that.

In Indiana, in Indiana they call us Hoosiers, and if you saw the movie "Hoosiers" you have a feeling of what life is like in small towns of our state.

My hometown of Huntington is a little bigger than the town in the movie, and the high school I graduated from is a little bigger than the one that fielded the basketball team in the film.

Still, I identify with that movie, "Hoosiers," because it reflects the values I grew up with in our small town. We believe very strongly in hard work, in getting an education, in offering an opportunity to our families. Yes, we love basketball, we love underdogs, but most important, we love our country.

So tonight, so tonight, I am one humble Hoosier, whose efforts to devote part of his life to public service have led him here.

I would have been quite happy spending my life in Huntington, in the newspaper business, watching my kids grow, seeing a community with plenty of opportunity to go around. But I looked around me in the mid-70s and I saw threats to the future of my family and to the values that could once be taken for granted in our country.



Beyond my town, there were communities torn by crime and drugs, and there were neighborhoods where the very word "opportunity" didn't exist because there were no jobs.

### Trying to Change Things

I decided to try to change these things: to make opportunity replace despair, and to make the future just as good as the past for the families of the many Huntingtons of our great land.

That was in 1976, when I was first elected to the House of Representatives. But [with] both houses of Congress and the White House in the hands of liberal Democrats, it was a lot tougher than I ever imagined to turn my determination into reality.

In those Jimmy Carter years, the people running things thought government was the answer, instead of part of the problem. They thought high taxes and big spending would solve anything. I think you know the rest. None of their policies worked and the American people knew it.

In 1980, they voted for a bold new course for the country; a course that brought us more jobs for working Americans, more security for a peace-loving people, more respect from friends and foes around the globe, more opportunity for women and minorities, and a renewed belief that America is a land where you can make your dreams come true.

The Reagan-Bush revolution has already been written on the pages of history. Now, George Bush and Dan Quayle are going to add several bold new chapters to the story of the greatest nation God ever put on this Earth.

### 'Freedom, Family and Future'

When I think, when I think of America under the leadership of George Bush, three words come to mind: Freedom. Family. And future.

Freedom first, because without it, nothing else is possible.

When I was a boy, my grandfather used to say to me — and I say it to you here tonight — that America is the greatest nation on Earth because America is free. This is true today and it will always be true.

Next, family. George Bush understands, you understand, I understand, that the family has always been the very heart of civilization. We know the importance of the family to a child growing up. We know the help a family can be to a kid out of school, out of hope, out of luck. And we know the importance of family where one generation helps take care of another, young and old.

And then, there is the future. That word symbolizes hope and opportunity. To make sure hope and opportunity are always there, we need a strong economy so there will be good jobs for all who seek them.

We need an investment in our national defense that brings us long-term security in the world.

We do not need the future the Democratic Party sees, the party of George Mc-

Govern, Jimmy Carter, Walter Mondale, just wait, it gets better — Ted Kennedy and now, his buddy, Michael Dukakis. That future has America in retreat. That future has higher taxes and a guaranteed loss of job opportunities. And that future has more government intervention in the lives of all of us.

The future under George Bush means peace and economic opportunity for all.

And, I can tell you, you have George Bush's track record to go on. The tax cuts the Republicans have brought America have resulted in 17 million new jobs being created.



ASSOCIATED PRESS

Let me tell you something: George Bush will not raise your taxes, period.

And let me tell you something else: Michael Dukakis will. He has a track record, too, and that is what it tells us: higher taxes.

### Job-Training Program

As the new jobs opened up during our current economic expansion, not everyone had the necessary skills for them. Some had lost their jobs and others could not find their first one.

In 1982, the Job Training Partnership Act [JTPA] became law. I was the author of that legislation, and I am proud of it. It established a nationwide training program that has a partnership of government and the private sector. Today, because of the Job Training Partnership Act, hundreds of thousands of graduates of these programs have jobs with a future.

One of them is Pam Snyder-La Rue of Roy, Utah. A single parent with four children, she was a high school dropout, and on welfare. She joined a JTPA program. First, she earned her high school equivalency credential. Then she earned an accounting certificate. Today, she is a staff accountant at a vocational center. She is off welfare, and proud to be making it on her own. She now has a future.

### Peace, Freedom and Opportunity

We could not have a secure economy at home if we [did] not have a peaceful and secure world. As a member of the Senate Armed Services Committee, I know well that it is rebuilding our defense that persuaded the Soviet Union to return to the negotiating table to get us a treaty that, for the first time, actually reduces nuclear arms.

Today, our relationship with the Soviet Union is the best it has been since the end of World War II. George Bush will keep it that way, and I will be right there with him.

Freedom is the most precious commodity our nation has. Let me say again, all else rests on it. We have worked hard for more than 200 years to preserve freedom. In the Soviet Union, people are trying to get out. In the United States, people are trying to get in. Our freedom is the beacon that draws them.

A great American novelist, the late Thomas Wolfe, once wrote, "This is a fabulous country — the only fabulous country. The one where miracles not only happen, they happen all the time."

Miracles do happen all the time in America because we live in freedom and because the energy and imagination of our people makes their dreams come true every day.

I am privileged to be the first person of my generation to be on a national ticket. I don't presume to talk for everyone of my generation, but I know that a great many will agree with me when I express my thanks to the generation of George Bush for bringing us to an era of peace and freedom and opportunity.

My generation has a profound debt to them. We will pay it by making sure that our children and the generations that follow will have the same freedom, the same family values and a future bright with opportunity for all.

Thank you very much. Good night. God bless you. Let's go on to victory. ■

# background notes

# Nicaragua



United States Department of State  
Bureau of Public Affairs

October 1986



**Official Name:**  
Republic of Nicaragua

## PROFILE

### Geography

Area: 148,000 sq. km. (57,000 sq. mi.); about the size of Iowa. **Cities:** *Capital*—Managua (pop. 1 million). *Other cities*—Leon, Granada, Jinotega, Matagalpa, Chinandega, Masaya.

### People

**Nationality:** *Noun and adjective*—Nicaraguan(s). **Population:** 3.3 million. **Annual growth rate (1985):** 3.4%. **Density:** 24 per sq. km. (59/sq. mi.). **Ethnic groups:** Mestizo (mixed) 69%, white 17%, black 9%, Indian 5%. **Religion:** Roman Catholic 85%. **Education:** *Years compulsory*—11 years or 16 years old. **Literacy**—66%. **Health:** *Infant mortality rate*—37/1,000. *Life expectancy*—58 yrs.

**Work force (1985, about 1 million):**  
*Agriculture*—41%. *Industry*—13%.  
*Service*—46%. *Unemployment*—22%.

### Government

**Type:** Republic. **Independence:** 1821. **Constitution:** Draft presented February 1986.

**Branches:** *Executive*—president and vice president. *Legislative*—National Assembly. *Judicial*—Supreme Court; subordinate appeals, district, and local courts, separate labor, administrative, and political tribunals.

**Political parties:** Sandinista National Liberation Front, Conservative Party, Liberal Independent Party, Social Christian Party, Liberal Constitutional Party, Social Democratic Party, Popular Social Christian Party, Socialist Party, Nicaragua Communist Party, Popular Marxist Alliance.

**Administrative subdivisions:** 16 departments, 137 municipalities, and 1 national district. The government has divided the country into six regions and three special zones for administrative and military purposes.

**Central government budget (1985 est.):** 65 billion cordobas.

**Defense:** 50% of government budget.

**Flag:** Two blue horizontal bands separated by a central white band with encircled triangle denoting justice, truth, and peace.

### Economy\*

**GDP:** \$2.864 billion. **Annual growth rate:** 2.6%. **Per capita income:** \$868. **Per capita growth rate (in real terms):** 6.0%. **Avg. inflation rate:** 350%. **Foreign debt:** \$4.6 billion.

**Natural resources:** Arable land, timber, livestock, fisheries.

**Agriculture (30% of GDP):** *Products*—corn, cotton, coffee, sugar, meat. *Arable land*—25%.

**Industry (20% of GDP):** *Types*—processed food, beverages, textiles, chemicals, petroleum, and metal products.

**Trade:** *Exports*—\$260 million: coffee, cotton, sugar, beef, bananas, gold, shellfish. *Major markets*—Comecon 30%, Central American Common Market (CACM) 8%, European Community (EC) and Japan 50%. *Imports*—\$843 million: petroleum, agricultural supplies, manufactured goods. *Major suppliers*—Comecon, CACM, EC.

**Exchange rates (Feb. 1986):** *Official*—70 cordobas = US\$1. *Legal parallel*—1,500 cordobas = US\$1.

**Economic aid received (1946–80):** \$961 million. *Multilateral and US*—\$537 million. *US*—\$424 million. *US aid (1979–83)*—\$117 million.

### Membership in International Organizations

UN and several of its specialized and related agencies, including the World Bank, the International Monetary Fund (IMF), General Agreement on Tariffs and Trade (GATT), UN Educational, Scientific, and Cultural Organization (UNESCO), World Health Organization (WHO), Food and Agriculture Organization (FAO), International Labor Organization (ILO); the Inter-American Development Bank; Central American Common Market (CACM); Central America Bank for Economic Integration (CABEL); Non-aligned Movement.

\*1985.

of Managua, Leon, and Granada are on the Pacific side. The largest town on the Caribbean coast is Bluefields.

Columbus sailed along the Nicaraguan coast on his last voyage in 1502. The colonial period in Nicaragua began 20 years later with the arrival from Panama of Spanish conquistadors under Gil Gonzalez Davila. The Indian tribe living around present-day Lake Nicaragua received them peacefully; the country takes its name from their chief, Nicarao. Colonial Nicaragua's two principal towns were founded in 1524: Granada on Lake Nicaragua and Leon near Lake Managua. The region was part of the Captaincy-General of Guatemala.

Wars between the Spanish on the Pacific and Indians and British on the Caribbean (the British presence did not end until 1905) marked the colonial period. The Captaincy-General of Guatemala declared its independence from Spain in 1821, but Nicaragua did not become an independent republic until 1838.

Rivalry between the Liberals of Leon and the Conservatives of Granada characterized 19th century politics. Governments were unstable and politicians prone to violence. This allowed an American, William Walker, and a group of about 100 "filibusters" to seize the presidency in 1856. The advent of a foreigner as president led the two parties to suspend their internecine conflict long enough to drive Walker out in 1857.

Walker had been invited by the Liberals; his defeat discredited them and led to 40 years of Conservative rule. But by the start of the 20th century, the rivalry between Liberals and Conservatives had resumed. Hostility between President Jose Santos Zelaya and the United States over an isthmian canal led, in 1909, to intervention, and U.S. troops were present in Nicaragua from then until 1933. U.S. intervention in Nicaragua ended with Franklin Roosevelt's "Good Neighbor" policy.

Despite U.S. efforts to create an apolitical constabulary prior to departing Nicaragua, in 1936 National Guard Commander Anastasio Somoza Garcia took over the presidency, initiating 43 years of Somoza family rule. Somoza Garcia was assassinated in 1956, and control passed to his elder son, Luis Somoza Debayle. In 1967—following the 4-year presidency of former Foreign Minister Rene Schick—the younger son, Anastasio Somoza Debayle, took office. The Somozas used their political power to dominate Nicaragua's economy and government, despite occasional challenges, armed or otherwise, from their opponents.

On December 23, 1972, an earthquake devastated Managua, killing or injuring an estimated 10,000 people and leaving 300,000 homeless. Many key businesses and government offices were destroyed, along with most of the downtown. The government of Somoza Debayle proved unable to cope with the emergency, and family control began to erode.

The Marxist Sandinista National Liberation Front (FSLN) had been fighting a sporadic guerrilla war since 1962 to overthrow the Somoza regime. (The FSLN took its name from Augusto Sandino, a Liberal Party general who opposed both U.S. intervention and Somoza Garcia, and who was assassinated on Somoza Garcia's order in 1934.) Indications that Anastasio Somoza had embezzled aid donated after the 1972 disaster raised popular discontent with his government. By 1977, increasing reports of the government's torture and murder of opponents led to organized resistance by businesses, professional groups, and the church. The assassination of *La Prensa* editor Pedro Joaquin Chamorro in 1978 ignited a massive anti-Somoza uprising which the FSLN quickly dominated as the opposition's only organized military force.

After a few weeks of heavy fighting, pressure from the Organization of American States (OAS) and U.S. withdrawal of all support for Somoza led to his departure from the country and transition of power to a Sandinista-dominated coalition on July 19, 1979.

## GOVERNMENT AND POLITICAL CONDITIONS

Nicaragua is under virtually total control of the FSLN. The Sandinistas are well on the way to consolidating their power. The process began on July 19, 1979, when the Government of National Reconstruction (GRN in Spanish), as a coalition of FSLN and civic leaders, stepped into the vacuum left by the Somoza government's collapse. The GRN was organized into a 5-member junta, a 19-member Council of Ministers, and a 33-member quasilegislative National Council. The GRN's July 19 Declaration of San Jose, promising a democratically elected government, economic pluralism, and social justice, met with strong popular support.

The FSLN, through its retention of exclusive control of police, internal security, and military forces and through its dominance of the junta (three of the five members were Sandinistas), moved to take control of the government and to force its own program for social change.

The Declaration of San Jose was implemented only insofar as it fit with the FSLN's plans as a "vanguard party" to remake Nicaraguan society. In the period between July 1979 and the declaration of a state of emergency in March 1982, the GRN changed from the pluralistic government installed by the revolution into a single-party dominated regime. Moderates were forced from the government, and the activities of other political parties, independent labor unions, private groups, and the Catholic

Horse-drawn carriages in Masaya, one of Nicaragua's best known artisan centers.



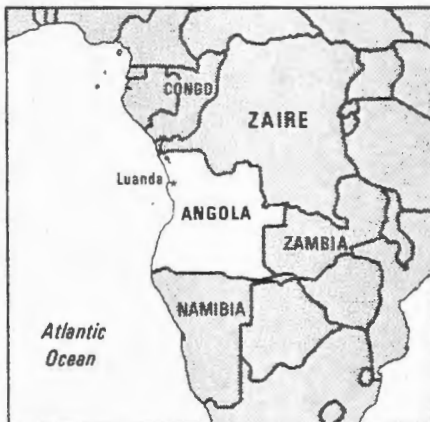
# background notes

# Angola



United States Department of State  
Bureau of Public Affairs

June 1987



**Official Name:**  
People's Republic of Angola

## PROFILE

### Geography

**Area:** 1,246,700 sq. km. (481,351 sq. mi.); about twice the size of Texas. **Cities:** Capital—Luanda (pop. 1 million). *Other cities*—Huambo (500,000). **Terrain:** Varied. **Climate:** Tropical to subtropical.

### People

**Nationality:** *Noun and adjective*—Angolan. **Population** (1986 est.): 8.5 million. **Annual growth rate** (1986 est.): 2.7%. **Ethnic groups:** Ovimbundu 37%, Kimbundu 25%, Bakongo 15%, Lunda-Chokwe 8%, Nganguela 6%, Haneca and Humbe 3%, Ovambo 2%, mestico and European 2%, other 2%. **Religions:** Roman Catholic, Protestant, traditional. **Languages:** Portuguese (official), African (dialects). **Education:** *Attendance*—75%. *Literacy*—30%. **Health:** *Infant mortality rate*—148/1,000. *Life expectancy*—42 yrs. **Work force:** *Agriculture*—75%.

### Government

**Type:** Marxist people's republic, one-party rule. **Independence:** November 11, 1975.

**Branches:** *Executive*—president, three ministers of state, Council of Ministers. *Legislative*—People's Assembly. *Judicial*—military and civilian courts.

**Administrative subdivisions:** 18 provinces.

**Political party:** Popular Movement for the Liberation of Angola-Labor Party (MPLA-PT). **Suffrage:** Universal adult (candidates limited to those approved by MPLA-PT).

**Flag:** Two horizontal bars, red over black; centered, a yellow five-pointed star half encircled by a machine gear crossed by a machete.

### Economy\*

**GDP** (1985): \$4.5 billion. **Real growth rate** (1985 est.): 0%.

**Natural resources:** Petroleum, diamonds, iron, phosphate, copper, feldspar, gold, bauxite, uranium.

\*Data for the period since independence have been extremely limited due to the continuing civil war.

**Agriculture** (42% of GNP): *Products*—cassava, maize, plantains, sweet potatoes, milk, millet, citrus, beans, potatoes, sugar, beef, palm oil, sisal, coffee.

**Industry** (28% of GNP): *Types*—petroleum, mining, food processing, beer, tires, textiles.

**Trade** (1986): *Exports*—\$1.4 billion: petroleum, gas, coffee, diamonds. *Partners*—US, Bahamas, Netherlands, Spain, Belgium, Brazil, Algeria. *Imports*—\$1.1 billion: foodstuffs, textiles, machinery, raw materials, consumer goods, tools, medical supplies, chemicals. *Major suppliers*—US, France, Brazil, Spain, Portugal, Italy, FRG, Japan.

**Official exchange rate:** Approx. 35 kwanzas = US\$1.

**Economic aid received:** Primarily from Western private and public sectors; mostly military but some economic aid from Eastern bloc.

### Membership in International Organizations

UN, Organization of African Unity (OAU), African Development Bank (ADB), Non-aligned Movement, Southern Africa Development Coordination Conference.

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the judiciary are unclear. Military and civilian courts exist, and the Regional Military Councils have authority to try crimes against the state. There have been reports of prolonged detention without trial, unfair trials, and arbitrary executions.

The country is divided into 17 provinces, along with Cabinda.

### Principal Government Officials

President—Jose Eduardo dos Santos

#### *Ministers of State*

Production/Economic Coordination—  
Pedro de Castro Van Dunem

Inspection/State Control—Kundi Paiama  
Social/Economic Affairs—Maria Mumbo  
Cafe

#### *Ministers*

Agriculture and Forestry—Evaristo  
Domingos

Construction and Housing—Garcia  
Cabelo Branco

Defense—Pedro Maria Tonha

Education—Augusto Lopes Teixeira

Energy and Petroleum—Pedro de Castro  
Van Dunem

External Affairs—Afonso Van Dunem

Finance—Augusto Teixeira de Matos

Fisheries—Emilio Jose Guerra de  
Carvalho

Foreign Trade—(vacant)

Health—Antonio Jose Ferreira Neto

Industry—Henrique Carvalho Santos

Interior—Manuel Alexandre Rodrigues

Internal Trade—(vacant)

Justice—Fernando Franca Van Dunem  
Labor and Social Security—Diogo Jorge  
de Jesus

Planning—Antonio Henriques da Silva

Provincial Coordination—(vacant)

State Security—(vacant)

Transport and Communications—Manuel  
Bernardo de Sousa

Governor of the National Bank—Antonio  
Inacio (acting)

Ambassador to the United Nations—  
Elisio de Figueiredo

### POLITICAL CONDITIONS

Since 1976, Angola has been politically unstable because of political maneuvering within the ruling MPLA, civil war with UNITA, and repeated incursions by South African forces operating from Namibia.

During the past 5 years, UNITA has expanded its operations from bases in southeastern Angola to virtually all areas of the country. With the exception of a lower level of fighting in Namibe and Luanda, sustained, intensified fighting between MPLA forces and UNITA guerrilla forces is taking place in

most of the provinces. UNITA has publicly emphasized its intention to expand the fighting to all areas of Angola, including Cabinda, and has warned foreigners against traveling in contested areas. Estimates of the area that UNITA controls vary, but it appears to hold most of Moxico and Cuando Cubango provinces, about one-quarter of the country. UNITA's base of support has been among the Ovimbundu, Chokwe, and Nganguela, but dissatisfaction with the MPLA is not confined to those groups. UNITA has made a sustained effort to be self-sufficient but continues to rely on South African and other sources of external support.

Savimbi has emphasized that UNITA's goal is national reconciliation in Angola and that UNITA is prepared to enter into talks with the MPLA toward this objective. He has also stated that he supports a settlement in southern Africa involving implementation of the UN plan for Namibia and the withdrawal of foreign forces from Angola.

UNITA's military operations have disrupted the economy and have made effective MPLA administration throughout much of the countryside and small towns difficult, but the MPLA maintains control over all provincial capitals. UNITA administers areas it controls but has never established a separate government structure; in fact, Savimbi has emphasized his support for national unity and has condemned separatism.

The FNLA, sometimes referred to as the Military Committee for the Resistance in Angola (COMIRA), no longer poses a military threat to the government. The Front for the Liberation of Cabinda (FLEC), in conjunction with UNITA, carries out low-level activity in Cabinda.

Factionalism within the MPLA has also contributed to political instability. Since independence, there have been frequent personnel shifts within the party, in part reflecting maneuvering between various party factions. Factional divisions are based on personality, ethnic and racial lines, and ideological differences. Although since 1977 open conflict generally has not characterized the leadership, decisionmaking remains largely immobilized by political infighting. President Dos Santos so far has been unable to unite the various factions around common approaches to Angola's most pressing problems.

The MPLA's Second Party Congress, held in December 1985, purged or demoted many prominent ideologues and mesticos from top positions. Dos Santos replaced them with his closest supporters. However, leadership changes in the government that were expected

after the Party Congress, including the appointment of a prime minister, did not materialize. Instead, Dos Santos created three superministries in the economic sphere. Reportedly, these three ministries, with overlapping responsibilities, have been a further focus of infighting. (Dos Santos did not create a similar superministry for defense and security; these ministers report directly to him.) Dos Santos recently has stressed, in public, the need to combat corruption and has been openly critical of past performance by government and party officials.

The intensification and expansion of the war has led to increasing charges and countercharges by the MPLA and UNITA of alleged human rights violations, including arbitrary executions, intimidation of civilian populations, and detention of political prisoners. In November 1982, President Dos Santos was given special emergency powers to deal with economic and security problems. During 1983 he established Regional Military Councils throughout Angola with special powers to confiscate goods and personnel without compensation and to try crimes against the state. People's vigilante brigades also have been established. In the absence of a negotiated settlement to the war, security is expected to continue to deteriorate, with concomitant effects on the political situation within the country.

### ECONOMY

The Angolan economy deteriorated severely as a result of the abrupt transition to independence in 1975 and the fighting during the pre- and post-independence periods. The departure at independence of most of the 350,000 Portuguese, who had run the economy, caused severe disruption. Intensification of the civil war during the past 5 years has caused further serious deterioration of the economy and the quality of life. UNITA has targeted economic sites, attacking industrial centers, power facilities, petroleum installations, transportation infrastructure, mining areas, and agricultural projects.

Angola is potentially one of the richest countries in sub-Saharan Africa, with extensive petroleum potential, rich agricultural land, and valuable mineral resources. Before independence, Angola exported oil, coffee, diamonds, iron ore, sisal, fish, and cement and earned about \$100 million annually from Zairian and Zambian traffic on the Benguela Railroad. UNITA operations, however, have kept the Benguela Railroad effectively closed for the past several years.

Petroleum, the only bright spot in an otherwise progressively deteriorating

January 1975, the Portuguese and the three liberation movements worked out a complicated agreement—the Alvor Accord—which provided for a transitional government composed of all three groups and for elections in preparation for independence in November 1975. After a shaky existence, the transitional government collapsed during the summer of 1975. By then, fighting had begun in several cities among MPLA, FNLA, and UNITA forces.

The history of the Alvor Accord period is unclear and subject to different interpretations. However, lack of Portuguese will and/or ability to maintain an orderly transition to independence made fighting inevitable. The three liberation movements sought to consolidate control over their natural areas of support—the FNLA in the north, the MPLA in the area surrounding Luanda, and UNITA in the south—and to establish a secure presence in Luanda, the capital. As these areas overlapped, clashes were frequent. Because each group had a long list of external supporters—the MPLA from the Soviets, Cubans, Nigeria, Sweden, and Denmark, and FNLA/UNITA from the United States, the People's Republic of China, France, Great Britain, Romania, North Korea, Zaire, and South Africa—internationalization of the conflict was not improbable.

In late 1974, the FNLA, with help from Zaire, moved forces into northern Angola and, in early 1975, seized the town of Caxito (35 mi. north of Luanda). In March, the MPLA, a self-proclaimed Marxist movement, began receiving considerable amounts of Soviet weapons. Cuban military advisers arrived in June 1975. By mid-summer, the United States was supplying arms to both the FNLA and UNITA. The FNLA, led by Holden Roberto, and UNITA, led by Jonas Savimbi, had indicated a pro-Western orientation. In August, South African forces occupied Angolan territory along the Namibian border, ostensibly to protect a hydroelectric project. By October 1975, some 5,000 South African troops were fighting alongside UNITA and FNLA troops in a march toward Luanda that covered 500 miles in 3 weeks. Additional Cuban advisers arrived in early October and, at the MPLA's request, Cuban combat troops began landing in Angola soon after. By February 1976, the number of Cubans had grown to about 15,000.

In October 1975, the FNLA, once again supported by Zaire, began a final attempt to capture Luanda before independence day. The MPLA, using the edge it had acquired in modern Soviet-supplied weaponry, stopped the FNLA drive 12 miles north of the capital. The

MPLA was therefore in control of Luanda on November 11 when Portugal ceded power without recognizing an Angolan government.

U.S. assistance to the FNLA and UNITA ceased following congressional votes—by the Senate in December 1975 and by the House in January 1976—prohibiting all direct and indirect military or paramilitary assistance to any group in Angola. South African forces withdrew and, by March, Cuban and Soviet support for the MPLA proved decisive. The MPLA established control over most of Angola. The FNLA reverted to guerrilla warfare in northern Angola, and Holden Roberto permanently left the country. UNITA retreated to the southeastern corner of Angola and carried out low-level guerrilla operations in the central highlands and eastern areas. In February 1976, the Organization of African Unity (which before the South African intervention had been split between support for the MPLA and for national reconciliation) recognized the MPLA.

During the 11 years since independence, the FNLA has been rent by divisions and reorganizations and is no longer a military threat to the MPLA. UNITA, which appealed to South Africa for continued assistance as other sources of external support were discontinued, has on the other hand steadily increased the level and expanded the scope of its operations and now poses a major challenge. Savimbi has remained leader of UNITA and has remained in Angola throughout the postindependence period.

Angola's history since 1975 has been characterized by intensification of the civil war, its involvement in regional conflicts, and turmoil within the ruling MPLA. Longstanding divisions within the MPLA resulted in an uprising against the government led by Interior Minister Nito Alves in May 1977. Although several MPLA leaders were killed, the government, with Cuban assistance, succeeded in quelling the revolt. President Dos Santos, who became president in 1979 after the death of Agostinho Neto, spent his early years in office consolidating power under these difficult conditions.

During 1977–78, the Front for the Liberation of the Congo (FLNC), operating from bases in Angola, launched two invasions of Zaire through Shaba Province. These invasions were defeated, and in 1978 Zaire and Angola reached an understanding that neither country would support opposition movements aimed at the other.

Since independence, Angola has been deeply involved in efforts to obtain independence for Namibia. The South West African People's Organization (SWAPO) conducts operations into

Namibia from Angolan territory, and negotiations to implement UN Security Council Resolution 435 of 1978, providing for Namibian independence, have directly or indirectly focused on the issue of Cuban combat forces in Angola. Angola also provides assistance to the African National Congress.

## GOVERNMENT

Angola is a one-party state ruled by the MPLA. Political power is concentrated in the party's 12-member Political Bureau (10 full members and 2 alternates) and 90-member Central Committee. The Central Committee meets several times annually, with day-to-day oversight carried out by the party secretariat and Political Bureau. The secretariat is organized with areas of responsibility parallel to those of the government ministries. The Council of Ministers, comprised of the various government ministers, meets regularly to implement policy decisions made by the party. In addition, three "super-ministries" were created in 1986—the Ministers of State for Production and Economic Coordination, Inspection and State Control, and Social and Economic Affairs—which coordinate the work of various government ministries and report directly to the president. President Dos Santos is head of government and head of the party. Below this level, however, the MPLA generally has maintained a policy of not allowing a single individual to hold both government and party posts. Some ministers are also members of the Central Committee and Political Bureau. The People's Assembly meets biannually, largely to implement policy decisions made by the party.

Government and party administration at the provincial and local levels parallels that at the national level. For example, there are provincial people's assemblies and party committees and respective party and government posts. Regional Military Councils are now the supreme authority at the provincial level.

The constitution establishes the broad outlines of the government structure and delineates the rights and duties of citizens. Although the constitution provides for free elections, all parties other than the MPLA are banned, and opposing views, either in the media or in public demonstrations, are not allowed. Membership in the MPLA is tightly restricted.

The constitution provides for an independent judiciary and for the right of the accused to a fair public trial, but, in practice, the judiciary follows party guidelines. Areas of jurisdiction within

billion. Angola has made expansion of petroleum production its highest economic priority, which has helped to keep the debt problem within manageable limits. Whether the expansion of petroleum production can offset deterioration of the rest of the economy and meet steadily rising defense costs is the key economic question facing Angola. Some estimates suggest that as much as 50% of the country's export earnings are allocated to defense costs. In addition to military hardware, Angola reportedly pays for Cuban forces stationed there. The economic squeeze has forced Angola to approach both Western and Eastern bloc creditors to seek debt rescheduling. During 1986, Angola occasionally fell behind in payments to Western creditors but eventually managed to make payments. Payments to Soviet and bloc creditors have apparently been in arrears.

During recent years, the Angolan Government has emphasized to the population the need for austerity and increased productivity. In order to pay creditors and finance petroleum expansion, it has been forced to cut back on the import of basic necessities as well as raw materials. Food shortages exist throughout the country. The government has greatly expanded the money supply, causing inflation to skyrocket, while shortages and inflation have resulted in a thriving black market, including illegal currency exchange.

Angola is the third largest trading partner of the United States in sub-Saharan Africa because of petroleum exports. U.S. imports from Angola in 1985 were \$1.09 billion; exports were \$137 million. In part, due to a drop in oil prices, trade figures declined in 1986. U.S. imports from Angola in 1986 were \$729 million; exports fell to \$86.5 million. The United States exports industrial goods and services—primarily oil-field equipment, mining equipment, and chemicals—aircraft, and food to Angola; the primary U.S. import from Angola is petroleum. U.S. investment in Angola is centered on the petroleum sector. The Export-Import Bank (EXIM) had not been active in taking on new Angola-related business even before the congressional ban of 1986. EXIM's exposure is about \$200 million. No legal prohibition exists on U.S. business activity with Angola except for normal export licensing restrictions.

Most of Angola's trade is with the West; in fact, most West European countries trade with Angola and provide limited economic assistance. Portugal is particularly active and has a number of technicians there. France, Italy, Brazil, and Spain have also been active. A number of Arab countries, the EEC, and

the UN Development Program have provided assistance for the fisheries sector. Although Marxist in orientation, the Angolan Government has adopted a pragmatic economic approach and has encouraged Western investment. Angola joined the Lome Convention in April 1985. It is a member of the African Development Fund and Bank but not of any other multilateral development banks. Angola's economic dealings with the Eastern bloc, particularly the Soviet Union, center on the purchase of military equipment and payment for troops and advisers. In 1982, Angola and the Soviet Union signed an economic cooperation agreement for \$2 billion over a 10-year period, but this has resulted in little concrete Soviet economic assistance.

Angola has nationalized most of its economy but has allowed some private sector activity to continue, particularly in agriculture. Strikes are prohibited by law, and the Union of Angolan Workers is controlled by the state.

Angola's GDP was approximately \$4.5 billion in 1985. Adjusted for inflation, however, it remains substantially below pre-independence levels. Despite continued expansion of the oil sector, overall growth is essentially static. Angolan exports fell from \$2.1 billion in 1985 to \$1.4 billion in 1986. Imports fell from \$1.4 billion in 1985 to \$1.1 billion in 1986.

## FOREIGN RELATIONS

Since independence, Angola has depended upon the Soviet Union and Cuba for security assistance and has adopted a pro-Soviet foreign policy. Angola maintains various agreements with the Soviet Union, the centerpiece being a 20-year treaty of friendship and cooperation signed in October 1976. In 1986, Luanda and Moscow exchanged several high-level delegations, and President Dos Santos visited the Soviet Union twice. The Angolans received pledges of support for defense against South Africa and alleged Western support for UNITA. Since 1983, the Soviets have supplied extensive amounts of sophisticated military hardware to Angola. Estimates indicate that in addition to military personnel, there are about 1,200 Soviet civilian advisers, 1,500 other Eastern bloc advisers, and 5,000-9,000 Cuban civilian advisers in Angola. Angola regularly exchanges official visits with Cuba and the Eastern bloc. President Dos Santos visited Cuba in March 1984 and signed a joint Angola-Cuba communique that stated conditions for the removal of Cuban forces from the country.

Although the Angolan Government maintains close links with the Soviet Union and the Eastern bloc, it has sought better relations with the West and with moderate African states. This apparently has been done in an effort to bolster Angola's economy, to gain increased political support in its confrontation with South Africa, and to undercut outside support for UNITA. Angola maintains diplomatic relations with most West European states.

Angola has consistently called for the immediate implementation of UN Security Council Resolution 435, which provides for internationally acceptable independence for Namibia, the territory on Angola's southern border illegally controlled by South Africa. Since 1978, when Resolution 435 was passed, Angola has been involved in the intermittent negotiations concerning Namibia. At the same time, the MPLA allows SWAPO to maintain bases in southern Angola and to carry out military operations against South African forces in Namibia. South Africa has regularly retaliated by launching operations into southern Angola directed against SWAPO and Angolan forces stationed along the border. Following Operation Protea in August 1981, South Africa occupied a salient in Cunene Province in southern Angola.

With the Lusaka Accord of February 1984, the South African Government began the process of disengagement from Angola. This process was completed by early 1985. However, Angola has consistently rejected South Africa's condition that in order for South Africa to agree to implement Resolution 435, Angola must agree to a parallel withdrawal of Cuban combat forces. For its part, South Africa has continued to use Namibia as a base for cross-border raids into Angola in pursuit of SWAPO and in support of UNITA.

During the past 5 years, Angola has gained better relations with moderate African states. During 1982, it established diplomatic relations with Senegal and Côte d'Ivoire. Angola has sought to work with Zaire and Zambia in order to resolve security problems. As a result of Zairian support for UNITA at the time of independence and the unsuccessful invasions of Shaba in 1977-78 by the Angola-based anti-Mobutu Front for the Liberation of the Congo, Angola's relationship with Zaire has been uneasy. Angola continues to be concerned by alleged UNITA activities from Zaire. Angola, Zambia, and Zaire held a series of high-level meetings in 1986 to discuss regional security and transportation problems. Zambian relations with Angola are considered good. Angola works closely with the other front-line states (states bordering South Africa

## Travel Notes

The Department of State advises that travel to Angola is considered dangerous due to the serious security situation in that country. Fighting between government and UNITA has spread to most areas of the country. Although travel to the capital city, Luanda, is considered relatively safe, travel by road, rail, or air within the country is unsafe due to the possibility of guerrilla attack.

UNITA has publicly warned that it cannot be responsible for the physical safety of foreigners who live or trade in contested areas, or for the timely release of foreigners captured by UNITA. An American citizen was killed in a UNITA attack in December 1984. Foreigners captured by UNITA have, in the past, been forced to march some 750 miles across difficult terrain and under harsh circumstances before reaching the UNITA base camp. After reaching the base, there have been cases of substantial delay in their eventual release and evacuation.

Although there are no US Government restrictions on the travel of Americans to Angola, the United States has no diplomatic relations with the People's Republic of Angola, maintains no embassy in Luanda, and thus has no personnel to assist Americans who encounter problems there. No other country officially represents US interests in Angola.

The Government of Angola maintains strict controls on entry of foreigners, and all visitors must obtain Angolan visas in advance. Airport visas are unavailable, and persons arriving without visas are subject to possible arrest. The Department of State understands that the Angolan Government has imposed restrictions on the travel of foreigners in various areas of the country. Americans traveling to Angola should adhere strictly to Angolan Government laws and regulations. Currency should be exchanged only at officially authorized locations.

**Climate and clothing:** Casual attire is the norm in Luanda's hot, humid climate. Safari

suits are the typical business dress, but Western-style suits are sometimes worn.

**Health:** Medical services are available for standard needs in Luanda and other major cities. There is a shortage of medical personnel and sophisticated medical equipment, however. Travelers with major health problems should avoid Angola or, if stricken there, seek early transportation to an area with adequate medical facilities. Drink only bottled water or beverages, or boiled water. Travelers should ensure that they have appropriate immunizations prior to arrival and should take a good malaria prophylaxis.

**Telecommunications:** Luanda is linked to Lisbon and the United States by satellite communications. International telephone and telex communications with Angola are relatively good. Local Luanda telephone service is fair, but calls to, from, or within the interior are difficult.

**Transportation:** Luanda can be reached several times a week by scheduled airline service from Lisbon, Paris, London, and Rome. Within Africa, regular airline service is available to Angola from the Congo, Zaire, Zambia, Mozambique, Gabon, Cape Verde, and Nigeria. Angolan Airlines (TAAG) operates flights to Europe and many points within Angola. Public transportation in Luanda is limited.

### National holidays

|   |              |
|---|--------------|
| MPLA Anniversary<br>(initiation of the armed struggle for independence) | February 4   |
| Angolan Armed Forces Day  | August 1     |
| Day of the National Hero<br>(honoring former President Agostinho Neto)  | September 17 |
| Angolan Independence Day  | November 11  |
| Anniversary of the Founding of the MPLA                                 | December 10  |
| Family Day  | December 25  |

the Italian-owned AGIP, and the Japanese company Mitsubishi being the most extensively involved. Most of the companies participate in production-sharing arrangements with the Angolan Government through the Angolan state oil company, Sonangol. Angola has opened a marketing office in London and generally has been flexible on pricing in order to facilitate sales. U.S. imports of Angolan petroleum amounted to over \$700 million in 1986, or somewhat more than half of total Angolan production. Angola also sells petroleum to Brazil, Western Europe, and some African countries. An increasing amount of petroleum production has been committed to covering financing arrangements for other areas of the economy and petroleum production expansion costs.

Angola still exports diamonds and coffee but at declining levels. By 1980, diamond production had reached a post-independence peak of 1.5 million carats (compared with 2.4 million carats the year before independence), but has declined since to about 370,000 carats in 1986. Most of these are gem diamonds, and the country has therefore suffered as a result of a decline in gem prices. Diamond exports have accounted for 8%-10% of Angola's export earnings, but because of extensive smuggling and intensified UNITA guerrilla operations in the northeastern diamond production area, production has decreased.

Coffee production has dropped from 3.4 million bags annually during the pre-independence period to about 310,000 bags in 1985. Angola is a member of the International Coffee Organization.

During the pre-independence period, Angola was also a major African food exporter but is now forced to import most of its food. Intensive UNITA activities in the central highlands—Angola's breadbasket—have severely disrupted agricultural production, reducing it largely to subsistence levels. The fighting between UNITA and MPLA forces, coupled with the effects of drought in previous years, have displaced as many as 500,000 persons in the central highlands area, many of whom are suffering from severe malnutrition and starvation. The United States under the Food for Peace program has, since 1977, contributed foodgrains to UNICEF (United Nations Children's Fund) to feed displaced persons in central Angola. The International Committee of the Red Cross has had an extensive food distribution program in central Angola which, however, has at times been disrupted for prolonged periods by fighting between MPLA and UNITA. Some Western countries and the European Economic Community have also provided food assistance.

Angola produced about 20,000 metric tons of sugar in 1982-83, but production has declined somewhat to about 18,000 tons in 1985. It also has extensive fisheries resources and has given priority to developing this sector. A fishing agreement with the Soviet Union resulted in heavy Soviet exploitation and has limited the usefulness of this resource.

The effect of steadily rising defense costs to meet the increasing threat posed by UNITA and the declining prices for petroleum, as well as the overall deterioration of the economy, has been a steady rise in Angola's long- and short-term debt to Western and Eastern bloc creditors. Total foreign debt at the end of 1986 was estimated at about \$2.5

economic picture, has kept the economy afloat. Petroleum production is expanding, and Angola has sufficient proven reserves to increase production significantly over the next 10 years, if the producing areas do not become enmeshed in the growing civil war. Petroleum production at the end of 1986 was about 250,000 barrels per day (b/d).

Most of Angola's petroleum still comes from fields off the Cabinda coast. Angola has divided its entire coastal area into exploration blocks and is attempting to encourage exploration by foreign companies in these areas. Results are encouraging; a number of West European and U.S. oil companies are active in Angola: Chevron, Texaco, Conoco, the French company Elf Aquitaine, the Brazilian company Braspetro,



# background notes

# Afghanistan



United States Department of State  
Bureau of Public Affairs

July 1986



## Official Name: Democratic Republic of Afghanistan

### PROFILE

#### People

**Nationality:** *Noun and adjective*—Afghan(s). **Population** (1985 est.): 11 million (plus about 2.7 million refugees in Pakistan and 1 million refugees in Iran and the west). **Annual growth rate:** Negative because of war. **Density** (est.): 17.3/sq. km. (42.31/sq. mi.). **Ethnic groups:** Pukhtun/Pushtun (Pathan), Tajik, Uzbek, Hazara, Aimaq, Turko-man, Baluch, Nuristani. **Religions** (est.): Sunni Muslim 80%, Shi'a Muslim 20%. **Languages:** Dari (Afghan Persian), Pushtu. **Education:** *Years compulsory*—6 yrs. **Literacy**—less than 10%. **Health:** *Infant mortality rate* (1979 UN est)—181.6/1,000 live births. *Life expectancy* (1985 UN est)—36.6 yrs. (male); 37.3 yrs. (female). **Work force:** Number cannot be estimated due to fighting; mostly agricultural and rural.

#### Geography

**Area:** 647,497 sq. km. (260,000 sq. mi.); about the size of Texas. **Cities** (1985 est.): **Capital**—Kabul (2 million). **Other cities** — Kandahar (126,100); Herat (118,600); Mazar-i-Sharif (118,000). **Terrain:** Mostly mountains and desert. **Climate:** Dry, with cold winters and hot summers.

#### Government

**Type:** Afghanistan calls itself a “democratic republic.” **Independence:** August 19, 1919.

**Organization:** The Revolutionary Council, headed by a president, is the supreme governing body. Cabinet members (Council of Ministers) are nominally responsible for the day-to-day operations of various ministries, but key policy decisions are made in the Politburo and Secretariat of the People's Democratic Party of Afghanistan (PDPA). A pervasive Soviet advisory presence affects all ministries and decisionmaking bodies.

**Political party:** The PDPA—only party permitted to function openly.

**Flag:** Adopted in April 1981, the flag has three horizontal black, red, and green stripes, with an emblem in the upper left corner. The emblem consists of an arch and a pulpit arrayed against a green background; an open book; sun rays and heads of wheat; black, red, and green ribbons; and a 5-pointed star.

#### Economy

**GNP** (FY 1985 est.): \$3 billion. **Per capita GNP** (FY 1985 est.): \$273. **Inflation rate** (1983–84 IBRD est.): 20%.

**Natural resources:** Natural gas, oil, coal, copper, talc, barites, sulfur, lead, zinc, iron, salt, precious and semiprecious stones.

**Agriculture:** *Products*—wheat, corn, barley, rice, cotton, fruit, nuts, karakul pelts, wool, mutton.

**Industry:** *Types*—Smallscale production for domestic use of textiles, soap, furniture, shoes, fertilizer, and cement; handwoven carpets for export.

**Trade** (1984 est.): **Exports**—\$778 million: carpets, rugs, fruit and vegetables, natural gas, cotton, oil-cake, karakul. **Major markets**—Soviet Union, India, Pakistan. **Imports**—\$902 million. **Major suppliers**—Soviet Union (57%), Eastern bloc, Japan, Iran, India.

**Official exchange rate** (IMF 1985): 55.0 afghanis = US\$1.

**Economic aid and credits received:** **Total**—more than \$3.1 billion since 1950, principally from USSR/Eastern bloc. **US aid**—\$500 million between 1950 and 1979.

#### Membership in International Organizations

UN and most of its specialized and related agencies, including the World Bank, International Monetary Fund (IMF); Asian Development Bank, INTELSAT, Nonaligned Movement, Colombo Plan, Group of 77.

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## Travel Notes

**Travel advisory:** The US Department of State recommends against all travel to Afghanistan.

**Climate and clothing:** Kabul's climate is similar to Denver's, but drier and dustier. Winter lasts from December through February; summer, mid-May to mid-September. Because of cultural sensitivities, dress conservatively.

**Customs:** Entry and exit visas are required and are difficult to obtain, and visitors generally are not allowed to leave Kabul. Visas are sometimes issued for all modes of entry (land or air), sometimes for a single mode of entry. Immunization requirements change; check latest information.

**Health:** No health controls or sanitation regulations govern the safety of foods in markets and restaurants. Travelers and foreign residents are advised to boil drinking water, cook fruits, vegetables, and meats thoroughly, and not to consume local dairy products.

**Transportation:** Bakhtar, Aeroflot, and Indian Airlines provide international flights to and from Kabul. Taxis are available in Kabul; buses are often overcrowded and uncomfortable.

**Telecommunications:** International telephone calls may be placed, but they must be booked, often weeks in advance, and paid for in the Central Telephone Office. Kabul is 9½ hours ahead of eastern standard time. Commercial cables from the US may take 2-3 days to arrive.

prey for the Bacha-i-Saqao ("son of a water-carrier"), a brigand who captured Kabul, thereby forcing Amanullah's abdication in January 1929. Prince Nadir Khan, a cousin of Amanullah's, defeated the Bacha-i-Saqao on October 10, 1929. With considerable Pukhtun tribal support, he was declared King Nadir Shah. Four years later, however, he was assassinated by a fanatical follower of King Amanullah.

Nadir Khan's 19-year-old son, Mohammad Zahir Shah, succeeded to the throne. King Zahir Shah reigned from 1933-73 when his cousin, Sardar Mohammad Daoud—prime minister from 1953-63—overthrew the monarchy in a near bloodless coup. During his 10 years as prime minister, Daoud solicited both military and economic assistance from Moscow and introduced controversial social policies, including the abolition of *pardah*. Daoud's efforts to establish a Pukhtun state in the Pakistan-Afghan border area created years of tension with Pakistan and led eventually to his dismissal in March 1963.

King Zahir Shah promulgated a liberal constitution in 1964, providing for a two-chamber legislature to which the King would appoint one-third of the deputies, the people would elect another third, with the remainder selected indirectly by provincial assemblies. Zahir's "experiment in democracy" produced few lasting reforms, but it permitted the creation of unofficial extremist parties of both left and right.

### Daoud's Republic and the April 1978 Coup

Amid charges against the royal family of corruption and malfeasance and worsened economic conditions caused by the severe 1971-72 drought, former Prime Minister Daoud seized power on July 17, 1973, after a relatively bloodless military coup, while the king was outside the country. Daoud abolished the monarchy, abrogated the 1964 constitution, and declared Afghanistan a republic with himself as its first president and prime minister. His attempts to carry out badly needed economic and social reforms met with little success, and the new constitution promulgated in February 1977 failed to quell chronic political instability. In addition, during this period the two factions of the People's Democratic Party of Afghanistan (PDPA), the Khalq, or people's party, and the Parcham, or flag party, ended their 10-year schism. On April 27 and 28, 1978, the united party initiated a bloody coup that overthrew Daoud, assassinated him and most of the ruling Mohammadzai family, and established the Democratic Republic of Afghanistan. Nur Mohammad Taraki, secretary general of the PDPA, became president of the Revolutionary Council and prime minister.

Opposition to the Marxist government developed almost immediately; and, after a major revolt in Nuristan in the summer of 1978, it subsequently grew into a countrywide insurgency. Most Afghans opposed the imposition of a Marxist-style "reform" program which ran counter to their deeply rooted traditions. Differences between the PDPA's two factions also surfaced early and resulted in the exile, purge, or imprisonment of Parchami followers. By September 1979, a dispute between the two top leaders, Taraki and Hafizullah Amin, who had replaced Taraki as prime minister in March 1979, resulted in Amin killing Taraki and assuming complete power.

### The Soviet Invasion

The Soviet Union quickly moved to take advantage of the April 1978 coup. In December 1978, Moscow signed a new Treaty of Friendship, Good Neighborliness, and Cooperation with Afghanistan, and the Soviet military assistance program grew significantly. As the insurgency spread, and the native Afghan Army began to collapse, the regime's survival grew more dependent upon Soviet military equipment and advisers. This set the stage for the largest deployment of Soviet troops outside the Soviet Union and Eastern Europe since the end of World War II. On the night of December 24, 1979, large numbers of Soviet airborne forces began to land in Kabul. On December 27, they killed Hafizullah Amin and installed in his place Babrak Karmal, leader of the Parcham faction, who had flown into Kabul from the Soviet Union. Babrak was a member of the communist People's Democratic Party of Afghanistan formed during the 1960s, and served in Parliament between 1965 and 1969. By the spring of 1980, Soviet troop strength in Afghanistan had grown to 85,000.

In the years since the invasion, the Soviets and the regime they maintain in Kabul have been unable to establish authority outside the capital city or otherwise to make good the Soviet conquest. Both Herat and Qandahar are substantially out of regime control. An overwhelming majority of Afghans oppose the communist regime, either actively or passively. Afghan freedom fighters, or *mujahidin*, remain active throughout the country, and regular fighting occurs in almost all 29 provinces, while the Afghan Army continues to disintegrate. Babrak Karmal's slender power base shrank until his fall from power in May 1986 and replacement by Najibullah, former chief of the Afghan secret police, or KHAD. Soviet failure to win a significant number of Afghan collaborators, or to reconstruct a viable Afghan army, has prompted them to bear an increasing brunt of the fighting and a large share of the responsibility for civilian administration. Despite Soviet efforts, the 120,000 troops now in Afghanistan maintain only a tenuous military standoff with the *mujahidin*.

Although the Soviets have failed to fashion an effective surrogate regime in Kabul, they are committed to this goal, as was underscored by Karmal's removal and replacement by Najibullah as PDPA General Secretary. Prior to Karmal's fall, indications of Soviet displeasure with the fortunes of his regime had mounted. These included relatively

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1929. During that time he was also a member of several international commissions, including the Rio Grande Compact Commission, of which he was chairman, in 1928, and the Colorado River Commission, also as chairman from 1929. In the latter year he declined President Herbert C. Hoover's offer of the governorship of the Philippines. From 1935 to 1941 Donovan made a number of trips as an unofficial observer for the U.S. government to Italy, Spain, England, and the Balkans. He then drew up, at the request of President Franklin D. Roosevelt, comprehensive plans for a military intelligence agency to operate throughout the world. Upon creation of the Office of Strategic Services (OSS) in 1942 Donovan was named to direct its activities. Given the rank of brigadier general in 1943 and promoted to major general in 1944, he oversaw the wide-ranging operations of the OSS, which gathered intelligence and operated clandestinely behind the lines in every theater of World War II, until its dissolution in 1945. After brief service as aide to Justice Robert H. Jackson at the Nuremberg trials of Nazi war criminals he again returned to private practice. On appointment by President Dwight D. Eisenhower he was U.S. ambassador to Thailand from 1953 to 1954. Donovan died on February 8, 1959, in Washington, D.C.

Mr. Dooley, *see* Dunne, Finley Peter

Dooley, Thomas Anthony (1927-1961), physician. Born in St. Louis on January 17, 1927, Dooley entered the University of Notre Dame in 1944 but left shortly afterward to enlist in the navy. After two years of service in the medical corps he returned to Notre Dame to prepare for medical school. He took his M.D. from the St. Louis University School of Medicine in 1953 and began his internship as a medical officer in the Naval Reserve; he was stationed first at Camp Pendleton, California, and later in Japan. In 1954 he volunteered for service on a ship bearing refugees from North to South Vietnam. The only medical man available for 2000 passengers, he was deeply impressed by the immensity of the medical needs of the people of Southeast Asia. He was then sent to Haiphong to organize and manage camps where refugees could await transportation south; with only minimal facilities, his small medical unit processed and cared for more than 600,000 people in less than a year. Transferred back to the United States in 1955, he described his experiences in Vietnam in *Deliver Us from Evil*, 1956. Resigning from the navy, he used his income from the book to organize a private medical mission to the village of Nam Tha in northern Laos. Sheer persistence and untiring labor enabled him to overcome the suspicions of the people and to begin attacking the problems of disease among a populace largely deprived of modern medical knowledge. In 1957 he returned briefly to the United States and, with Peter D. Comanduras, founded Medico, an international medical-aid mission sponsored by the Interna-

tional Rescue Committee and supported by voluntary contributions. He then returned to Asia, setting up seven hospitals in Cambodia, Laos, and Vietnam. Dooley wrote two more books, *The Edge of Tomorrow*, 1958, and *The Night They Burned the Mountain*, 1960, again using his royalties for medical work. His last years were troubled by a malignant cancer; he visited the United States in 1959 for treatment and then a fund-raising tour, and returned again in late 1960. Hospitalized on the second visit, he died in New York City on January 18, 1961.

Doolittle, Hilda (1886-1961), "H.D.," poet. Born on September 10, 1886, in Bethlehem, Pennsylvania, Miss Doolittle entered Bryn Mawr College in 1904 and while a student there formed friendships with Marianne Moore, a fellow student, and with Ezra Pound and William Carlos Williams, who were at the nearby University of Pennsylvania. Ill health forced her to leave college in 1906; five years later she traveled to Europe for what was to have been a vacation but became a permanent stay, mainly in England and Switzerland. Her first published poems, sent to *Poetry* magazine by Pound, appeared under the initials H.D., which remained thereafter her nom de plume. Other poems appeared in Pound's anthology *Des imagistes*, 1914, and her first volume of verse, *Sea Garden*, 1916, established her as a major voice among the radical young Imagist poets. Subsequent volumes included *Hymen*, 1921; *Heliodora and Other Poems*, 1924; *Collected Poems*, 1925; *Hippolytus Temporizes*, 1927; *Red Roses for Bronze*, 1931; a translation of Euripides' *Ion*, 1937; *Collected Poems*, 1940; *The Walls Do Not Fall*, 1944; *Tribute to Angels*, 1945; and *Flowering of the Rod*, 1946. Over the years her sharp, spare, and rather passionless manner mellowed and took on rich religious and mystic overtones, becoming in the process less modernist and more open to the wider heritage of tradition. H.D. published also a number of prose works, including four novels—*Palimpsest*, 1926; *Hedylus*, 1928; *The Hedgehog*, 1936; and *Bid Me to Live*, 1960—and the semiautobiographical *Tribute to Freud*, 1956. *Helen in Egypt*, verse, was her last book, appearing shortly after her death in Zurich, Switzerland, on September 27, 1961.

Doolittle, James Harold (1896- ), soldier and airman. Born on December 14, 1896, in Alameda, California, Jimmy Doolittle grew up there and in Nome, Alaska. He was educated at Los Angeles Junior College and the University of California and in 1917 enlisted in the army; assigned to the Signal Corps, he served as a flying instructor during World War I, was commissioned first lieutenant in the Army Air Corps in 1920, and became deeply involved in the development of military navigation. In 1922 he was granted a degree as of 1918 by the University of California and then sent by the army to the Massachusetts Institute of Technology (MIT) for advanced engineering studies, taking a Sc.D. degree in 1925.

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in 1925.

Assigned to various test-facility stations, he spent five more years in diverse phases of aviation, winning a number of trophy races, demonstrating aircraft in South America, and in 1929 making the first successful test of blind, instrument-controlled landing techniques. In 1930 he resigned his commission, retaining the reserve rank of major, and became manager of the aviation department of the Shell Oil Company, where he helped develop aviation fuel. He continued to race, setting a world speed record in 1932, and to serve on various government and military consultative boards during this period. In 1940, shortly before U.S. entry into World War II, he returned to active duty, and after a tour of industrial plants then converting to war production joined Army Air Forces headquarters for an extended period of planning that bore spectacular results in April 1942. In that month, from the deck of the carrier *Hornet*, Doolittle led a flight of 16 B-25 bombers on a daring raid over Japan, hitting targets in Tokyo, Yokohama, and other cities and scoring a huge victory for U.S. morale at a time when Japan's position in the Pacific seemed impregnable. With the rank of brigadier general (soon after major general), and with a Congressional Medal of Honor for the Japan raid, he was transferred to England, where he organized the 12th Air Force and then commanded it during the invasion of North Africa. In successive command of the Allies' Northwest Africa Strategic Air Force and the U.S. 15th and 8th air forces, Doolittle directed intensive bombing of Germany during 1944-1945, winning promotion to lieutenant general in 1944. In 1945, when air operations ended in the European theater, he moved with the 8th Air Force to Okinawa in the Pacific. In 1946, the war over, he returned to reserve status and rejoined Shell Oil as vice-president and director. He continued to serve on numerous advisory boards concerned with military aviation development, notably the National Advisory Committee for Aeronautics from 1948 to 1958, the last two years as chairman; the Air Force Science Advisory Board as chairman in 1955, and the President's Science Advisory Committee in 1957. Doolittle retired from both the air force and Shell Oil in 1959, but remained active in the aerospace industry.

Dorr, Thomas Wilson (1805-1854), political reformer. Born in Providence, Rhode Island, on November 5, 1805, Dorr was educated at Phillips Exeter Academy and graduated from Harvard in 1823. Four years later he was admitted to the bar and began practice in Providence. In 1834 he was elected to the state assembly. Rhode Island was at the time still governed under the colonial charter of 1663; power was in the hands of a proprietary class and suffrage was limited to freeholders and their oldest sons. The privilege of instituting civil suits was similarly restricted. After a long period of occasional attempts at reform, public resentment came to a head in 1841. In that year a "People's party" was organized

and a convention called, all without authority from the legislature; a constitution was adopted and, in a referendum held on the principle of universal manhood suffrage, overwhelmingly ratified. The legislature, in retreat, called a similar convention in 1842 and proposed a "Freeman's" constitution embodying most, but not all, of the reforms demanded by the People's party. This constitution was defeated in a referendum. In April 1842 Dorr was elected governor, at the head of a full ticket, in an election held under the People's constitution; Rhode Island thereupon had two governments as the state supreme court refused to recognize the People's Constitution. The incumbent regime declared martial law; appeals to President John Tyler by both sides resulted in lukewarm support being given to the incumbents. Dorr then decided on rebellion; with a small band of followers he attempted to seize the arsenal in Providence. The revolt was a failure and Dorr escaped to Connecticut. He soon returned, gave himself up, and in 1844 was convicted of treason, for which he received a sentence of life imprisonment at hard labor. His sentence was voided by act of the assembly the following year and in 1851 his civil rights were restored. He died on December 27, 1854, in Providence. In the meantime, a second Freeman's convention late in 1842 had made further concessions to the reformers' demands and a new constitution, although still not providing for universal manhood suffrage, was popularly ratified in November 1842.

Dos Passos, John Roderigo (1896-1970), author. Born on January 14, 1896, in Chicago, Dos Passos graduated from Harvard in 1916 and traveled in Spain, intending to study architecture. When the United States entered World War I he enlisted in the volunteer ambulance corps in the French army, served for a time with the Italian Red Cross, and then became a private in the U.S. army medical corps. His war experiences led to the publication of his first two books, *One Man's Initiation—1917*, 1920, about an ambulance driver, and *Three Soldiers*, 1921, a bitter portrayal of war's effects on the book's three major characters. In *Manhattan Transfer*, 1925, he developed a literary style that was revolutionary in its combination of naturalism and the stream-of-consciousness technique. A portrayal in hundreds of brief episodes of the expansive, many-faceted life of New York City, the book reflected his youthfully radical outlook on life, which found fuller expression in his major work, the trilogy *U.S.A.*, comprising *The 42nd Parallel*, 1930; *1919*, 1932; and *The Big Money*, 1936. Focusing on deterioration, absurdity, and helplessness in the three decades at the beginning of the twentieth century, the trilogy traced the lives of various characters against a fragmented, panoramic background of newspaper headlines and stories, advertisements, and songs of the era. Biographies of notable Americans formed ironic backgrounds for the lives of lesser figures, and

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March 22, 1976, UNITED STATES EDITION

SECTION: NATIONAL AFFAIRS; Pg. 20

LENGTH: 740 words

HEADLINE: THE BACKROOM BOYS

BYLINE: SUSAN FRAKER with STEPHAN LESHER in Washington and MARTIN KASINDORF in Los Angeles

## BODY:

Stuart Spencer and William Roberts, the men most responsible for turning President Ford's campaign around, have been working their political magic for Republican candidates for years - as Ronald Reagan well knows. Ten years ago when Reagan gave up acting for politics, he hired Spencer-Roberts to manage his California gubernatorial campaign. They helped make him governor then, and again in 1970, but Reagan never seemed overly grateful. Spencer-Roberts was one fence Reagan should have kept mended. Said Joseph Cerrell, a Democratic political consultant, last week: "They have come back to haunt him."

Spencer, 49, and Roberts, 51, first met doing volunteer work for the California Young Republicans in the 1950s. Ringing doorbells for Ike and Dick Nixon, Spencer, an Alhambra, Calif., recreation director, and Roberts, a portly TV salesman, quickly discovered their natural flair for grass-roots organizing. In 1960 they quit their jobs with the Los Angeles County Republican Committee to form their own political consulting firm. They quickly became masters of the slick, mediagenic and expensive style of running California campaigns. Along the way, they also earned a reputation as hard-knuckled pros who sold their services to the highest Republican bidder. Said Spencer: "I don't care about the issues. I care about the votes."

Rules: They take - and probably deserve - most of the credit for electing their first two clients, Alphonzo Bell and John Rousselot, to Congress. In quick succession, Spencer-Roberts also handled a series of local campaigns in Los Angeles and in 1962 they ran the re-election of liberal Republican Sen. Thomas Kuchel. Then they moved on to the campaign that made their reputation as California's that made their reputation as California's classiest pols for hire: Nelson Rockefeller's bitter 1964 primary battle against Barry Goldwater. One of Spencer's cardinal rules is that a candidate should never answer an attack. Instead of trying to defuse uneasiness over Rockefeller's divorce and quick remarriage, Spencer persuaded Rocky to attack Goldwater as an irrational extremist; Rockefeller's broadsides were capped by a final mailing that asked: "Whom do you want in the room with the H-bomb button?"

The strategy almost worked. Under-dog do Rocky came within .3 per cent of winning and Goldwater was so impressed by the team that he recommended them to Reagan. During the early days of the 1966 campaign, Reagan appeared awkward and stiff, but Roberts invented the term "citizen-politician." Explained Roberts: "Most people don't like politicians. If Reagan appeared a little uncertain, people would say, 'Well, he's not a professional'." At night, the pair coached their candidate on how to answer tough questions with soft lobs and taught him to focus "The Speech" on those issues most likely to appeal to

39TH DOCUMENT of Level 1 printed in FULL format.

Public Papers of the Presidents

Remarks Announcing the Establishment of the Presidential  
Task Force on Regulatory Relief

1981 Pub. Papers 30

January 22, 1981

LENGTH: 320 words

Well, ladies and gentlemen, I have a statement here that I want to make.

The regulatory reform, as you know, we've been talking about for a long time is one of the keystones in our program to return the nation to prosperity and to set loose again the ingenuity and energy of the American people.

Government regulations impose an enormous burden on large and small businesses in America, discourage productivity, and contribute substantially to our current economic woes. To cut away the thicket of irrational and senseless regulations requires careful study, close coordination between the agencies and bureaus in the Federal structure.

Therefore, I am announcing today my intention to establish a Presidential Task Force on Regulatory Relief, a task force that will review pending regulations, study past regulations with an eye toward revising them, and recommend appropriate legislative remedies.

I intend that this be more than just another Presidential task force that files a report and is soon forgotten. We're seeking real reform and tangible results. And accomplishing this will take a vigorous leader, talented administrator, and absolutely, no doubt, a superb diplomat. And that person is Vice President George Bush, who's agreed to serve as Chairman of this task force and to coordinate an interagency effort to end excessive regulation.

I've asked him to get back to me promptly with recommended members of the task force and a detailed plan for its operations. And our goal is going to be to see if we cannot reverse the trend of recent years and see at the end of the year a reduction in the number of pages in the Federal Register instead of an increase.

And now I'm not taking any questions, and I'm going to leave, and George will take your questions here. George.

Note: The President spoke at 1:01 p.m. to reporters assembled in the Briefing Room at the White House.

27TH DOCUMENT of Level 1 printed in FULL format.

Public Papers of the Presidents

Statement on the Reduction of Federal Regulations

1981 Pub. Papers 512

June 13, 1981

LENGTH: 193 words

Excessive and inefficient Federal regulations place an undue burden on our society. They limit job opportunities, raise prices, and reduce the incomes of all Americans.

During the Presidential campaign, I promised quick and decisive action. Since taking office, I have made regulatory relief a top priority. It is one of the cornerstones of my economic recovery program.

Thanks to the constructive work of my Task Force on Regulatory Relief, chaired by Vice President Bush, many needless and unproductive regulations have been eliminated. Other officials in my administration are moving forward with equal vigor and are producing tangible results. Regulatory relief actions to date have resulted in billions of dollars in savings to the American people.

The materials in this volume document some of our progress. But more needs to be done, and will be done, I am confident that the legitimate purposes of regulation can be met at considerably lower costs. We shall not rest until that goal is achieved.

Note: The statement is printed in the 122-page report entitled "Materials on President Reagan's Program for Regulatory Relief."



(c) 1976 Newsweek, March 22, 1976

blue-collar Democrats. They relied on efficient telephone banks and superb grass-roots precinct work to do the rest. In a state where Democrats outnumber Republicans by 56 to 38 per cent, Reagan swamped the incumbent governor, Edmund Brown Sr., by 1 million votes.

After winning again for Reagan in 1970, Spencer-Roberts seemed to lose their magic. They lost several 1970 campaigns and managed no major races in 1972. In 1974, Roberts sold out to Spencer. "I learned I had diabetes in 1971," said Roberts. "Besides, I was getting tired of politics." Roberts kept busy with a project called "Threshold," training people as companions for the terminally ill. But last fall when he heard Spencer had signed on with the Ford campaign, he called his old partner to say he'd "be happy to help on any short-term projects." In January Roberts flew to Florida on 24 hours' notice to buttress the team's - and Ford's - remarkable comeback.

Complement: As political managers, the two complement each other. "Stu is more content in the back room, Bill up front leading the troops," says an associate. Spencer is tough, supercharged and earthy. Roberts is polite, soft-spoken and patient. He had resolved to go home and rest after Florida, but now spencer (who replaced Howard Callaway last week as Ford's campaign manager) has him lined up to manage Ford's primary campaigns in Texas and Oregon. If Reagan means what he says about staying in the race, his old friends may hound his step all the way to the California primary on June 8.

GRAPHIC: Picture 1, Roberts, Warren Skipper; Picture 2, Spencer: Guns for hire, Susan T. McElhinney - Newsweek

39TH STORY of Level 1 printed in KWIC format.

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May 12, 1975

SECTION: Pg. 30

LENGTH: 2290 words

HEADLINE: Reagan;  
READY TO TAKE ON FORD?

SERIES: One of a series that will appear in coming months on presidential prospects in both major parties.

BODY:

... in writing one or more books, and he is considering offers to be a visiting professor at some universities.

Associates say Reagan stands to gross around an million dollars a year from these endeavors. For speeches, he collects \$2,500 to \$5,000 each, plus travel expenses.

Ronald Reagan calls himself a " citizen-politician. " He never ran for public office before he was elected Governor of California by a million-vote majority in ...

TABLE B-71.—Bond yields and interest rates, 1929-87

(Percent per annum)

| Year and month | U.S. Treasury securities        |         |                                  |         | Corporate bonds (Moody's) |       | High-grade municipal bonds (Standard & Poor's) | New-home mortgage yields (FHLBB) <sup>a</sup> | Commercial paper, 6 months <sup>b</sup> | Prime rate charged by banks <sup>c</sup> | Discount rate, Federal Reserve Bank of New York <sup>d</sup> | Federal funds rate <sup>e</sup> |
|----------------|---------------------------------|---------|----------------------------------|---------|---------------------------|-------|--|---|---|--|--|---------------------------------|
|                | Bills (new issues) <sup>1</sup> |         | Constant maturities <sup>2</sup> |         | Aaa <sup>3</sup>          | Baa   |  |   |   |  |  |                                 |
|                | 3-month                         | 6-month | 3-year                           | 10-year |                           |       |  |   |   |  |  |                                 |
| 1929           |                                 |         |                                  |         | 4.73                      | 5.90  | 4.27   |   | 5.85                                    | 5.50-6.00                                | 5.16   |                                 |
| 1933           | 0.515                           |         |                                  |         | 4.49                      | 7.76  | 4.71   |   | 1.73                                    | 1.50-4.00                                | 2.56   |                                 |
| 1939           | .023                            |         |                                  |         | 3.01                      | 4.96  | 2.76   |   | .59                                     | 1.50                                     | 1.00   |                                 |
| 1940           | .014                            |         |                                  |         | 2.84                      | 4.75  | 2.50   |   | .56                                     | 1.50                                     | 1.00   |                                 |
| 1941           | .103                            |         |                                  |         | 2.77                      | 4.33  | 2.10   |   | .53                                     | 1.50                                     | 1.00   |                                 |
| 1942           | .326                            |         |                                  |         | 2.83                      | 4.28  | 2.36   |   | .66                                     | 1.50                                     | 1.00   |                                 |
| 1943           | .373                            |         |                                  |         | 2.73                      | 3.91  | 2.06   |   | .69                                     | 1.50                                     | 1.00   |                                 |
| 1944           | .375                            |         |                                  |         | 2.72                      | 3.61  | 1.86   |   | .73                                     | 1.50                                     | 1.00   |                                 |
| 1945           | .375                            |         |                                  |         | 2.62                      | 3.29  | 1.67   |   | .75                                     | 1.50                                     | 1.00   |                                 |
| 1946           | .375                            |         |                                  |         | 2.53                      | 3.05  | 1.64   |   | .81                                     | 1.50                                     | 1.00   |                                 |
| 1947           | .594                            |         |                                  |         | 2.61                      | 3.24  | 2.01   |   | 1.03                                    | 1.50-1.75                                | 1.00   |                                 |
| 1948           | 1.040                           |         |                                  |         | 2.82                      | 3.4   | 2.40   |   | 1.44                                    | 1.75-2.00                                | 1.34   |                                 |
| 1949           | 1.102                           |         |                                  |         | 2.66                      | 3.42  | 2.21   |   | 1.49                                    | 2.00                                     | 1.50   |                                 |
| 1950           | 1.218                           |         |                                  |         | 2.62                      | 3.24  | 1.98   |   | 1.45                                    | 2.07                                     | 1.59   |                                 |
| 1951           | 1.552                           |         |                                  |         | 2.86                      | 3.41  | 2.00   |   | 2.16                                    | 2.56                                     | 1.75   |                                 |
| 1952           | 1.766                           |         |                                  |         | 2.96                      | 3.52  | 2.19   |   | 2.33                                    | 3.00                                     | 1.75   |                                 |
| 1953           | 1.931                           |         | 2.47                             | 2.85    | 3.20                      | 3.74  | 2.72   |   | 2.52                                    | 3.17                                     | 1.99   |                                 |
| 1954           | .953                            |         | 1.63                             | 2.40    | 2.90                      | 3.51  | 2.37   |   | 1.58                                    | 3.05                                     | 1.60   |                                 |
| 1955           | 1.753                           |         | 2.47                             | 2.82    | 3.06                      | 3.53  | 2.53   |   | 2.18                                    | 3.16                                     | 1.89   | 1.78                            |
| 1956           | 2.658                           |         | 3.19                             | 3.18    | 3.36                      | 3.88  | 2.93   |   | 3.31                                    | 3.77                                     | 2.77   | 2.73                            |
| 1957           | 3.267                           |         | 3.98                             | 3.65    | 3.89                      | 4.71  | 3.60   |   | 3.81                                    | 4.20                                     | 3.12   | 3.11                            |
| 1958           | 1.839                           |         | 2.84                             | 3.32    | 3.79                      | 4.73  | 3.56   |   | 2.46                                    | 3.83                                     | 2.15   | 1.57                            |
| 1959           | 3.405                           | 3.832   | 4.46                             | 4.33    | 4.38                      | 5.05  | 3.95   |   | 3.97                                    | 4.48                                     | 3.36   | 3.30                            |
| 1960           | 2.928                           | 3.247   | 3.98                             | 4.12    | 4.41                      | 5.19  | 3.73   |   | 3.85                                    | 4.82                                     | 3.53   | 3.22                            |
| 1961           | 2.378                           | 2.605   | 3.54                             | 3.88    | 4.35                      | 5.08  | 3.46   |   | 2.97                                    | 4.50                                     | 3.00   | 1.96                            |
| 1962           | 2.778                           | 2.908   | 3.47                             | 3.95    | 4.33                      | 5.02  | 3.18   |   | 3.26                                    | 4.50                                     | 3.00   | 2.68                            |
| 1963           | 3.157                           | 3.253   | 3.67                             | 4.00    | 4.26                      | 4.86  | 3.23   | 5.89  | 3.55                                    | 4.50                                     | 3.23   | 3.18                            |
| 1964           | 3.549                           | 3.686   | 4.03                             | 4.19    | 4.40                      | 4.83  | 3.22   | 5.82  | 3.97                                    | 4.50                                     | 3.55   | 3.50                            |
| 1965           | 3.954                           | 4.055   | 4.22                             | 4.28    | 4.49                      | 4.87  | 3.27   | 5.81  | 4.38                                    | 4.54                                     | 4.04   | 4.07                            |
| 1966           | 4.881                           | 5.082   | 5.23                             | 4.92    | 5.13                      | 5.67  | 3.82   | 6.25  | 5.55                                    | 5.63                                     | 4.50   | 5.11                            |
| 1967           | 4.321                           | 4.630   | 5.03                             | 5.07    | 5.51                      | 6.23  | 3.98   | 6.46  | 5.10                                    | 5.61                                     | 4.19   | 4.22                            |
| 1968           | 5.339                           | 5.470   | 5.68                             | 5.65    | 6.18                      | 6.94  | 4.51   | 6.97  | 5.90                                    | 6.30                                     | 5.16   | 5.66                            |
| 1969           | 6.677                           | 6.853   | 7.02                             | 6.67    | 7.03                      | 7.81  | 5.81   | 7.80  | 7.83                                    | 7.96                                     | 5.87   | 8.20                            |
| 1970           | 6.458                           | 6.562   | 7.29                             | 7.35    | 8.04                      | 9.11  | 6.51   | 8.45  | 7.71                                    | 7.91                                     | 5.95   | 7.18                            |
| 1971           | 4.348                           | 4.511   | 5.65                             | 6.16    | 7.39                      | 8.56  | 5.70   | 7.74  | 5.11                                    | 5.72                                     | 4.88   | 4.66                            |
| 1972           | 4.071                           | 4.466   | 5.72                             | 6.21    | 7.21                      | 8.16  | 5.27   | 7.60  | 4.73                                    | 5.25                                     | 4.50   | 4.43                            |
| 1973           | 7.041                           | 7.178   | 6.95                             | 6.84    | 7.44                      | 8.24  | 5.18   | 7.96  | 8.15                                    | 8.03                                     | 6.44   | 8.73                            |
| 1974           | 7.886                           | 7.926   | 7.82                             | 7.56    | 8.57                      | 9.50  | 6.09   | 8.92  | 9.84                                    | 10.81                                    | 7.83   | 10.50                           |
| 1975           | 5.838                           | 6.122   | 7.49                             | 7.99    | 8.83                      | 10.61 | 6.89   | 9.00  | 6.32                                    | 7.86                                     | 6.25   | 5.82                            |
| 1976           | 4.989                           | 5.266   | 6.77                             | 7.61    | 8.43                      | 9.75  | 6.49   | 9.00  | 5.34                                    | 6.84                                     | 5.50   | 5.04                            |
| 1977           | 5.265                           | 5.510   | 6.69                             | 7.42    | 8.02                      | 8.97  | 5.56   | 9.02  | 5.61                                    | 6.83                                     | 5.46   | 5.54                            |
| 1978           | 7.221                           | 7.572   | 8.29                             | 8.41    | 8.73                      | 9.49  | 5.90   | 9.56  | 7.99                                    | 9.06                                     | 7.46   | 7.93                            |
| 1979           | 10.041                          | 10.017  | 9.71                             | 9.44    | 9.63                      | 10.69 | 6.39   | 10.78   | 10.91                                   | 12.67                                    | 10.28  | 11.19                           |
| 1980           | 11.506                          | 11.374  | 11.55                            | 11.46   | 11.94                     | 13.67 | 8.51   | 12.66   | 12.29                                   | 15.27                                    | 11.77  | 13.36                           |
| 1981           | 14.029                          | 13.776  | 14.44                            | 13.91   | 14.17                     | 16.04 | 11.23  | 14.70   | 14.76                                   | 18.87                                    | 13.42  | 16.38                           |
| 1982           | 10.686                          | 11.084  | 12.92                            | 13.00   | 13.79                     | 16.11 | 11.57  | 15.14   | 11.89                                   | 14.86                                    | 11.02  | 12.26                           |
| 1983           | 8.63                            | 8.75    | 10.45                            | 11.10   | 12.04                     | 13.55 | 9.47   | 12.57   | 8.89                                    | 10.79                                    | 8.50   | 9.09                            |
| 1984           | 9.58                            | 9.80    | 11.89                            | 12.44   | 12.71                     | 14.19 | 10.15  | 12.38   | 10.16                                   | 12.04                                    | 8.80   | 10.23                           |
| 1985           | 7.48                            | 7.66    | 9.64                             | 10.62   | 11.37                     | 12.72 | 9.18   | 11.55   | 8.01                                    | 9.93                                     | 7.69   | 8.10                            |
| 1986           | 5.98                            | 6.03    | 7.06                             | 7.68    | 9.02                      | 10.39 | 7.38   | 10.17   | 6.39                                    | 8.33                                     | 6.33   | 6.81                            |
| 1987           | 5.82                            | 6.05    | 7.68                             | 8.39    | 9.38                      | 10.58 | 7.73   | 9.31  | 6.85                                    | 8.22                                     | 5.66   | 6.66                            |
| 1982:          |                                 |         |                                  |         |                           |       |  |   | High-low                                | High-low                                 |  |                                 |
| Jan            | 12.412                          | 12.930  | 14.64                            | 14.59   | 15.18                     | 17.10 | 13.16  | 15.25   | 13.35                                   | 15.75-15.75                              | 12.00-12.00  | 13.22                           |
| Feb            | 13.780                          | 13.709  | 14.73                            | 14.43   | 15.27                     | 17.18 | 12.81  | 15.12   | 14.27                                   | 17.00-15.75                              | 12.00-12.00  | 14.78                           |
| Mar            | 12.493                          | 12.621  | 14.13                            | 13.86   | 14.58                     | 16.82 | 12.72  | 15.67   | 13.47                                   | 16.50-16.50                              | 12.00-12.00  | 14.68                           |
| Apr            | 12.821                          | 12.861  | 14.18                            | 13.87   | 14.46                     | 16.78 | 12.45  | 15.84   | 13.64                                   | 16.50-16.50                              | 12.00-12.00  | 14.94                           |
| May            | 12.148                          | 12.220  | 13.77                            | 13.62   | 14.26                     | 16.64 | 11.99  | 15.89   | 13.02                                   | 16.50-16.50                              | 12.00-12.00  | 14.45                           |
| June           | 12.108                          | 12.310  | 14.48                            | 14.30   | 14.81                     | 16.92 | 12.42  | 15.40   | 13.79                                   | 16.50-16.50                              | 12.00-12.00  | 14.15                           |
| July           | 11.914                          | 12.236  | 14.00                            | 13.95   | 14.61                     | 16.80 | 12.11  | 15.70   | 13.00                                   | 16.50-15.50                              | 12.00-11.50  | 12.59                           |
| Aug            | 9.006                           | 10.105  | 12.62                            | 13.06   | 13.71                     | 16.32 | 11.12  | 15.68   | 10.80                                   | 15.50-13.50                              | 11.50-10.00  | 10.12                           |
| Sept           | 8.196                           | 9.539   | 12.03                            | 12.34   | 12.94                     | 15.63 | 10.61  | 14.98   | 10.86                                   | 13.50-13.50                              | 10.00-10.00  | 10.31                           |
| Oct            | 7.750                           | 8.299   | 10.62                            | 10.91   | 12.12                     | 14.73 | 9.59   | 14.41   | 9.21                                    | 13.50-12.00                              | 10.00-9.50   | 9.71                            |
| Nov            | 8.042                           | 8.319   | 9.98                             | 10.55   | 11.68                     | 14.30 | 9.97   | 13.81   | 8.72                                    | 12.00-11.50                              | 9.50-9.00  | 9.20                            |
| Dec            | 8.013                           | 8.225   | 9.88                             | 10.54   | 11.83                     | 14.14 | 9.91   | 13.69   | 8.50                                    | 11.50-11.50                              | 9.00-8.50  | 8.95                            |

<sup>1</sup> Rate on new issues within period; bank-discount basis.  
<sup>2</sup> Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.  
<sup>3</sup> Series excludes public utility issues for January 17, 1984 through October 11, 1984 due to lack of appropriate issues.  
<sup>4</sup> Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assuming, on the average, repayment at end of 10 years. Rates beginning January 1973 not strictly comparable with prior rates.  
 See next page for continuation of table.

TABLE B-71.—Bond yields and interest rates, 1929-87—Continued

(Percent per annum)

| Com-<br>mercial<br>paper, 6<br>months <sup>a</sup> | Prime rate<br>charged by<br>banks <sup>b</sup> | Discount<br>rate,<br>Federal<br>Reserve<br>Bank of<br>New York <sup>c</sup> | Federal<br>funds<br>rate <sup>d</sup> | U.S. Treasury securities           |         |                                     |             |                  |     |  |  | Corporate<br>bonds<br>(Moody's) |  | High-<br>grade<br>municipal<br>bonds<br>(Stand-<br>ard &<br>Poor's) | New-<br>home<br>mortgage<br>yields<br>(FHLBB) <sup>e</sup> | Com-<br>mercial<br>paper, 6<br>months <sup>a</sup> | Prime rate<br>charged by<br>banks <sup>b</sup> | Discount<br>rate,<br>Federal<br>Reserve<br>Bank of<br>New York <sup>c</sup> | Federal<br>funds<br>rate <sup>d</sup> |  |
|--|--|---|---------------------------------------|------------------------------------|---------|-------------------------------------|-------------|------------------|-----|--|--|---------------------------------|--|---|--|--|--|---|---------------------------------------|--|
|  |  |   |                                       | Bills<br>(new issues) <sup>1</sup> |         | Constant<br>maturities <sup>2</sup> |             | Aaa <sup>3</sup> | Baa |  |  |                                 |  |   |  |  |  |   |                                       |  |
|  |  |   |                                       | 3-month                            | 6-month | 3-<br>year                          | 10-<br>year |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.85   | 5.50-6.00                                      | 5.16  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.73   | 1.50-4.00                                      | 2.56  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .59  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .56  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .53  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .66  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .69  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .73  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .75  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| .81  | 1.50   | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.03   | 1.50-1.75                                      | 1.00  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.44   | 1.75-2.00                                      | 1.34  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.49   | 2.00   | 1.50  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.45   | 2.07   | 1.59  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.16   | 2.56   | 1.75  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.33   | 3.00   | 1.75  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.52   | 3.17   | 1.99  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 1.58   | 3.05   | 1.59  | .....                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.18   | 3.16   | 1.89  | 1.78                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.31   | 3.77   | 2.77  | 2.73                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.81   | 4.20   | 3.12  | 3.11                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.46   | 3.83   | 2.15  | 1.57                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.97   | 4.48   | 3.36  | 3.30                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.85   | 4.82   | 3.53  | 3.22                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 2.97   | 4.50   | 3.00  | 1.96                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.26   | 4.50   | 3.00  | 2.68                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.55   | 4.50   | 3.23  | 3.18                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 3.97   | 4.50   | 3.55  | 3.50                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 4.38   | 4.54   | 4.04  | 4.07                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.55   | 5.63   | 4.50  | 5.11                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.10   | 5.61   | 4.19  | 4.22                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.90   | 6.30   | 5.16  | 5.66                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 7.83   | 7.96   | 5.87  | 8.20                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 7.71   | 7.91   | 5.95  | 7.18                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.11   | 5.72   | 4.88  | 4.66                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 4.73   | 5.25   | 4.50  | 4.43                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 8.15   | 8.03   | 6.44  | 8.73                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 9.84   | 10.81  | 7.83  | 10.50                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 6.32   | 7.86   | 6.25  | 5.82                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.34   | 6.84   | 5.50  | 5.04                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 5.61   | 6.83   | 5.46  | 5.54                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 7.99   | 9.06   | 7.46  | 7.93                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 10.91  | 12.67  | 10.28   | 11.19                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 12.29  | 15.27  | 11.77   | 13.36                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 14.76  | 18.87  | 13.42   | 16.38                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 11.89  | 14.86  | 11.02   | 12.26                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 8.89   | 10.79  | 8.50  | 9.09                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 10.16  | 12.04  | 8.80  | 10.23                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 8.01   | 9.93   | 7.69  | 8.10                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 6.39   | 8.33   | 6.33  | 6.81                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 6.85   | 8.22   | 5.66  | 6.66                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
|  | High-low                                       | High-low  |                                       |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.35  | 15.75-15.75                                    | 12.00-12.00   | 13.22                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 14.27  | 17.00-15.75                                    | 12.00-12.00   | 14.78                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.47  | 16.50-16.50                                    | 12.00-12.00   | 14.68                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.64  | 16.50-16.50                                    | 12.00-12.00   | 14.94                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.02  | 16.50-16.50                                    | 12.00-12.00   | 14.45                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.79  | 16.50-16.50                                    | 12.00-12.00   | 14.15                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 13.00  | 16.50-15.50                                    | 12.00-11.50   | 12.59                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 10.80  | 15.50-13.50                                    | 11.50-10.00   | 10.12                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 10.86  | 13.50-13.50                                    | 10.00-10.00   | 10.31                                 |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 9.21   | 13.50-12.00                                    | 10.00-9.50  | 9.71                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 8.72   | 12.00-11.50                                    | 9.50-9.00   | 9.20                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |
| 8.50   | 11.50-11.50                                    | 9.00-8.50   | 8.95                                  |                                    |         |                                     |             |                  |     |  |  |                                 |  |   |  |  |  |   |                                       |  |

<sup>a</sup> Bank-discount basis; prior to November 1979, data are for 4-6 months paper.  
<sup>b</sup> For monthly data, high and low for the period. Prime rate for 1929-33 and 1947-48 are ranges of the rate in effect during the period.  
<sup>c</sup> Since July 19, 1975, the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates. Prior to that date, the daily effective rate was the rate considered most representative of the day's transactions, usually the one at which most transactions occurred.  
<sup>d</sup> From October 30, 1942, to April 24, 1946, a preferential rate of 0.50 percent was in effect for advances secured by Government securities maturing in 1 year or less.  
Sources: Department of the Treasury, Board of Governors of the Federal Reserve System, Federal Home Loan Bank Board (FHLBB), Moody's Investors Service, and Standard & Poor's Corporation.

TABLE B-61.—Changes in special consumer price indexes, 1958-87

(Percent change)

| Year or month               | Special indexes            |                     |                       |                                | All items           |                           | All items less food |                           | All items less energy |                           | All items less food and energy |                           | All items less food, energy, and shelter |                           |              |                     |
|-----------------------------|----------------------------|---------------------|-----------------------|--------------------------------|---------------------|---------------------------|---------------------|---------------------------|-----------------------|---------------------------|--------------------------------|---------------------------|--|---------------------------|--------------|---------------------|
|                             | Services less medical care | All items less food | All items less energy | All items less food and energy | Energy <sup>1</sup> | Dec. to Dec. <sup>1</sup> | Year to year        | Dec. to Dec. <sup>1</sup> | Year to year          | Dec. to Dec. <sup>1</sup> | Year to year                   | Dec. to Dec. <sup>1</sup> | Year to year                             | Dec. to Dec. <sup>1</sup> | Year to year |                     |
|                             |                            |                     |                       |                                |                     | Dec. to Dec. <sup>1</sup> | Year to year        | Dec. to Dec. <sup>1</sup> | Year to year          | Dec. to Dec. <sup>1</sup> | Year to year                   | Dec. to Dec. <sup>1</sup> | Year to year                             | Dec. to Dec. <sup>1</sup> | Year to year |                     |
| 1958                        |                            |                     |                       |                                |                     | 1.8                       | 2.7                 | 1.6                       | 2.3                   | 1.9                       | 2.9                            | 1.8                       | 2.3                                      |                           |              |                     |
| 1959                        |                            |                     |                       |                                |                     | 1.5                       | .8                  | 2.3                       | 1.9                   | 1.4                       | .8                             | 2.2                       | 2.1                                      |                           |              |                     |
| 1960                        |                            |                     |                       |                                |                     | 1.5                       | 1.6                 | 1.0                       | 1.7                   | 1.4                       | 1.5                            | .8                        | 1.5                                      |                           |              |                     |
| 1961                        |                            |                     |                       |                                |                     | .7                        | 1.0                 | 1.1                       | 1.0                   | .8                        | 1.1                            | 1.5                       | 1.1                                      |                           |              |                     |
| 1962                        |                            |                     |                       |                                |                     | 1.2                       | 1.1                 | 1.2                       | 1.2                   | 1.2                       | 1.2                            | 1.1                       | 1.3                                      |                           |              |                     |
| 1963                        |                            |                     |                       |                                |                     | 1.6                       | 1.2                 | 1.6                       | 1.3                   | 1.8                       | 1.3                            | 1.8                       | 1.2                                      |                           |              |                     |
| 1964                        |                            |                     |                       |                                |                     | 1.2                       | 1.3                 | 1.0                       | 1.3                   | 1.3                       | 1.4                            | 1.2                       | 1.5                                      |                           |              |                     |
| 1965                        |                            |                     |                       |                                |                     | 1.9                       | 1.7                 | 1.6                       | 1.4                   | 1.9                       | 1.5                            | 1.5                       | 1.4                                      |                           |              |                     |
| 1966                        |                            |                     |                       |                                |                     | 3.4                       | 2.9                 | 3.3                       | 2.3                   | 3.5                       | 3.2                            | 3.3                       | 2.4                                      |                           |              |                     |
| 1967                        |                            |                     |                       |                                |                     | 3.0                       | 2.9                 | 3.5                       | 3.4                   | 3.1                       | 2.8                            | 3.9                       | 3.5                                      |                           |              |                     |
| 1968                        |                            |                     |                       |                                |                     | 4.7                       | 4.2                 | 4.9                       | 4.4                   | 4.9                       | 4.4                            | 5.1                       | 4.6                                      | 4.6                       | 4.6          |                     |
| 1969                        |                            |                     |                       |                                |                     | 6.1                       | 5.4                 | 5.7                       | 5.5                   | 6.4                       | 5.7                            | 6.1                       | 5.8                                      | 5.0                       | 4.8          |                     |
| 1970                        |                            |                     |                       |                                |                     | 5.5                       | 5.9                 | 6.5                       | 6.0                   | 5.6                       | 6.1                            | 6.6                       | 6.2                                      | 5.7                       | 5.1          |                     |
| 1971                        |                            |                     |                       |                                |                     | 3.4                       | 4.3                 | 4.6                       | 3.3                   | 4.3                       | 3.1                            | 4.7                       | 3.2                                      | 4.9                       | 4.9          |                     |
| 1972                        |                            |                     |                       |                                |                     | 3.4                       | 3.0                 | 3.0                       | 3.0                   | 3.5                       | 3.4                            | 3.0                       | 3.1                                      | 2.6                       | 2.4          |                     |
| 1973                        |                            |                     |                       |                                |                     | 8.8                       | 6.2                 | 5.6                       | 3.9                   | 8.3                       | 6.1                            | 4.7                       | 3.5                                      | 3.5                       | 3.0          |                     |
| 1974                        |                            |                     |                       |                                |                     | 12.2                      | 11.0                | 12.2                      | 9.9                   | 11.5                      | 9.8                            | 11.3                      | 8.3                                      | 11.3                      | 7.6          |                     |
| 1975                        |                            |                     |                       |                                |                     | 7.0                       | 9.1                 | 7.1                       | 9.3                   | 6.7                       | 9.1                            | 6.7                       | 9.2                                      | 6.4                       | 8.9          |                     |
| 1976                        |                            |                     |                       |                                |                     | 4.8                       | 5.8                 | 6.2                       | 6.6                   | 4.6                       | 5.6                            | 6.1                       | 6.6                                      | 7.0                       | 7.0          |                     |
| 1977                        |                            |                     |                       |                                |                     | 6.8                       | 6.5                 | 6.3                       | 6.5                   | 6.8                       | 6.3                            | 6.4                       | 6.2                                      | 5.2                       | 6.0          |                     |
| 1978                        |                            |                     |                       |                                |                     | 9.0                       | 7.7                 | 8.5                       | 7.2                   | 9.2                       | 7.8                            | 8.5                       | 7.3                                      | 6.5                       | 5.7          |                     |
| 1979                        |                            |                     |                       |                                |                     | 13.3                      | 11.3                | 14.0                      | 11.4                  | 11.1                      | 10.0                           | 11.3                      | 9.7                                      | 7.2                       | 6.9          |                     |
| 1980                        |                            |                     |                       |                                |                     | 12.4                      | 13.5                | 12.9                      | 14.6                  | 11.7                      | 11.7                           | 12.1                      | 12.5                                     | 9.9                       | 8.8          |                     |
| 1981                        |                            |                     |                       |                                |                     | 8.9                       | 10.4                | 9.9                       | 10.9                  | 8.6                       | 10.0                           | 9.6                       | 10.4                                     | 9.4                       | 9.5          |                     |
| 1982                        |                            |                     |                       |                                |                     | 3.9                       | 6.1                 | 4.0                       | 6.6                   | 4.2                       | 6.7                            | 4.5                       | 7.4                                      | 6.1                       | 7.7          |                     |
| 1983                        |                            |                     |                       |                                |                     | 3.8                       | 3.2                 | 4.1                       | 3.4                   | 4.4                       | 3.6                            | 4.9                       | 3.9                                      | 5.0                       | 5.2          |                     |
| 1984                        |                            |                     |                       |                                |                     | 4.0                       | 4.3                 | 4.0                       | 4.4                   | 4.5                       | 4.7                            | 4.7                       | 4.9                                      | 4.4                       | 5.0          |                     |
| 1985                        |                            |                     |                       |                                |                     | 3.8                       | 3.6                 | 4.0                       | 3.9                   | 4.0                       | 3.9                            | 4.4                       | 4.4                                      | 3.7                       | 3.8          |                     |
| 1986                        |                            |                     |                       |                                |                     | 1.1                       | 1.9                 | .5                        | 1.6                   | 3.8                       | 3.9                            | 3.8                       | 4.0                                      | 3.4                       | 3.4          |                     |
| 1987                        |                            |                     |                       |                                |                     | 4.4                       | 3.7                 | 4.6                       | 3.5                   | 4.1                       | 4.1                            | 4.2                       | 4.1                                      | 3.9                       | 3.8          |                     |
| Change from preceding month |                            |                     |                       |                                |                     |                           |                     |                           |                       |                           |                                |                           |  |                           |              |                     |
|                             | Unadjusted                 | Seasonally adjusted | Unadjusted            | Seasonally adjusted            | Unadjusted          | Seasonally adjusted       | Unadjusted          | Seasonally adjusted       | Unadjusted            | Seasonally adjusted       | Unadjusted                     | Seasonally adjusted       | Unadjusted                               | Seasonally adjusted       | Unadjusted   | Seasonally adjusted |
| 1986: Jan                   | 0.3                        | 0.3                 | 0.2                   | 0.4                            | 0.4                 | 0.4                       | 0.3                 | 0.5                       | 0.2                   | 0.5                       | 0.2                            | 0.5                       | 0.2                                      | 0.5                       | 0.2          | 0.5                 |
| Feb                         | -.3                        | -.3                 | -.3                   | -.3                            | -.3                 | -.3                       | -.3                 | -.3                       | -.3                   | -.3                       | -.3                            | -.3                       | -.3                                      | -.3                       | -.3          | -.3                 |
| Mar                         | -.5                        | -.4                 | -.6                   | -.5                            | -.3                 | -.3                       | -.4                 | -.4                       | -.4                   | -.4                       | -.4                            | -.4                       | -.4                                      | -.4                       | -.4          | -.4                 |
| Apr                         | -.2                        | -.3                 | -.3                   | -.4                            | -.3                 | -.3                       | -.3                 | -.3                       | -.3                   | -.3                       | -.3                            | -.3                       | -.3                                      | -.3                       | -.3          | -.3                 |
| May                         | -.3                        | -.2                 | -.3                   | -.2                            | -.2                 | -.2                       | -.2                 | -.2                       | -.2                   | -.2                       | -.2                            | -.2                       | -.2                                      | -.2                       | -.2          | -.2                 |
| June                        | .5                         | .4                  | .6                    | .5                             | .2                  | .3                        | .2                  | .3                        | .2                    | .3                        | .2                             | .3                        | .2                                       | .3                        | .2           | .3                  |
| July                        | .0                         | .0                  | -.2                   | -.2                            | .4                  | .5                        | .3                  | .4                        | .4                    | .5                        | .4                             | .5                        | .4                                       | .5                        | .4           | .5                  |
| Aug                         | -.2                        | -.2                 | .0                    | .0                             | .4                  | .4                        | .4                  | .4                        | .4                    | .4                        | .4                             | .4                        | .4                                       | .4                        | .4           | .4                  |
| Sept                        | -.5                        | -.3                 | .6                    | .3                             | .4                  | .3                        | .6                  | .3                        | .3                    | .3                        | .3                             | .3                        | .3                                       | .3                        | .3           | .3                  |
| Oct                         | .1                         | -.2                 | .1                    | .1                             | .4                  | .4                        | .4                  | .4                        | .4                    | .4                        | .4                             | .4                        | .4                                       | .4                        | .4           | .4                  |
| Nov                         | -.1                        | -.2                 | .1                    | .2                             | .1                  | .3                        | .3                  | .3                        | .3                    | .3                        | .3                             | .3                        | .3                                       | .3                        | .3           | .3                  |
| Dec                         | .2                         | .2                  | .1                    | .2                             | .1                  | .2                        | .1                  | .2                        | .1                    | .2                        | .1                             | .2                        | .1                                       | .2                        | .1           | .2                  |
| 1987: Jan                   | .6                         | .7                  | .5                    | .7                             | .4                  | .5                        | .2                  | .5                        | .1                    | .5                        | .1                             | .5                        | .1                                       | .5                        | .1           | .5                  |
| Feb                         | .4                         | .4                  | .4                    | .4                             | .3                  | .3                        | .3                  | .3                        | .3                    | .3                        | .3                             | .3                        | .3                                       | .3                        | .3           | .3                  |
| Mar                         | .4                         | .4                  | .5                    | .5                             | .5                  | .5                        | .5                  | .5                        | .5                    | .5                        | .5                             | .5                        | .5                                       | .5                        | .5           | .5                  |
| Apr                         | .5                         | .4                  | .6                    | .5                             | .5                  | .5                        | .5                  | .5                        | .5                    | .5                        | .5                             | .5                        | .5                                       | .5                        | .5           | .5                  |
| May                         | -.3                        | -.3                 | -.3                   | -.3                            | -.2                 | -.3                       | -.2                 | -.3                       | -.2                   | -.3                       | -.2                            | -.3                       | -.2                                      | -.3                       | -.2          | -.3                 |
| June                        | .4                         | .4                  | .4                    | .3                             | .3                  | .1                        | .3                  | .3                        | .1                    | .3                        | .1                             | .3                        | .1                                       | .3                        | .1           | .3                  |
| July                        | .2                         | .2                  | .3                    | .3                             | .2                  | .2                        | .2                  | .2                        | .2                    | .2                        | .2                             | .2                        | .2                                       | .2                        | .2           | .2                  |
| Aug                         | .6                         | .5                  | .6                    | .5                             | .4                  | .4                        | .4                  | .4                        | .4                    | .4                        | .4                             | .4                        | .4                                       | .4                        | .4           | .4                  |
| Sept                        | .5                         | .2                  | .6                    | .6                             | .1                  | .1                        | .6                  | .6                        | .6                    | .6                        | .6                             | .6                        | .6                                       | .6                        | .6           | .6                  |
| Oct                         | .3                         | .4                  | .4                    | .4                             | .4                  | .4                        | .4                  | .4                        | .4                    | .4                        | .4                             | .4                        | .4                                       | .4                        | .4           | .4                  |
| Nov                         | -.1                        | -.3                 | -.2                   | -.3                            | -.2                 | -.3                       | -.2                 | -.3                       | -.2                   | -.3                       | -.2                            | -.3                       | -.2                                      | -.3                       | -.2          | -.3                 |
| Dec                         | -.0                        | .1                  | -.1                   | .0                             | .0                  | .0                        | .0                  | .0                        | .0                    | .0                        | .0                             | .0                        | .0                                       | .0                        | .0           | .0                  |

<sup>1</sup> Changes from December to December are based on unadjusted indexes.

Note.—Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers. See also Note, Table B-58.

Source: Department of Labor, Bureau of Labor Statistics.

olant, etc. also included through 1982. in wage earners and clerical workers.

## Winthrop

institution, and bequeathed to it his large and valuable library. He died in Cambridge, unmarried, Sept. 26, 1821.

[A. C. Potter and C. K. Bolton, "The Librarians of Harvard Coll.," *Lib. of Harvard Univ., Bibliog. Contributions*, no. 52 (1897), pp. 30-31; E. A. Smith, *Allegheny—A Century of Educ.* (1916), pp. 43-49; Alden Bradford, in *Colls. Mass. Hist. Soc.*, 2 ser., vol. X (1823); E. B. Delabarre, "Middle Period of Dighton Rock Hist.," *Pubs. Colonial Soc. of Mass.*, vol. XIX (1918), and "Recent Hist. of Dighton Rock," *Ibid.*, vol. XX (1920); *Proc. Mass. Hist. Soc.*, 1 ser., vol. I (1879), p. 338, vol. XII (1873), p. 69, vol. XIII (1875), p. 229; obituary in *Columbian Centinel*, Oct. 3, 1821.]

C. K. S.

**WINTHROP, JOHN** (Jan. 12, 1587/88 o.s.—Mar. 26, 1649), first governor of Massachusetts Bay, came of a Suffolk family of good social position. His father, Adam Winthrop, was lord of the manor of Groton; he was a lawyer by profession and for some years auditor of St. John's and Trinity colleges, Cambridge. His first wife, by whom he had four daughters, was Alice, sister of Dr. John Still, master of Trinity College and bishop of Bath and Wells; his second wife, Anne Browne, was the daughter of a well-to-do tradesman. John, the third child of the second marriage, was born at Edwardstone, a village immediately adjoining Groton, in Suffolk. On Dec. 8, 1602, he was admitted to Trinity College, Cambridge, where he matriculated at Easter, 1603. Although throughout his life he was characterized by charm and a cheerful disposition, he began when quite young to discipline himself to Puritan habits of living, a discipline intensified after a severe illness in early adolescence. When he was only seventeen he left Cambridge, without taking a degree, to marry, Apr. 16, 1605, Mary Forth, some five years his senior, daughter and heiress of John Forth of Great Stanbridge, Essex.

Adopting his father's profession to augment the income from his lands, Winthrop was admitted at Gray's Inn, Oct. 25, 1613, and eventually established a legal practice in London. His wife died June 26, 1615, having borne six children, when the eldest, John [*q.v.*], later governor of Connecticut, was only nine years old. In December the father married Thomasine Clopton, daughter of William Clopton of Castleins, near Groton; she died, with her infant, a year later. In April 1618 Winthrop married Margaret, daughter of Sir John Tyndal of Great Maplestead, Essex, a woman remarkable alike for mind and character. This marriage, which lasted until the death of Margaret Winthrop in 1647, was distinguished by exceptional sympathy and understanding.

Since 1609 Winthrop had been a justice of the

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peace at Groton; about 1619 his father relinquished to him the lordship of the manor. His legal practice in London was extensive and fairly lucrative; in 1626 he was appointed one of the limited number of attorneys for the court of wards and liveries; he frequently drafted petitions to be presented in Parliament; in 1628 he was admitted to the Inner Temple. For some reason, however, by 1629 his practice seems to have waned and from that time his financial affairs troubled him deeply. He was a man of high reputation and somewhat expensive connections, of good blood, accustomed to liberal hospitality and an ample scale of living, fond of books and quiet rather than of the conflicts of the market place; he had a position in the county to maintain, and a growing family. Of gentle disposition and deeply religious, he watched with anxiety the increasing economic, political, and religious confusion of the times. A Puritan of the type of Milton, he was much concerned for the future of both religion and morals. All these elements in a complex national and personal situation were factors influencing his decision to emigrate to the New World.

In 1628 a group of Puritans had obtained from the Council for New England a grant of land in eastern Massachusetts, and John Endecott [*q.v.*], with some fifty settlers, had been dispatched to join a smaller number already there. Meanwhile, the number of those interested in such an enterprise increased, and in March 1629 Charles I issued a charter incorporating the Governor and Company of the Massachusetts Bay in New England, with a grant of territory of approximately the same geographical limits as the earlier grant from the Council for New England. Plans for emigration on an extensive scale were then begun. Winthrop became interested in this company and after carefully writing down and weighing the arguments on both sides of the proposition, in general and as they concerned him individually, resolved in spite of opposition from friends and relatives to take his family to New England. The document recording his "Reasons to be considered for iustifienge the undertakers of the intended Plantation in New England" (*Life and Letters, post, I, 309-37*) has been preserved.

As soon as his interest was seriously manifested, he was rapidly drawn into the executive work of the new corporation. It was decided that the colony should not be a mere plantation, operated on the ground by settlers working for the profit of a mercantile company in England, but a settlement of permanent dwellers in America working for themselves, and for this reason the mo-

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mentous decision was made to transfer the legal company with its General Court and the actual charter itself to America. The effect of the move, the full significance of which may not have been foreseen, was to make an ordinary mercantile charter the assumed constitution of a self-governing community. The plan necessitated the choice of a new set of officers from among those who were planning to emigrate, and at the meeting of Oct. 20, 1629, Winthrop was chosen governor in place of Matthew Cradock, who remained behind. There is ample testimony regarding the importance attached to Winthrop's joining the company, and to his acceptance of the responsible leadership of the group in America.

On Mar. 22, 1630, Winthrop embarked at Southampton in the *Arbella* with three of his sons, leaving the rest of his family to follow later. The ship did not get under way until Apr. 8, and reached Endecott's settlement at Salem on June 12. At Yarmouth, before the voyage began, a paper was drawn up and signed by Winthrop and other leaders disclaiming any intention of withdrawing from the Church of England (*The Humble Request of His Majesties Loyall Subjects the Governour and the Company Late Gone for New England*, 1630). During the voyage Winthrop wrote out a description of what he thought the colony ought to be and of the means to be used in securing the desired end ("A Modell of Christian Charity," *Winthrop Papers*, post, II, 282-95). About six or seven hundred persons took passage in the *Arbella* and other vessels of the little fleet; two or three hundred more arrived almost simultaneously, and another thousand soon afterward. These numbers and the fact that, owing to the transfer of the charter and company organization to America, the entire management was local, gave Winthrop a position very different from that held by the governors of any of the other early plantations.

He first planned to settle at Charlestown and built the frame of his house there, but soon removed to Boston, which seemed to offer a better site for the center of government and the town which would grow up about it. A little later he built a summer home at Mystic. His wife, his son John, who had remained in England to sell the estate there, and all but one of the other children—Deane, who was at school—sailed from England in the *Lion*, in August 1631, and reached Boston Nov. 4. An infant daughter, whom Winthrop had never seen, died on the voyage. A son had died in England after the departure of his father, and another in New England.

The term of governor was one year, and Win-

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throp was elected in 1631, 1632, and 1633. The office was not an easy one and the earliest years of the colony were full of anxiety and hard work, but there was no untoward incident except a brief but warm quarrel with the touchy and overbearing deputy governor, Thomas Dudley [q.v.]. The freemen were beginning to be restive, however, and in April 1634, at the spring meeting of the General Court, requested to be shown the charter, which apparently they had never seen. They then found that under its provisions the General Court was the only body entitled to legislate, and they inquired why some of its powers had been usurped by the magistrates. Winthrop answered that the General Court had become unwieldy and suggested that it permanently abrogate some of its powers. The freemen, however, in spite of the Governor's popularity, refused to invalidate their charter privileges; and to concentrate authority in the hands of the leaders. In September 1633 the Rev. John Cotton [q.v.] had arrived at Boston and he at once became the leading clergyman in the colony. Politics and religion were inextricably mixed in the commonwealth, and Cotton aspired to be a leader in both. At the meeting of the General Court, May 14, 1634, he preached the sermon and propounded the doctrine that a magistrate ought to be reelected continually unless there were sufficient reason that he should not, and that officials had a vested interest in their offices similar to a freehold. The answer of the freemen (i.e., members of the company, who alone exercised the franchise) to this extraordinary doctrine came immediately: Winthrop was turned out of office and Dudley elected in his stead. At this time, in response to a request, Winthrop submitted his accounts since his first election, and they showed that he had personally advanced considerable sums for the commonweal. In December 1634 another dispute occurred: seven men were to be chosen to divide the town lands of Boston; the freemen refused to elect a certain magistrate to the committee, feeling that the richer men would hold back lands and not divide them among the poorer, and Winthrop refused to serve under the circumstances. At a new election he and all the other magistrates were chosen. As one of the results of the work of this committee Boston Common was forever reserved for the use of the town.

In October 1635 Hugh Peter and Henry (afterward Sir Henry) Vane [qq.v.] arrived in the colony, and at once began to trouble the political waters. As one result of their investigation into the causes of dissension in Massachusetts, Winthrop and Dudley were asked to appear, Jan. 18,

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1636, before a meeting of a group of self-appointed investigators, including John Cotton, Gov. John Haynes, and others. Both Winthrop and Dudley denied that there was now any trouble between them, but Winthrop's general policy came under discussion and he was accused of having been too lenient in discipline and judicial decisions. The ministers were asked to consider the matter and when they reported next morning that the charge was just, Winthrop, who had not the strength to stand against the united clergy, agreed to adopt a stricter course in future. Thus another step was taken toward the theocracy of later days. In accordance with the aristocratic tendencies of the leaders, especially the clergy, a plan nowhere provided for in the charter was adopted by the General Court in 1636 whereby certain magistrates should be chosen for life or good behavior. Winthrop and Dudley unfortunately allowed themselves to be chosen the first two members of this unconstitutional life council, which was opposed to the trend of public opinion, was always unpopular, and lasted only a few years.

About this time the Antinomian controversy over the teachings of Mistress Anne Hutchinson [q.v.] began to rock the colony, and in this struggle Winthrop, then deputy governor, took a part. At the May election in 1637 passion ran so high that the court was held at Newton instead of in Boston. Vane, who had been governor, was defeated, and Winthrop was once more elected to the office. The General Court had passed an act prohibiting the harboring in the colony of any person for more than three weeks without permission of a member of the life council or of two magistrates. Designed especially to prevent increase by immigration in the number of followers of Mrs. Hutchinson, this measure encountered vigorous opposition which called forth from Winthrop "A Defence of an Order of Court Made in the Year 1637" in which he presented the best arguments in favor of the exclusive policy so long pursued by Massachusetts. Vane replied, in "A Briefe Answer . . .," on the side of freedom, and Winthrop wrote a rejoinder (*The Hutchinson Papers*, vol. I, 1865, pp. 79-113). The law was enforced almost at once, however, and a number of newcomers allied to the cause of Mrs. Hutchinson were forced to leave the colony soon after arrival. The Antinomian controversy had now come to a head. Winthrop, who had received the rebuke of the clergy for his leniency, had gradually grown more narrow and severe. When Mrs. Hutchinson, sentenced to banishment, asked the reason for her sentence, he replied: "Say no more; the Court knows

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wherefore and is satisfied" (Thomas Hutchinson, *History of the Province of Massachusetts-Bay*, vol. II, 1767, p. 520). Winthrop wrote an account of the whole controversy which was incorporated by Thomas Welde [q.v.] in *A Short Story of the Rise, Reign, and Ruine of the Antinomians* (1644).

The following year, governor again, Winthrop had to protect the charter from the most serious attack yet made upon it in England, which he did in an able letter to the Lords Commissioners for Plantations. In 1639 he was again chosen governor, though there was some murmuring that there was danger of the office becoming his for life. Toward the end of the year he learned of serious financial losses in England, resulting from the dishonesty of his agent there, and for the rest of his life, despite generous aid from his son John, he was heavily handicapped by lack of money. Owing partly to his own desire to retire and partly to the fear of a life tenure already noted, he was not elected governor in 1640, although he still held office as a member of the Court of Assistants.

He was again elected to the chief magistracy in 1642, however. During this term there occurred the famous controversy over the negative voice. In a lawsuit between one Mistress Sherman and Capt. Robert Keayne over the ownership of a sow, the magistrates and the deputies, always up till then sitting as one house, had been unable to agree, the deputies being on the side of the poor woman and the magistrates—who perceived the legal aspects of the case—on that of the rich man. The more democratic element in the colony objected strenuously to what they considered the blocking of justice when the small number of magistrates vetoed the action of the much larger number of deputies. Winthrop wrote a treatise appealing to English precedents and the Old Testament, to show that if the magistrates could not veto the actions of the deputies the colony would be a democracy and that "there was no such Governmt. in Israel" (*Life and Letters*, II, 430). As a result of this controversy, in 1644 the negative voice of the magistrates was insured by the permanent separation of magistrates and deputies, who afterward sat as two houses.

The following year Winthrop, still governor, saw realized the plan which he had advocated as early as 1637 of a confederation of the several New England colonies for certain purposes, mainly military. He was at the head of the Massachusetts commissioners for framing the articles for the United Colonies and was the first president of the confederation after it was



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formed. A less happy feature of that year's term of office was the D'Aulnay-La Tour affair, which brought upon Winthrop more, and more merited, criticism than any other episode of his public life. Two French officials in Acadia, La Tour and D'Aulnay, had been engaged in an armed controversy with which Massachusetts was not concerned. La Tour turned up at Boston and received from the Governor official permission to hire ships and men, although Winthrop had not obtained the opinion of the General Court but had consulted only a few of the magistrates and deputies. Since the matter involved the questions of neutrality and war, it should also have been referred to the newly created confederation. The commissioners of that body condemned the act of Massachusetts in the next year, and the colony gave D'Aulnay compensation—in the form of "a very fair new sedan, (worth forty or fifty pounds where it was made, but of no use to us), sent by the Viceory of Mexico to a lady, his sister, and taken in the West Indies by Captain Cromwell, and by him given to our governor" (*Winthrop's Journal*, II, 285).

In 1644 Endecott was elected governor and Winthrop deputy governor. It was a year of much earnest discussion in the colony over the principles of government, and Winthrop wrote a discourse called "Arbitrary Government Described and the Governm<sup>t</sup>. of the Massachusetts Vindicated from that Aspersion" (*Life and Letters*, II, 440-54), which was circulated in manuscript. It created a stir among the more radical members of the House of Deputies and was even termed a seditious libel. In spite of all repression, the frontier was exerting its influence in creating a democratic atmosphere, and Winthrop was losing touch with his people. An episode in 1645 did much to restore his popularity, however. Trouble had arisen in Hingham over the election of a militia officer; it was claimed that the magistrates had exceeded their powers, and Winthrop was singled out for impeachment, but at the trial he was wholly vindicated and the complainants were fined. After the verdict he made a short but famous speech on liberty, defining the two kinds, natural and civil, and the nature of the office of the people's elected representatives (*Ibid.*, II, 339 ff.). From that year he was elected governor annually until his death, although the contentions over Robert Child and Samuel Gorton [*qq.v.*], in 1646 and 1647, and the severe measures taken by Winthrop with respect to both persons, brought about an active opposition. On June 14, 1647, Margaret Winthrop, the mother of eight of his children, died, and in December he married a fourth wife, Martha, daugh-

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ter of Capt. William Rainsborough, R.N., and widow of Thomas Coytmore of Boston. One son, who died in early childhood, was born of this marriage. Winthrop survived his third wife less than two years, however, dying when he was only sixty-one years old, aged by hard work, anxiety, and sorrow.

Winthrop's portrait depicts a man of refinement and sensitiveness rather than of aggressive strength of character. His letters reveal an extremely tender and affectionate nature. In writing he had an excellent, grave and measured style of English prose, and although it was hastily jotted down as affairs permitted, his journal, frequently called his "History of New England," is a source book of the greatest importance. In government he had no faith in democracy, believing that, once chosen, representatives should govern according to their own best judgment. He was modest and self-sacrificing, and his integrity was always beyond question.

[The first two volumes of Winthrop's manuscript journal were published in 1790 under the title *A Journal of the Transactions and Occurrences in the Settlement of Massachusetts and the Other New England Colonies from the Year 1630 to 1644*; later the third manuscript volume was discovered, and was published with the others as *The History of New England* (2 vols., 1825-26; rev. ed., 1853), edited by James Savage. The most useful edition is *Winthrop's Journal* (2 vols., 1908), edited by J. K. Hosmer. Winthrop correspondence is found in *Mass. Hist. Soc. Colls.*, 3 ser. IX-X (1846-49), 4 ser. VI-VII (1863-65), 5 ser. I, IV, VIII (1871-82), 6 ser. III, V (1889-92); *Winthrop Papers*, a new and complete collection, pub. by the Mass. Hist. Soc., of which vols. I and II (1929-31) have appeared. The standard biography is R. C. Winthrop, *Life and Letters of John Winthrop* (2 vols., 1864-67). See also J. H. Twichell, *John Winthrop* (1891) in *Makers of America Series*, and *Some Old Puritan Love-Letters—John and Margaret Winthrop* (1893); G. W. Robinson, *John Winthrop as Attorney: Extracts from the Order Books of the Court of Wards and Liveries, 1627-1629* (1930); E. A. J. Johnson, "Economic Ideas of John Winthrop," *New Eng. Quart.*, Apr. 1930; Stanley Gray, "The Political Thought of John Winthrop," *Ibid.*, Oct. 1930; "Evidences of the Winthrops of Groton" (4 pts., 1894-96), being 4 parts of J. J. Muskett, *Suffolk Manorial Families*, vol. I (1900); R. C. Winthrop, *A Pedigree of the Family of Winthrop* (1874); John and J. A. Venn, *Alumni Cantabrigienses*, pt. 1, vol. IV (1927); S. E. Morison, *Builders of the Bay Colony* (1930). Sources for political history are *Records of the Gov. and Company of the Mass. Bay*, vols. I-III (1853-54), ed. by N. B. Shurtleff; and "Acts of the Commissioners of the United Colonies of New England," in *Records of the Colony of New Plymouth*, vol. IX (1859), ed. by David Pulsifer. C. M. Andrews, *The Colonial Period of Am. Hist.: The Settlements*, vol. I (1934), is especially good for the English background.] J. T. A.

**WINTHROP, JOHN** (Feb. 12, 1605/06 o.s.—Apr. 5, 1676), colonial governor of Connecticut, was the eldest son of John Winthrop [*q.v.*], first governor of Massachusetts Bay, by his first wife, Mary Forth. Eldest of the six children of the marriage, he was born at the manor house in

Familiar  
Quotations  
John  
Bartlett

*FIFTEENTH AND  
125TH ANNIVERSARY EDITION*

- 1 They that govern the most make the least noise. *Ib. Power*
- 2 Syllables govern the world. *Ib.*
- 3 Never tell your resolution beforehand. *Ib. Wisdom*
- 4 Wise men say nothing in dangerous times. *Ib.*
- 5 Pleasure is nothing else but the intermission of pain. *Ib. Pleasure*
- 6 Preachers say, Do as I say, not as I do. *Ib. Preaching*
- 7 A king is a thing men have made for their own sakes, for quietness' sake. Just as in a family one man is appointed to buy the meat. *Ib. Of a King*

Tirso de Molina  
[Gabriel Téllez]  
c. 1584-1648

- 8 Through his honor I conquered him. For these peasants carry their honor in their hands so that they may constantly consult it; this same honor that once felt so much at home in the city but now has taken refuge in a more rural setting.  
*El Burlador de Sevilla (The Rogue of Seville) [1630],<sup>1</sup> act III, sc. iii*

John Ford  
c. 1586-1639

- 9 Diamond cut diamond.  
*The Lover's Melancholy [1629], act I, sc. i*
- 10 'Tis Pity She's a Whore.  
*Title of play [1633]*

Thomas Rainsborough  
d. 1648

- 11 The poorest he that is in England hath a life to live as the greatest he.  
*In the army debates at Putney [October 29, 1647]*

Thomas Hobbes  
1588-1679

- 12 The condition of man . . . is a condition of war of everyone against everyone.<sup>2</sup>  
*Leviathan [1651], pt. I, ch. 4*

<sup>1</sup>Translated by ROBERT O'BRIEN.  
This is the original Don Juan play.

<sup>2</sup>See Swift, 322:20.

13 Words are wise men's counters, they do but reckon with them, but they are the money of fools. *Ib.*

14 The privilege of absurdity; to which no living creature is subject but man only. *Ib. 5*

15 Sudden glory is the passion which maketh those grimaces called laughter. *Ib. 6*

16 The secret thoughts of a man run over all things, holy, profane, clean, obscene, grave, and light, without shame or blame. *Ib. 8*

17 [In a state of nature] No arts; no letters; no society; and which is worst of all, continual fear and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short. *Ib. 13*

18 The Papacy is not other than the Ghost of the deceased Roman Empire, sitting crowned upon the grave thereof. *Ib. pt. IV, ch. 47*

19 The praise of ancient authors proceeds not from the reverence of the dead, but from the competition and mutual envy of the living. *Ib. Review and Conclusion*

20 Such truth as opposeth no man's profit nor pleasure is to all men welcome. *Ib.*

21 I am about to take my last voyage, a great leap in the dark. *Last words*

John Winthrop  
1588-1649

- 22 For we must consider that we shall be a city upon a hill.<sup>3</sup> The eyes of all people are upon us, so that if we shall deal falsely with our God in this work we have undertaken, and so cause Him to withdraw His present help from us, we shall be made a story and a byword through the world.

*A Model of Christian Charity [1630], a sermon delivered on board the Arbella*

George Wither  
1588-1667

- 23 Shall I wasting in despair  
Die because a woman's fair?  
Or make pale my cheeks with care  
'Cause another's rosy are?  
Be she fairer than the day,  
Or the flow'ry meads in May,

<sup>3</sup>See *Matthew 5:14, 37:6.*



*DICTIONARY OF*  
**American Biography**

*Edited by Dumas Malone*

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Werden - Zunsler

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# Congress Enacts President Reagan's Tax Plan

In a stunning endorsement of President Reagan's economic policies, Congress Aug. 4 completed action on legislation providing a \$37.7 billion tax cut in fiscal 1982. The action came only four days after lawmakers gave final approval to a \$35.2 billion package of fiscal 1982 "reconciliation" budget savings — the other major item in Reagan's economic program. (*Reconciliation*, p. 256)

The final version of the tax bill (HR 4242 — PL 97-34) reflected a wide range of concessions made to ensure enactment of Reagan's revolutionary tax cut policies. But none of the many changes and add-ons to the legislation did damage to the heart of the Reagan supply-side plan — across-the-board reductions in individual income taxes and faster write-offs for capital investment to spur productivity and economic growth.

The form of the package changed substantially. Reagan originally had wanted a "clean bill," with other popular tax plans saved for a second tax measure later in the year.

But, bowing to the realities of politics, the president reshaped the package several times, giving in on some details while standing firm on the central theme. By doing so, Reagan forced Democrats, intent on passing their own alternative tax plan, to move closer and closer to the administration position.

"This is President Reagan's economic tax recovery plan," Treasury Secretary Donald T. Regan told reporters Aug. 1 after a conference agreement was reached on the two versions of the bill passed by the House and Senate earlier in the week. Regan boasted that the administration received "95 percent" of what it had sought.

Democrats were more than happy to agree and shift all responsibility for the economic consequences to Reagan.

"Make no mistake about it," Rep. Dan Rostenkowski, D-Ill., chairman of the House Ways and Means Committee, told colleagues before the final vote. "This is the president's bill. It outlines a bold — and risky — economic strategy. Only time will tell whether the risks involved . . . were worth taking."

The Economic Recovery Tax Act of 1981 was expected to put \$749 billion — more money than the federal government was expected to spend in fiscal 1982 — back in the hands of business and individual taxpayers over the next five years. Opponents insisted that the plan would aggravate inflation and lead to uncontrollable budget deficits.

Reagan signed the bill Aug. 13 while vacationing in California. The Senate had given its final approval to the measure Aug. 3 by a vote of 67-8. The House had cleared the package the following day on a 282-95 vote. (*Senate vote 248*, p. 42-S; *House vote 179*, p. 62-H)

## Background

In approving Reagan's tax cut bill, Congress veered sharply away from the tax policies that had guided Democratic-dominated Congresses of the past.

Democratic tax bills tended to be relatively more generous to people at the low end of the income scale. And they generally placed emphasis on closing "loopholes" — limiting the special treatment afforded certain kinds of income. That approach culminated in the Tax Reform Act of 1976 (PL 94-455). (*1976 Almanac* p. 41)

Only two years later, however, Congress signaled a change of course in the Revenue Act of 1978 (PL 95-600). Riding the crest of a middle class "taxpayer's revolt," lawmakers reversed some of the prized liberal "reforms" of the past and approved individual cuts skewed toward the upper end of the income scale. (*1978 Almanac* p. 219)

## Evolution of Bill

Reagan's 1981 tax legislation originated with a bill that initially was given little serious chance of passage. The measure, introduced simultaneously in 1977 by Sen. William V. Roth Jr., R-Del., and Rep. Jack F. Kemp, R-N.Y., called for a three-year average income tax cut of approximately 33 percent, future indexing of taxes to offset the effects of inflation and reductions in business taxes.

Interestingly, what became known as the Kemp-Roth plan originally called for rate cuts that targeted more of the relief to those in the lower- and middle-income brackets, not unlike the alternative tax plans Democrats tried so desperately to get Reagan and the majority of Congress to accept in 1981.

It was not until the Republican Party, and its presidential candidate Ronald Reagan, latched onto Kemp-Roth during the 1980 campaign that the proposal was given serious attention.

On the steps of the Capitol June 25, 1980, Senate and House Republicans unanimously pledged their support to a revised version of Kemp-Roth: a one-year, 10 percent, across-the-board tax cut for individuals and a plan to allow business faster write-offs of investment in plant and equipment. The accelerated depreciation plan was one business groups and several members of Congress had been working on since passage of the 1978 tax bill.

Simultaneously, Reagan backed such a tax cut for Jan. 1, 1981, followed by additional 10 percent cuts in individual income taxes in each of the next two years and indexing.

But soon after, Reagan began changing, if not his tune, at least the words of his song:

- Aug. 21, 1980. The Democratic-controlled Senate Finance Committee approved a \$39 billion tax cut that combined individual income tax relief to offset increased Social Security taxes and the effects of inflation with incentives for business investment. Candidate Reagan said he backed the bill, but the plan, strongly opposed by President Carter, never reached the Senate floor. (*1980 Almanac* p. 295)

- Feb. 18, 1981. Reagan announced his tax plans to Congress. He called for \$53.9 billion in tax cuts in 1982, starting with a 10 percent cut in individual income tax rates July 1, 1981 (six months later than he originally had proposed), and additional 10 percent cuts on July 1 in each of the two succeeding years. Indexing was dropped, but his business depreciation plan remained intact. Reagan promised a second tax bill for such measures as relief from the "marriage penalty" tax. In the months that followed, the administration showed no willingness to compromise.

- June 4, 1981. Bowing to the pressures of a tight budget and a Congress less than enthusiastic about the original tax cut package, Reagan offered an alternative. He proposed \$37.4 billion in tax cuts for 1982, reduced the first rate reduction to 5 percent, delayed it until Oct. 1, 1981, and put in some popular "sweeteners," including savings incentives and marriage penalty relief.

## 'Supply-Siders' Disputed Keynes

Supply-side theorists challenged the basic assumption of post-World-War-II economic policy, which had focused on controlling the demand for goods and services, rather than the supply.

Following the teachings of the British economist John Maynard Keynes, postwar policy was designed largely to eliminate unemployment. Keynes argued that joblessness results from inadequate "demand," which in turn reflects insufficient income in the hands of consumers. The Keynesian remedy for this problem is to increase demand, either by cutting taxes or increasing spending. Once people start spending their additional income, Keynesians said, the demand for goods and services will rise, production will increase and the unemployed will be offered jobs.

The focus of Keynesian theory on unemployment is not surprising; it was born during the 1930s, when joblessness was a chronic problem. Later, when inflation also came to be recognized as an economic worry, Keynes' successors said demand-oriented policies could correct that too.

They argued that, just as unemployment occurs when demand falls short of the economy's productive capacity, inflation results when demand *exceeds* economic capacity. If everybody is producing as much as they can, increasing incomes merely compel consumers to bid up the prices for the limited quantity of goods and services produced, according to this theory. The Keynesian cure for inflation is thus to restrain purchasing power, either by cutting back government spending or raising taxes, until demand again comes into line with supply.

While Keynesian policies would cure inflation by reducing demand — a course that sounded to many a lot like accepting a lower standard of living — the supply-siders said they could curb inflation by quickly increasing supply. The key, they said, is to reduce taxes and thus increase the incentives to produce.

The supply-siders disputed the Keynesian notion that once the government maintains an adequate level of demand, supply will be assured. The supply-siders said that people produce not merely in response to demand, but to increase their own income.

The fulcrum of economic activity, according to supply-siders, is the marginal rate of taxation, the rate on the last dollar earned. People continually are deciding between work and leisure, and between saving and consumption. The higher the marginal tax rate, the less incentive a person has to work rather than be idle, or to save rather than consume, they contended. By reducing marginal tax rates, supply-siders concluded, the government can encourage more work and saving, in the process increasing income and economic well-being.

proponents claimed that it would provide the investment incentives necessary to stimulate economic growth and speed recovery from the recession.

Within weeks after enactment of the budget and tax

measures, however, the administration was forced to acknowledge that its economic program was not achieving the desired effects. Rather than buoy Wall Street and send the economy on an upward course, approval of the Reagan program seriously shook the financial markets, which feared soaring federal deficits that would perpetuate inflation and high interest rates. Continued massive federal borrowing would "crowd out" the private sector in credit markets, they maintained.

Reagan responded Sept. 24 by proposing a package of \$13 billion in additional budget cuts and \$3 billion in "revenue enhancements," or increased taxes, but Congress — still smarting from the earlier battles — rebuffed the president's plan.

The White House did go nose to nose with Congress over a temporary appropriations resolution which it said did not cut deeply enough into fiscal 1982 spending. The president's Sept. 24 proposal called for 12 percent reductions in all appropriated funds. After the president vetoed the first funding resolution, Congress squeezed out enough money — \$4 billion — to win Reagan's approval of the measure. But that was only one-quarter of the total savings he had requested.

## Monetary Policy

As in previous years, it was the Federal Reserve Board that shouldered most of the burden in the fight to lower inflation in 1981.

Despite considerable congressional rhetoric about unacceptably high interest rates — rates that members said were crippling small-business men, farmers, the home building and auto industries, Federal Reserve Chairman Paul A. Volcker and his colleagues stuck to their restrictive monetary policy. Financial markets' fears of big budget deficits were the main cause of high interest rates, Volcker maintained.

The Fed's stated target for the basic money supply was a growth rate of 3.5 to 6 percent. Over the course of the year, however, the money supply grew more slowly than even the bottom end of the target. While Fed officials emphasized that they could not control the money supply with precision, the Fed's failure to meet its target prompted occasional sniping from administration officials, notably Treasury Secretary Donald T. Regan.

## The Deficit Issue

President Reagan said in his inaugural address that decades of deficit spending, if continued, would "guarantee tremendous social, cultural, political and economic upheavals."

Through most of 1981 the president stressed the importance of gradually limiting deficits with the prospect of balancing the budget by fiscal 1984, as he had pledged during his 1980 campaign.

But as the recession took hold, pushing deficit forecasts to \$100 billion for fiscal 1982 and to even higher levels in fiscal 1983-84, the president began to backpedal. Acknowledging that he probably would not be able to balance the budget by 1984, Reagan said that balancing the budget had been only a "goal."

The important factor, administration officials maintained, was that the deficit as a percentage of GNP was on a downward trend.

—By Dale Tate

9TH STORY of Level 1 printed in FULL format.

The Associated Press

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July 19, 1981, Sunday, AM cycle

SECTION: International News

LENGTH: 1140 words

HEADLINE: Reagan, Other World Leaders Gather for Economic Summit

BYLINE: By JAMES GERSTENZANG, Associated Press Writer

DATELINE: MONTEBELLO, Quebec

KEYWORD: Reagan- Summit

BODY:

President Reagan flew to his first major summit conference Sunday appealing for "unity, cooperation and understanding," but immediately ran into strong complaints from two European partners about high U.S. interest rates.

Francois Mitterrand, the new Socialist president of France, warned Reagan in the first meeting of the two men that high U.S. rates could have "profound impact" around the world, perhaps by the end of the year in Europe.

Helmut Schmidt, chancellor of West Germany, complained to Reagan in a separate meeting earlier that other countries "are suffering" from U.S. rates.

Remarks of the two leaders were passed on to reporters by Secretary of State Alexander M. Haig Jr., who sat in on both meetings. Haig said Reagan told both men the United States was trying to bring inflation down and interest rates with it and was optimistic the country would succeed.

Reagan and leaders of six other industrial democracies converged on a secluded log cabin chateau resort in the Laurentian hills 40 miles east of Ottawa for their 2 1/2 -day meeting, seventh in an annual series on economics.

In addition to Schmidt and Mitterrand, the others attending were the heads of the governments of Britain, Italy, Japan, host Canada and the president of the European Common Market.

After meeting the French and German leaders, Reagan joined all participants for a private dinner without aides.

Reagan and Schmidt drove together in a golf cart to a pink French provincial house on the grounds of the Chateau Montebello, Reagan at the tiller. After their 55-minute meeting, Mitterrand arrived on foot to be greeted by Reagan with "Hello there" and "Bonjour."

"Mister Mitterrand made it clear he was not going to attempt to lecture the United States on our economic policy," Haig reported. "But at the same time he

The Associated Press, July 19, 1981

pointed out that at some point this interest rate problem could have profound impact not only in Western Europe but perhaps in a broader global context."

Toleration of high interest rates by European economies "has limits in terms of duration, perhaps the end of the year," Haig quoted Mitterrand as saying.

Reagan, said Haig, replied that "high interest rates do not represent American policy; that these were inherited," and there was reason for optimism because "in the not-too-distant future interest rates will come down now that inflation appears to be receding."

Mitterrand asked for further private discussions on the topic and was invited by Reagan to attend 200th anniversary celebrations of the Battle of Yorktown, Va., this fall. That battle, won with French help, marked the final defeat of British troops in the war for American independence.

Mitterrand "expressed a warm reception" to the proposal, Haig said.

Reagan and Mitterrand did not discuss the participation of four communist ministers in the French cabinet, the secretary of state reported.

In May, the U.S. Treasury was paying almost 16 percent on some short-term borrowings. Other countries object to such rates because investors withdrawn funds from their economies to invest in the United States, both slowing those economies and driving up comparable rates to 19 percent in Canada, 20 percent in Italy, 16 percent in France and 13 percent in Germany.

On another topic, Reagan told Schmidt he was worried about Germany's "excess dependency" on Soviet natural gas and offered to propose other energy sources, Haig reported. Schmidt's reply was not given, but in a television interview earlier in the day Schmidt noted Americans "haven't offered American natural gas" and called Soviet trade "most normal."

Reagan was greeted by Canadian Prime Minister Pierre Elliott Trudeau as he stepped from his Marine One helicopter at midafternoon.

Deputy White House press secretary Larry Speakes said that at the first meeting of the entire group Reagan would indicate that the high interest rates plaguing the U.S. economy were not part of his policy "and will not be used as weapons against other countries."

The aide said that Reagan, "appealing for unity, cooperation and understanding," would say that the United States would "be firm and steady on its own economic course" and that he felt this would reduce inflation.

Schmidt, appearing on the ABC news program, "Issues and Answers," said earlier Sunday that "the economies of many countries in the world are suffering from the high interest rates in the United States."

He said other countries, including his, have been able to fight inflation successfully without hurting other international currencies such as he said the United States is now doing.

Reagan, upon arriving for the summit, was asked by a reporter if he would promise the other leaders that interest rates would come down. He replied,



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smiling, "Not promise."

Aides traveling with the president described him as relaxed and optimistic about the outcome of his first opportunity to engage in international summitry. Asked by a reporter if he was nervous about the summit, Reagan replied: "You can't be concerned when you're among friends."

A detachment of Royal Canadian Mounted Police, wearing their traditional red tunics and seated atop their horses, greeted Reagan and Trudeau as the leaders walked up a grassy route from the landing pad beside the Ottawa River toward the lodge.

The Royal Canadian Mounted Police, given overall responsibility for security at the summit conference, initiated their largest security operation since they were founded 98 years ago, dispatching anti-terrorist frogmen, helicopters and thousands of Mounties to guard the secluded river site where the conference officially opens Monday morning.

Trudeau, the host, said in a pre-summit statement that the participants will "try to understand where the devil the world is going."

One senior administration official who asked that he not be identified by name said that he would be surprised if the Europeans presented a less than "emphatic" argument on this point, but he said that discussions with "very senior European officials" convinced him that Reagan would not find himself in the midst of an acrimonious debate.

The differences over trade with the East touch on national security issues, and Haig said the United States wanted "to bring economic relations with the Soviet Union into line with our political and security objectives."

U.S. and Canadian officials said the summit participants sought a secluded location that would be more conducive to wide-ranging, but in-depth discussions that they hope will prevail.

Previous summits had tended to focus on producing specific economic and energy conservation targets and the leaders hoped to move towards more general economic and foreign policy talks.

Canada is the seventh site for the annual conference, which began in Rambouillet, France, in 1975.

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The Associated Press

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July 19, 1981, Sunday, AM cycle

SECTION: International News

LENGTH: 600 words

HEADLINE: No 'Little Ol' Log Cabin' for These Leaders

BYLINE: By CHARLES J. HANLEY, Associated Press Writer

DATELINE: MONTEBELLO, Quebec

KEYWORD: Summit Scene

BODY:

Ronald Reagan, a fan of Canadian poet Robert Service, is getting a taste of "the freshness, the freedom, the farness" that Service loved in the northern wilderness.

But the U.S. chief and his fellow summiteers are not putting their heads down in the poet's "little ol' log cabin in the shadder of the pines."

Instead, the presidents and premiers have been put up in what amounts to the world's biggest log cabin, the Chateau Montebello, a sprawling, 200-room resort hotel that was emptied out, polished up and ringed with the tightest security for the seventh annual Western economic summit.

From Sunday night's intimate dinner to Tuesday morning's helicopter liftoff for the final hours of talks in nearby Ottawa, the eight leaders are working in the most relaxed and peaceful atmosphere of any of the series of summits.

The remote site in the piney woods of the Quebec hills "will allow them to think big, to think deep, to think long-term," explained Lawrence Smith, a Canadian summit organizer.

Although the leaders may unwind a bit in the process of their global talks, their protectors will not. An estimated 2,000 Canadian policemen, plus security agents from each of the countries involved, are working round-the-clock to keep the scene tranquil.

Police boats cruise the Ottawa River, which flows past the hotel's front lawns, and police skin divers are on patrol below. Security helicopters crisscross the skies. Hundreds of officers are stationed every 100 feet or so on a square-mile perimeter around the hotel. Other police, some with dogs, patrol the woods.

The three-story Chateau, a monumental piece of old-fashioned Canadiana, was once the playground of millionaire sportsmen from the United States and Canada.

The Associated Press, July 19, 1981

They built it in 1930 as a private club. More than 3,000 workers took only three months to put it together, using 10,000 red cedar logs. It sits on a 100-square-mile property blanketed with forest and dotted with trout-filled lakes.

The leaders were scheduled to hold their formal sessions around a 20-foot blond-oak roundtable in the second-floor Canada Room.

"But I'm sure there will be people meeting casually all over the place," Smith said.

The building invites it.

At its heart is a lofty-ceilinged lobby from which the six wings emanate. In the center of the lobby stands an impressive 70-foot-high, six-sided stone fireplace, and off the lobby is a vast log-raftered lounge, with piano.

Hundreds of thousands of dollars have been spent in recent months to refurbish the Chateau, which was bought by Canadian Pacific Hotels in 1970. The old logs glisten, the carpets are new and the principal suites have been redone.

Reagan and each of the other leaders will have a small but cozy two-room suite, with log walls, at a corner of a wing. In ordinary times, vacationers can have the same suite for about \$107 per night, with three meals.

For "security reasons," officials refused to divulge the menus of the summiteers' five meals at the Chateau beforehand.

"But the flavor will definitely be Canadian," said hotel executive Robert Harwood. The hotel did disclose that 24-year-old head chef Luc Montagne will include Arctic char, a favorite Canadian fish, on the menus, along with salmon and trout.

Sunday night's was dinner for eight -- the eight leaders, with only the few required interpreters present.

The two previous times they got together, Reagan and Canadian Prime Minister Pierre Elliott Trudeau swapped recitals of Robert Service lines. This time they may end up introducing Canada's best-known bard to the rest of the world.

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July 19, 1981, Sunday, AM cycle

SECTION: International News

LENGTH: 440 words

BYLINE: By Ralph Harris

DATELINE: OTTAWA

KEYWORD: Summit -Reagan

BODY:

U.S. officials said today they were confident President Reagan would prove at the Ottawa summit he could deal with complex issues despite his relative inexperience in foreign affairs.

The seven-nation economic summit, opening with a dinner of heads of government tonight, is the President's international diplomacy debut.

The summit has shaped up as a major test of his handling of foreign policy although White House officials point to his experience gained from Washington meetings with foreign leaders.

The President, who is meeting Socialist French President Francois Mitterrand -- with whom he has major philosophical differences -- for the first time, has spent most of his political career in domestic politics.

But U.S. officials said Mr Reagan was briefed so well that he was at least as well prepared as other presidents at other economic summits, which began in 1975.

The officials said Mr Reagan was sensitive to suggestions he was weak in handling foreign policy and did little but ratify decisions made by Secretary of State Alexander Haig or senior advisers in the White House.

One official said: "We are absolutely satisfied that the President has been extremely well briefed and that he is exceptionally well-prepared to discuss anything at the summit."

The annual meetings, involving the United States, Britain, France, West Germany, Canada, Italy and Japan, began with mainly economic issues, such as inflation, energy and economic growth.

But over the years the leaders have turned their attention increasingly to political issues bearing heavily on the problems of security and stability throughout the world.

The Ottawa summit was expected to deal with East-West relations, the situation in Poland, the worsening situation in the Middle East and arms control, as well as economic problems.

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The protocol at the summit's opening dinner tonight was determined in some degree by the confidence U.S. officials had in the President's ability to discuss all issues on his own.

The seven heads of government decided to dine and talk in the strictest privacy, without advisers.

A White House official said President Reagan's advisers, who reviewed the dinner protocol, reached a consensus that the arrangement was correct because they believed Mr Reagan would not be at a loss during talks on complex and subtle aspects of any foreign policy issue that arose.

"The arrangements for the dinner give the President an opportunity to get better acquainted with the other leaders than would have been the case otherwise and to discuss problems in his own way without being prompted," the official said.

January 6, 1989  
2:30 p.m.

PRESIDENTIAL REMARKS: FAREWELL ADDRESS  
FRIDAY, JANUARY 20, 1988

My fellow Americans, this is the \_\_\_th time I'll speak to you from the Oval Office, and the last. We have been together 8 years now, and soon it will be time for me to go. But before I do, I wanted to share some thoughts, some of which I have been saving for a long time.

It has been the honor of my life to be your President. So many of you have written in the past few weeks to say thanks, but I could say as much as you. Nancy and I are grateful for the opportunity you gave us to serve.

One of the things about the presidency is that you're always sort of a little apart. You spend a lot of time going by too fast in a car someone else is driving, and seeing the people through tinted glass -- the parents holding up a child, and the wave you saw too late and couldn't return. And so many times I wanted to stop, and reach out from behind the glass, and connect. And maybe I can do a little of that tonight.

People ask how I feel about leaving, and the fact is, parting IS 'such sweet sorrow'. The sweet part is California, and the ranch, and freedom. You may have heard freedom's something I kind of prize. I'll be able to go to church again without interrupting everybody else's peace and quiet. I always figured it's hard enough unburdening yourself to your maker without having to go through the metal detector first.

The sorrow? The good-byes, of course, and leaving this beautiful place. You know, down the hall and up the stairs from this office is the part of the White House where the President and his family live. There are a few favorite windows I have up there that I like to stand and look out of early in the morning. The view is over the grounds here to the Washington Monument, and then the mall, and the Jefferson Memorial. But on mornings when the humidity is low, you can see past the Jefferson to the river, the Potomac, and the Virginia shore. Someone said that's the view Lincoln had when he saw the smoke rising from the battle of Bull Run. I see more prosaic things: The grass on the banks, the wind through the trees, and the morning traffic as the people of Virginia make their way to work....

I have been thinking a bit at that window. I've been reflecting on what the past ~~eight~~<sup>8</sup> years have meant, and mean. And I realize that the biggest thing I'll miss is being in a position to implement the things we believe in. From Grenada to the Washington and Moscow Summits, from the recession of '81-<sup>to</sup>'82 to the expansion that began in late '82 and continues to this day, we've made a difference.

The way I see it there were two great triumphs, two things that I'm proudest of. One is the economic recovery, in which the people of America created -- and filled -- 19 million new jobs. The other is the recovery of our morale: America is respected again in the world, and looked to for leadership.

Something that happened to me a few years ago reflects some of this. It was back in 1981, and I was attending my first big

economic summit, which was held that year in Canada. The opening meeting was a formal dinner for the heads of state of the 7 industrialized nations. I sat there like the new kid in school and listened, and it was all Francois this and Helmut that. At one point I sort of leaned in and said, "My name's Ron."

When I got home we began the actions we felt would ignite an economic comeback. Cut taxes and regulation, started to cut spending. Soon the recovery began.

Two years later another economic summit, with pretty much the same cast. At the big opening meeting we all got together, and all of a sudden just for a moment I saw that everyone was looking at me. Then one of them spoke up. "Tell us about the American miracle," he said.

## II

Well, the fact is it wasn't a miracle, because men don't make miracles -- and it was the men and women of America who the past 8 years turned our country around. And in all that time I won a nickname -- 'The Great Communicator'. But I never thought it was my style or the words I used that made a difference -- it was the content. I wasn't a great communicator. I just communicated great things, and they didn't spring full blown from my brow, they came from the heart of a great nation -- from our experience, our wisdom, and our beliefs.

They called it the Reagan Revolution, and I'll accept that, but for me it always seemed more like the Great Rediscovery: A rediscovery of our values and our common sense.



Common sense told us that when you put a big tax on something, people will produce less of it. So we cut the people's tax rates and the people produced more than ever before. The standard of living rose; the economy bloomed like a plant that had been cut back and could now grow quicker and stronger. X

Common sense also told us that to preserve the peace we'd have to become strong again after years of weakness and confusion. So we rebuilt our defenses -- and this New Year we toasted the new peacefulness around the globe.

And you know what the central lesson of all this was? That we could seize control of our destiny -- that we weren't at the mercy of events -- that we could, together, lower inflation, lower interest rates, create opportunity, and increase the standard of living for the people of America.

Something else we learned: Once you begin a great movement there's no telling where it will end. We meant to change a nation and instead we changed a world.

Countries across the globe are turning to free markets and free speech -- and turning away from the ideologies of the past. For them, the Great Rediscovery of the 1980's has been that lo and behold, the moral way of government is the practical way of government. Democracy, the profoundly good, is also the profoundly productive.

X As I come to the end of my participation in ~~positics~~ <sup>politics</sup> I'd like to explain how this all came about. I had no desire to get into public life at all, quite the contrary. But I was raised to believe you had to pay your way for the blessings bestowed on you. X

I was happy with my career in the entertainment world, but ultimately I went into politics because I wanted to protect something precious. I wrote it down on a scrap of paper recently when I was trying to express what had motivated me all these years. I wrote that, "Ours was the first revolution in the history of mankind that truly reversed the course of government, and with three little words: 'We the People'." X

'We the People' tell the government what to do, it doesn't tell us. 'We the People' are the driver -- the government is the car. And WE decide where it should go, and by what route, and how fast. Because 'We the People' are free. X

This belief has been the underlying basis for everything I have tried to do these past 8 years.

Back in the 1960's when I began, it seemed to me that we had begun reversing the order of things -- that through more and more rules and regulations and edicts and confiscatory taxes the government was taking more and more of our money, more of our options, and more of our freedom. I went into politics in part to put up my hand and say, 'Stop!'. I was a citizen politician, and it seemed the right thing for a citizen to do. X

I think we have stopped a lot of what needed stopping. And I hope we have once again reminded people that man is not free unless government is limited. There's a clear cause and effect here that is as neat and predictable as a law of physics: As government expands, liberty contracts.

#### IV

*for* Nothing is less free than pure communism, and yet *we* have the past few years forged a satisfying new closeness with the Soviet Union. I leave feeling very good about that relationship. It is stable. It is based on mutual strength. It has been improving slowly but steadily. I've been asked if the new closeness isn't a gamble, and my answer is no, because we're basing our actions not on words, but deeds.

The detente of the 1970's was based not on actions, but promises. They'd promise to treat their own people and the people of the world better, but the gulag was still the gulag, and the state was still expansionist, and they still waged in proxy wars in Africa, Asia, and Latin America.

This time, so far, it's different: President Gorbachev has brought about some internal democratic reforms and begun withdrawal from Afghanistan. He has also freed prisoners whose names I've given him every time *I've met* we meet.

But the world is a funny place, and life has a way of reminding you of big things through small incidents. Once, during the heady days of the Moscow summit, Nancy and I decided to break off from the entourage one afternoon to visit the shops on Arbat Street, a little street just off Moscow's main shopping area.

Even though our visit was a surprise, every Russian there immediately recognized us, and call<sup>ed</sup> out our names, and reached for our hands. We were just about swept away by the warmth -- you could almost feel the possibilities in all that joy. But within seconds everything changed: A big K.G.B. detail pushed their way toward us and began manhandling the crowd. They showed little respect, pushing, shoving, and knocking people to the ground. Our people spirited us out there in one quick hurry.

It brought it all home: The man on the street in the Soviet Union may yearn for freedom, but he lives in a police state.

The people who run the Soviet Union are still communists, and they believe in communism. But my view is that President Gorbachev is like no other Soviet ~~Leader~~. He knows what's wrong with his society and is trying to fix it. We wish him well. We must not be afraid to seek new opportunities. And we should work to make sure that the Soviet Union that eventually emerges from this process is a less threatening one.

I want the new closeness to continue. But we must make it clear that we will only continue to act in a certain way as long as they continue to act in a helpful manner. If an ~~when~~ they ~~X~~

don't ~~at~~ at first pull your punches. If they persist, pull the plug.

It's still trust -- but verify.

It's still play -- but cut the cards.

It's still watch closely -- and don't be afraid to see what you see.

There's another thing maybe worth mentioning. I've found it extremely helpful to be direct in my dealings with the Soviets. Back when I first met President Gorbachev at the Geneva summit, I told him plainly that he would either have to take arms reductions seriously, or enter into an arms race that he simply could not -- would not -- win. It was blunt. But then so was his answer, which was: Alright.

There is a compliment in candor; honesty shows respect. So I would say to our diplomats of the future, speak the truth clearly, with each word carrying a meaning that cannot be confused -- while keeping in mind that you can call a spade a spade, without calling it a darn dirt shovel.

v

I've been asked if I have any regrets. I do.

The deficit is one. I've been talking a great deal about the little item lately, but tonight isn't for arguments and I'll be happy to hold my tongue.

But an observation: I've had my share of victories in the Congress, but what few people noticed is that I never won anything you didn't win for me. They never saw my troops; they never saw Reagan's Regiments, the American people. You won every battle with every call you made and letter you wrote demanding action.

Well, action is still needed. If we're to finish the job, Reagan's Regiments will have to become the Bush Brigades. Soon he'll be the chief, and he'll need you every bit as much as I did.

I have a more personal regret. It's that in spite of the fact that we turned the economy around and lifted the standard of living for so many people -- in spite of that we never quite reached down into the heart of the horror and helped the permanent poor.

I feel that I never quite got across that there are conservative answers to the problems of poverty, and the conservative solution is not to look away. I believe in George Bush's 'kinder, gentler nation' too. And maybe he'll be able to make more progress than I did.

Finally, there is a great tradition of warnings in presidential farewells, and I've got one that's been on my mind for some time.

Those of us who are over 35 or so years of age grew up in a different America. We were taught, very directly, what it means to be an American, and we absorbed almost in the air a love of country and an appreciation of its institutions. If you didn't

get these things from your family, you got them from the neighborhood, from the father down the street who fought in Korea or the family who lost someone at Anzio. Or you could get a sense of patriotism from school.

If all these things failed, you could get it from the popular culture. The movies celebrated democratic values and implicitly reinforced the idea that America was special. T.V. was like that too through the mid 60's.

But now we're about to enter the 90's, and some things have changed. Some younger parents aren't sure that an unambivalent appreciation of America is the right thing to teach modern children. And as for those who create the popular culture, a heart-on-the-sleeve love for America is no longer the style.

The spirit of The People hasn't diminished -- in fact, there's been a magnificent rebirth of national pride the past 8 years. But we haven't quite reinstitutionalized it -- and I'm not sure we're training our children in what it means to be a citizen of America.

We've got to do a better job of getting across that America deserves our loyalty and love. That America is freedom -- freedom of speech, freedom of religion, freedom of enterprise -- and freedom is special and rare. It's fragile, and needs protection. We've got to teach history based not on what's in fashion, but what's important: Why the pilgrims came here, who Jimmy Doolittle was, and what those 30 seconds over Tokyo meant.

If we don't know what we did, we won't know who we are. I am warning of an eradication of the American memory that could result, ultimately, in an erosion of the American spirit.

Thank goodness we still have new waves of immigrants to teach us, through their presence, what we are. When you meet someone who risked his life to get here it says pretty eloquently that you must be something special.

Let's start with some basics -- more attention to American history and a greater emphasis on civic ritual. And let me offer lesson number one about America: All great change in America begins at the dinner table. So tomorrow night in the kitchen I hope the talking begins. And children, if your parents haven't been teaching you what it means to be an American -- let 'em know and nail 'em on it. That would be a very American thing to do.

And that's about all I have to say tonight. Except for one thing.

The past few days when I've been at that window upstairs I've thought a bit of 'the shining city on a hill'. The phrase comes from John Winthrop, who wrote it to describe the America he imagined. What he imagined was important because he was one of the earliest Pilgrims, who came here hoping for a home that would be free.

I've spoken of the shining city all my political life, but I don't know if I ever quite communicated what I saw when I said it. But in my mind it was a tall proud city built on rocks, stronger than oceans, wind-swept, God-blessed, and teeming with people of all kinds living in harmony and peace -- a city with



free ports that hummed with commerce and creativity, and if there were city walls, the walls had doors, and the doors were open to anyone with the will and the heart to get here.

That's how I saw it, and see it still.

And how stands the city on this winter night? More prosperous, more secure and happier than it was 8 years ago. But more than that: After 200 years, two centuries, she still stands strong and true on the granite ridge, and her glow has held steady no matter what storm.

And she's still a beacon, still a magnet for all who must have freedom, for all the Pilgrims from all the lost places who are hurtling through the darkness, toward home.

We've done our part. And as I walk off into the city streets, a final word to the men and women of the Reagan Revolution -- the men and women across America who for 8 years did the work that brought America back.

My friends, we did it. We weren't just marking time; we made a difference. We made the city stronger -- we made the city freer -- and we left her in good hands.

All in all not bad. Not bad at all.

And so, goodbye.

God bless you. And God bless the United States of America.