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THE WHITE HOUSE

WASHINGTON

February 20, 1986

MEMORANDUM FOR THOMAS F. GIBSON III
SPECIAL ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Talking Points on Housing

Counsel's Office has reviewed the above-referenced talking points and finds no objection to them from a legal perspective.

cc: David L. Chew

ID #

CU

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1 / 1Name of Correspondent: Dave Chew☐ MI Mail Report

User Codes: (A) _____

(B) _____

(C) _____

Subject: Talking Points on Housing

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CHOLL</u>	ORIGINATOR	<u>86102120</u>			<u>1 / 1</u>
<u>Cust 18</u>	Referral Note: <u>B</u>	<u>86102120</u>		<u>S</u>	<u>86102120</u>
	Referral Note:				<u>5pm</u>
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure

I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:

A - Answered
B - Non-Special Referral
C - Completed
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Type of Response = Initials of Signer
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WHITE HOUSE STAFFING MEMORANDUMDATE: 2/19/86 ACTION/CONCURRENCE/COMMENT DUE BY: 5:00 pm, Thurs., 2/20/86SUBJECT: TALKING POINTS ON HOUSING

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☐	OGLESBY	☒	☐
REGAN	☐	☒	POINDEXTER	☐	☐
MILLER	☐	☐	RYAN	☐	☐
BUCHANAN	☒	☐	SPEAKES	☐	☒
CHAVEZ	☒	☐	SPRINKEL	☒	☐
CHEW	☐	☒	STEELMAN	☐	☐
DANIELS	☒	☐	SVAHN	☒	☐
FIELDING	☒	☐	THOMAS	☒	☐
HENKEL	☐	☐	TUTTLE	☐	☐
HICKS	☐	☐	<u>GIBSON</u>	☐	☒
KINGON	☒	☐	_____	☐	☐
LACY	☐	☐	_____	☐	☐

REMARKS:

Please submit your comments on the attached directly to Tom Gibson in room 160 with an info copy to my office by 5:00 p.m. tomorrow. Thank you.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

February 19, 1986

MEMORANDUM FOR DAVID CHEW

FROM: TOM GIBSON^{tg}

SUBJECT: Talking Points on Housing

Attached, for staffing, are talking points on housing. They are intended for use by Administration spokesmen.

I'd like to put these out as soon as possible. Thanks very much.

cc: Pat Buchanan

HOUSING UPDATE

- o For the first time in more than seven years, the typical family can afford the typical home. The National Realtors Association said its "housing affordability index" in December showed a family earning the median income of \$27,940 had 101 percent of the income for a mortgage on the median-priced home (\$74,800).
- o In April 1980, less than 5 percent of American families could afford the average home. Today, more than half of the Nation's 63 million families can afford the average home, according to the National Realtors Association.
- o Steady declines in interest rates helped boost housing affordability. In part as a result of the inflationary policies of the late 1970s, mortgage rates soared from about 9 percent in 1977 to almost 15 percent by the end of 1980. The FHA mortgage rate reached a high of 17.5 percent before the Reagan program for economic recovery began to take effect.
- o Mortgage rates closed the month of January 1986 at 10.89% (30-year conventional fixed-rate). During January, the rate dipped briefly to its lowest level since May 1979.

Housing Industry Rebounds

- o The U.S. housing industry was in the middle of a two-year slump when President Reagan took office. Housing starts averaged only 1.3 million units in 1980, and fell to 840,000 by the end of 1981 -- depressed by record mortgage interest rates.
- o Housing starts have been above 1.7 million units in each of the past three years. While 1985 housing starts declined about 1 percent from their 1984 levels, they were 34 percent above the level in the last year of the previous Administration.
- o New home sales increased in 1985 for the third year in a row, reaching their highest level since 1979.
- o 1985 employment in the housing industry was an estimated 674,300 -- the highest level in seven years. Employment in the housing industry has grown in each of the past four years.

Flatly Wrong

A member of the House Democratic leadership recently charged that "Home ownership -- one of the things we've always associated with the American dream -- now for the first time in 50 years is actually in decline." (Congressional Record, 2/5/86, p. E224). This is absurd -- the record clearly shows otherwise.

THE WHITE HOUSE
WASHINGTON

February 25, 1986

MEMORANDUM FOR ADMINISTRATION SPOKESMEN

FROM: TOM GIBSON *TG*

SUBJECT: FY '87 Budget Update and Housing Update

Attached, for your information and use, are updated talking points on the FY '87 Budget and recent economic figures on the housing industry.

You will receive additional briefing materials on the '87 budget as issues develop. If you have any questions regarding these materials please contact my office.

Thanks very much.

FY 87 BUDGET UPDATE

President Reagan's FY 87 budget sets the deficit on a downward curve to a balanced budget by FY 1991. It does so

1. without raising taxes;
2. without sacrificing our defense preparedness; and
3. without cutting benefits for those in need.

The President's budget reduces - but continues - the growth of government. Under current services, outlays would grow by nearly five percent; under the President's budget, outlays would grow by more than one percent.

The President's budget meets the \$144 billion G-R-H target by cutting \$38 billion from the projected deficit for FY 87.

Of the \$38 billion deficit reduction:

- o More than \$6 billion comes from increased receipts -- increased employee contributions to retirement funds, continuation of the cigarette tax, IRS administrative initiatives, and certain fees;
- o More than \$3 billion comes from selling federal assets that would be utilized more efficiently in the private sector;
- o More than \$2 billion is from additional user fees;
- o \$4 billion is from savings in defense and on interest payments on the debt because of lower rates of interest, lower inflation and a lower deficit.
- o The rest, \$22 billion, comes from making certain reductions in other domestic programs.
 - Without further Congressional action, we would spend \$418 billion for these programs. The \$22 billion cut is only about 5% of planned spending on these programs, and less than 2.5% of total federal spending.
 - Since revenues are rising faster than outlays, biting the bullet now puts us on target for a balanced budget without further significant cuts later.
- o Essential low income support programs are preserved. The President's budget contains FY 1987 savings of \$77 million out of a \$40 billion base -- a reduction of less than 1%.

Gramm-Rudman-Hollings update

- o A special three-judge panel of the U.S. District Court upheld the validity of the general approach of G-R-H. The decision does not take effect until after the Supreme Court rules on an appeal later this year.
- o The Court rejected broad challenges to the entire Act, but upheld the Administration's position that the Comptroller General cannot determine the spending cuts necessary to implement the Act because that is an executive branch function.
- o President Reagan has met the goals of deficit reduction and balanced budgets agreed to in the the G-R-H law. It is now Congress' turn to act responsibly to comply with the law.
- o The \$11.7 billion in automatic cuts required by the G-R-H sequestration will take effect March 1, 1986.

FEDERAL GOVERNMENT TOTALS

(Dollar amounts in billions)

	1986	1987	1988	1989	1990	1991
Current services:						
Receipts.....	776.5	844.1	927.3	989.2	1,053.0	1,120.2
Outlays.....	982.0	1,025.9	1,077.3	1,128.1	1,179.3	1,224.1
Deficit.....	-205.6	-181.8	-150.0	-138.9	-126.3	-103.9
Percent of GNP.....	4.9	4.0	3.1	2.6	2.2	1.7
Proposed:						
Receipts.....	771.1	850.4	933.2	996.1	1,058.1	1,124.0
Outlays.....	979.9	994.0	1,026.8	1,063.6	1,093.8	1,122.7
Surplus or deficit.....	-202.8	-143.6	-93.6	-67.5	-35.8	+1.3
Percent of GNP.....	4.8	3.2	1.9	1.3	0.6	*
G-R-H deficit target.....	-171.9	-144.0	-108.0	-72.0	-36.0	0

*0.05 percent or less

WHITE HOUSE TALKING POINTS

HOUSING UPDATE

- o For the first time in seven years, the typical family can afford the typical home. The National Association of Realtors said its "housing affordability index" in December showed a family earning the median income of \$27,940 had 101 percent of the income for a mortgage on the median-priced existing home (\$74,800).
- o Today, more than half of the Nation's 63 million families can afford the median-priced home, according to the National Association of Realtors.
- o Steady declines in interest rates helped boost housing affordability. The FHA/VA mortgage rate reached a high of 17.5% before the Reagan program for economic recovery began to take effect. The VA mortgage rate is now 10.5%.
- o Average mortgage rates for the month of January 1986 were 10.89% (30-year conventional fixed-rate). During mid-January, the rate dipped briefly to its lowest level since May 1979.

Housing Industry Rebounds

- o The U.S. housing industry was in the midst of a two-year slump when President Reagan took office. Housing starts averaged only 1.3 million units in 1980, and fell to less than 840,000 by November 1981 -- depressed by record mortgage interest rates.
- o In January 1986, new homes and apartments were started at a seasonally adjusted annual rate of 2.09 million units, compared to a December 1985 rate of 1.8 million units. The January increase, following a nine percent December gain, was the strongest since a 17 percent jump in February 1984.
- o Housing starts have been above 1.7 million units in each of the past three years. While 1985 housing starts declined about three-fourths of a percent from their 1984 levels, they were 34 percent above the level in the last year of the previous Administration.
- o New home sales increased in 1985 for the third year in a row, reaching their highest level since 1979.
- o 1985 employment in the housing industry was an estimated 674,300 -- the highest level since 1979. Employment in the housing industry has grown in each of the past three years.

THE WHITE HOUSE

WASHINGTON

March 3, 1986

MEMORANDUM FOR THOMAS F. GIBSON III
SPECIAL ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Domestic Briefing Materials
for Sperling Breakfast

Counsel's Office has reviewed the above-referenced draft briefing materials. The "Affirmative Action" points contain the statement "We all agree that the use of quotas is discretionary." "Discretionary" should be changed to "discriminatory."

As we have pointed out before with respect to Gramm-Rudman points, it is misleading and inaccurate to state that the three-judge panel of the district court "upheld the validity of Gramm-Rudman-Hollings Act." It is correct to state that the court upheld the validity of the general approach of Gramm-Rudman, while striking down as unconstitutional one aspect of the Act. In addition, in the last sentence of the first Gramm-Rudman point, "will" should be changed to "should" -- there are never any guarantees on when the Supreme Court will act.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence Received (YY/MM/DD) 1 / 1Name of Correspondent: Dave Chew☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: White House Briefing Materials
for Morning Breakfast**ROUTE TO:****ACTION****DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUTROLL</u>	ORIGINATOR	<u>86103103</u>			<u>1 / 1</u>
<u>Cut 18</u>	Referral Note: <u>B</u>	<u>86103103</u>		<u>S</u>	<u>86103103</u> <u>330pm</u>
	Referral Note:	<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:	<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:	<u>1 / 1</u>			<u>1 / 1</u>
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WHITE HOUSE STAFFING MEMORANDUMDATE: 3/3/86 ACTION/CONCURRENCE/COMMENT DUE BY: 3:30 p.m. TODAYSUBJECT: DOMESTIC BRIEFING MATERIALS FOR SPERLING BREAKFAST

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☐	OGLESBY	☒	☐
REGAN	☐	☒	POINDEXTER	☒	☐
MILLER	☒	☐	RYAN	☐	☐
BUCHANAN	☐	☒	SPEAKES	☐	☒
CHAVEZ	☐	☐	SPRINKEL	☒	☐
CHEW	☐	☒	STEELMAN	☐	☐
DANIELS	☒	☐	SVAHN	☒	☐
FIELDING	☒	☐	THOMAS	☒	☐
HENKEL	☐	☐	TUTTLE	☐	☐
HICKS	☐	☐	GIBSON	☐	☒
KINGON	☒	☐		☐	☐
LACY	☐	☐		☐	☐

REMARKS: Please provide any comments/recommendations on the attached briefing materials directly to Tom Gibson by 3:30 p.m. this afternoon, with an info copy to my office. Thanks.

RESPONSE:

ECONOMIC UPDATE

U.S. is in its 39th month of economic expansion:

- o Jobs: Well over 9 million more Americans are working today than in November 1982. RR looks forward to hitting the 10 million mark soon -- perhaps this week.
- o In January, the total unemployment rate fell to 6.6% -- the lowest since March 1980.
- o During the economic recovery, blacks have gained an average of 40,000 new jobs every month. More blacks are employed in the U.S. today than ever before -- over 10.7 million.
- o Output: Real GNP has grown every quarter since the third quarter of 1982. Economic growth of 2.5 percent in 1985 was due to sharp declines in production for inventory and continued slow growth of foreign economies.
- o Inflation: You have to go back a generation, to 1964-1967, to find four straight years of lower inflation (measured by CPI -- 3.8% in 1985).
- o Prime interest rates now lowest in over 7 years (9.5%).

Economic Outlook Healthy

- o Index of Leading Indicators has risen the past 8 months in a row is now at its highest level in history (December 1985).
- o Many private forecasters are revising their earlier economic projections and now see real GNP growth in the 5-6 percent range for this year.

Recent Developments

- o Housing starts rose in January to an annual rate of 2.1 million units, 16 percent above the December 1985 rate and the highest level in nearly a year.
- o Dow Jones Industrial Average punched through the 1700 mark, sparked by optimism on inflation and interest rates. It took only 14 trading days to move from the 1600s to the 1700s.
- o Work stoppages in 1985 were at an all-time low -- one sign of a healthy economy and improved labor-management relations.
- o Industrial production climbed in January for the third month in a row.

FY 87 BUDGET OVERVIEW

- o This budget sets the deficit on a downward path to a balanced budget by FY 1991. It does so: (1) without raising taxes; (2) without sacrificing our defense preparedness; and (3) without cutting benefits for the poor and the elderly.
- o Federal spending as a proportion of GNP remains at historic highs -- 23.4 percent in FY 1986 compared with about 20 percent throughout the 1960s and 1970s. The budget would reduce spending to its historical levels -- 18.9 percent of GNP by FY 1991.
- o The proposed budget will lower the deficit below the \$144 billion G-R-H target by cutting \$38 billion from the current services deficit.

1986: Year of Decision

- o As RR has long predicted and the Congressional Budget Office has now agreed -- economic growth is producing increased federal revenues. Revenues are rising faster than outlays for current services.
- o If the President's FY 87 budget is adopted, the baseline for future years will be lowered so that additional cuts will not be required to meet G-R-H targets in future years.

Of the \$38 billion deficit reduction:

- o \$6 billion comes from increased receipts -- increased employee contributions to retirement funds, continuation of cigarette tax, IRS administrative initiatives, other fees;
- o \$3 billion comes from selling federal assets;
- o \$4 billion is from savings on defense and on interest payments; and
- o The rest, \$22 billion, comes from making certain reductions in other domestic programs. The cuts come out of a \$418 billion base -- so we're cutting 2½ cents out of each dollar.

Defense Budget Overview

- o RR's FY 1987 budget includes a modest increase in defense to sustain recent improvements in capability, consistent with the "0-3-3" agreement reached with Congress last August.
- o Even with the proposed increases, defense still constitutes a smaller share of the federal budget and of GNP than in any Kennedy-Johnson peacetime year.

DEFENSE SPENDING

Real Increases as Promised by Congress

- o RR is proposing levels consistent with "0-3-3" agreement reached last August.
- o Congress broke its part of the bargain and provided less than zero real growth for defense in FY 86. With G-R-H deductions, defense budget authority declined about 6 percent in real terms in FY 1986. RR's budget request is actually \$3.5 billion below what Congress approved last August.

RR already compromised on defense

1. May 1984 "Rose Garden" agreement cut \$55 billion from RR's proposed five-year plan (FY 1985-89).
2. Budget Resolution Compromise (August 1985) provided for one-year pause, then 3 percent increases -- yielding savings of \$290 billion over FY 1986-90.
3. Additional cuts and Gramm-Rudman-Hollings sequester have reduced FY 1986 funding by about 6 percent in real terms. Result: This year, for the first time in 15 years, there will be an absolute decline in the defense budget.

False Economies

- o Stop-and-go procurement and stretch-outs are extremely expensive. We end up with less equipment at much higher cost per item.
- o For example, in 1973, the original F-15 acquisition program for about 700 planes was scheduled to be completed in five years. Two years added to the process -- same number of planes -- and total costs increased \$2 billion.
- o If we skimp on pay, forcing trained personnel to quit, we lose important investment. It costs about \$1 million to train an F-16 fighter pilot.

SPENDING ANECDOTES

Small Business Credit Programs

- o SBA loans go to less than 1 percent of small businesses and disproportionately fund bars, restaurants and pool halls.
- o \$14 million in SBA loans were provided to a group of Hollywood stars, including Burt Reynolds, Paul Newman and Norman Lear.

Urban Development Action Grants

- o Since the program's inception, just 20 cities have won 44 percent of all UDAG grants. Big winners include cities at the bottom of HUD's eligibility list.
- o UDAG funds were used to build 262 hotels and to subsidize big corporations such as Hyatt Hotels, Sherman-Williams and General Motors.

Interstate Commerce Commission

- o Congress has approved extensive deregulation of trucks, railroads, and buses, leaving little for the 900 employees of ICC to do.
- o What does ICC do? It requires U.S. truckers to file 1.5 million tariff rates a year. Among its bizarre rules: Tariffs must be filed for transporting "Jiffy Pop" popcorn, but not for transporting "Orville Redenbacher" popcorn.

Economic Development Administration

- o EDA is a costly and inefficient way to create a job. One EDA program created make-work jobs at a cost of \$20,000 per person per month.
- o Over 40 percent of EDA's loan portfolio is in default. One default in 1985 cost taxpayers \$90 million.

BUDGET PROCESS REFORM

- o In every year but one since 1974, Congress has failed to enact the entire range of federal appropriations bills within the statutory deadline.
- o Other reforms needed immediately: line item-veto and Balanced Budget Amendment.
- o We need to fix the system, and we'll begin looking in earnest for ways to approach the problem. In the recent budget message, RR has mentioned:
 - multi-year appropriations;
 - a Joint Budget Resolution, for the President's signature; and
 - the concept of a capital budget.

TRADE AND THE DOLLAR

- o RR seeks freer and fairer trade and will continue working with Congress for changes that reflect those principles. We will continue to oppose legislation that threatens economic growth and chokes off the growth of jobs.

Trade Deficit

- o It's high (\$148.5 billion for 1985, a record \$50 billion with Japan) largely because our economic performance has been better than that of our trading partners.
- o We are taking aggressive steps to fight unfair trade practices in other countries. Cases filed against Japan and European Community are bringing results.
- o Recent declines in oil prices, some improvements in economic growth overseas, and the increasing value of foreign currencies should begin to exert downward pressure on the trade deficit later this year.

Value of the Dollar

- o In the past 5 months, the value of the Japanese yen rose about 30 percent against the dollar (now 180 yen to the dollar).
- o A further increase in the value of other currencies relative to the dollar would not displease us, as long as it was not precipitous and as long as it was in response to normal market forces.
- o A more predictable system of currency exchange may promote international trade and commerce by eliminating confusion and permitting more orderly adjustments by businesses throughout the world.
- o RR directed Treasury Secretary Jim Baker to determine if an international conference should be convened to discuss the role and relationship of world currencies. Secretary Baker will report his findings to RR before the end of the year.

TAX REFORM

- o RR stipulated certain changes he would need to see before granting final approval to a tax reform bill.
 - Raising personal exemptions to \$2,000 for itemizers and non-itemizers -- at least for those in lower and middle income brackets;
 - Basic tax incentives to reduce the cost of capital for American businesses;
 - Effective dates which erase doubts and apprehensions for those planning investments;
 - Minimum tax so individuals and business cannot escape paying their fair share;
 - Top personal rate for individuals no higher than 35%; and
 - Real tax relief for middle income Americans.

DECLINING OIL PRICES

Good news for the economy

- o Crude oil prices peaked in March 1981, after RR ordered immediate decontrol, and have fallen steadily ever since.
- o These reductions have been passed on to U.S. consumers. Adjusted for inflation, a gallon of regular leaded gasoline now costs less than it did in the 1950s.
- o Most economists agree that additional real growth in GNP will occur due to falling oil prices. U.S. trade deficit should fall, too.

RR Initiatives for Oil States

- o Oil producers told federal government to get out of their business -- and we did.
- o RR phased down Energy Regulatory Administration and opposed standby pricing and allocation schemes.
- o Oil price decontrol, lifting of many restrictions against use of natural gas, led to expanded domestic markets and increased domestic petroleum production.
- o RR tax reform bill retains immediate expensing of intangible drilling costs; provides for two year write-off of percentage depletion allowance.

MEXICAN DEBT CRISIS

- o The economic program outlined by de la Madrid indicates Mexico's intentions to come to grips with the new realities created by the decline in oil prices.
- o The elements outlined in his speech contain many of the factors needed for an appropriate economic stabilization program.
- o President de la Madrid's call for negotiations and dialogue with international creditors to reduce the debt service burden remains vague at this point in time. Therefore, the Administration cannot comment.

AFFIRMATIVE ACTION

- o It is the President's understanding that Don Regan is working with Labor Secretary Brock and Attorney General Meese to try and resolve their differences on the Affirmative Action Executive Order.
 - We all agree that the use of quotas is discretionary.
 - Their differences involve the wording of the regulations concerning goals and timetables.
- o The President is deeply committed to a colorblind society where all American men and women have equal opportunities to progress through hard work and initiatives, in a climate of economic growth and expanding opportunity.

GRAMM-RUDMAN COURT CASE

- o Three-judge panel of U.S. District Court upheld validity of Gramm-Rudman-Hollings Act. Decision has been appealed; does not take effect until Supreme Court has ruled on appeal. That decision will be forthcoming before July.
- o Panel's decision upheld Administration's position that Comptroller General should not be allowed to establish and set forth sequesters because such authority should be vested in Executive Branch. Fallback provision of the Act that Administration helped draft would instead take effect, providing:
 - Deficit estimates and programs for deficit reduction provided by Directors of OMB and the Congressional Budget Office would go to a special joint committee of Congress instead of Comptroller General.
 - Committee must in five days report a joint resolution to Congress setting forth the Directors' estimates and the final determination of how sequesters must be arrayed.
 - Congress must then approve joint resolution.
- o The President will certainly live up to his end of the bargain. No matter what the outcome of the Supreme Court review, he will continue to submit budgets that meet the spirit and letter of Gramm-Rudman-Hollings law.

ACID RAIN

- o At Quebec Summit last year, the President and Prime Minister Mulroney decided that Special Envoys should examine the dispute over acid rain.
- o The Joint Report from Drew Lewis and his Canadian counterpart was delivered January 8, 1986. President thanked Lewis, praised envoy process and promised to study.
- o President's Domestic Policy Council reviewed the study and reported to the President on February 18, in preparation for President's March 18 meeting with Prime Minister Mulroney.
- o The President was given options, but has not yet made decision on whether to comply with all of the report's recommendations, which include:
 - A \$5 billion government/private sector program to fund development of innovative control technologies;
 - Cooperative activities, and review of improvements possible under existing legislation; and
 - Research efforts.
- o We are still committed to dealing with what is a real concern both in the U.S. and in Canada.
 - The President has requested \$85 million in his FY '86 budget for further research, targeted at the key uncertainties.
 - Every area of the country is required to meet air quality standards that protect public health and welfare.
 - There has been a 18 percent reduction in sulfur dioxide emissions (the most important pollutant contributing to acid rain) during the 1973-83 period.

THE WHITE HOUSE

WASHINGTON

March 3, 1986

MEMORANDUM FOR BEN ELLIOTT
DEPUTY ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF SPEECHWRITING

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Talking Points:
Breakfast with Godfrey Sperling Group

Counsel's Office has reviewed the above-referenced Presidential talking points and finds no objection to them from a legal perspective.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1 / 1Name of Correspondent: Barack Obama☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Presidential Talking Points Breakfast
with Godfrey Sperling Group**ROUTE TO:****ACTION****DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>CUNOLL</u>	ORIGINATOR	<u>8603103</u>		<u>1 / 1</u>
<u>Curt 18</u>	Referral Note: <u>R</u>	<u>86103103</u>		<u>86103104</u>
	Referral Note:			<u>10 am</u>
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			
		<u>1 / 1</u>		<u>1 / 1</u>
	Referral Note:			

ACTION CODES:

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 to be used as Enclosure

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 C - Completed
 S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
 Code = "A"
 Completion Date = Date of Outgoing

Comments: _____

Keep this worksheet attached to the original incoming letter.

Send all routing updates to Central Reference (Room 75, OEOB).

Always return completed correspondence record to Central Files.

Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

WHITE HOUSE STAFFING MEMORANDUMDATE: 3/3/86 ACTION/CONCURRENCE/COMMENT DUE BY: 10:00 a.m. 3/4/86SUBJECT: PRESIDENTIAL TALKING POINTS: BREAKFAST WITH GODFREY SPERLING GROUP

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	OGLESBY	☒	☐
REGAN	☐	☒	POINDEXTER	☒	☐
MILLER	☐	☐	RYAN	☐	☐
BUCHANAN	☒	☐	SPEAKES	☐	☒
CHAVEZ	☐	☐	SPRINKEL	☐	☐
CHEW	☐	☒	STEELMAN	☐	☐
DANIELS	☐	☐	SVAHN	☒	☐
FIELDING	☒	☐	THOMAS	☒	☐
HENKEL	☐	☐	TUTTLE	☐	☐
HICKS	☐	☐	ELLIOTT	☐	☒
KINGON	☒	☐	 FAULKNER	☐	☒
LACY	☐	☐	VERSTANDIG	☐	☒

REMARKS: Please provide any comments on the attached talking points directly to Ben Elliott by 10:00 a.m. Tuesday, with an info copy to my office. Thank you.

RESPONSE:

(Noonan/BE)
March 3, 1986
12:30 p.m.

Received
PRESIDENTIAL TALKING POINTS: BREAKFAST WITH GODFREY SPERLING
BREAKFAST GROUP
WEDNESDAY, MARCH 5, 1986

- Thank you, my man Godfrey. I've always wanted to say that.
- There's only one way to begin today: Listen you sons o' --. You know I was a broadcaster way back when. I also played in a series of movies in which I portrayed reporters as clean living young crusaders motivated solely by a thirst for truth. I used to grab a phone and say, "Hello, city desk? I got a story that will blow this town wide open!" So I think I could argue that I've earned maybe honorary membership in your profession. And if you agree that takes care of how to address you: 'Fellow S.O.B.'s...'
- I want to congratulate Budge for 20 years of the Sperling Breakfasts. In this town at least you've really helped establish the fact that mother was right: the first meal of the day is the most important. And Budge, I want to congratulate you also on the beginning of your fifth decade with the Monitor. They told me Horace Greeley was your copy boy, but I didn't believe them.
- I am eager to take your questions, but before I do I want to outline for you the thinking behind our push, our concerted effort, on the issue of aid for the Nicaraguan freedom fighters.

- I'm going to give you some plain declarative sentences.
Nicaragua is not just a "foreign policy" question -- it is a national security question. We can help the people of Nicaragua, or we can ignore the problem. If we ignore it, we can predict with absolute certainty the consequences.

- The Communist dictators of Nicaragua, if allowed to proceed unopposed and unchallenged and unquestioned, will attempt to destabilize their neighbors,
 - bringing a state of perpetual war to Central America,
 - bringing untold hardship and misery to the people there,
 - and creating what communism always creates: a huge refugee machine.

- To abandon the democratic forces of Nicaragua is to abandon Central America -- and ignore its enormous strategic importance to the United States. I want to stress that foreign policy decisions are, as you know, often very, hard-headed calculations. We support the democratic forces in Nicaragua not because they're like us, and not because we have a romantic attachment to ideas like freedom and fairness. Ultimately we support the Contras because they can win and bring democracy to Nicaragua -- and if they bring democracy to Nicaragua, they bring peace to Central America.

-- The Sandinistas have betrayed their revolution, abused their own people and rescinded the most basic human and civil rights. To do nothing is to condone the current horror. But if we do what's right now we change the story completely.

-- And by the way: the Contras can succeed, they can make a difference here. And we're going to help them. And it's so important that I'm going to speak about this every chance I get, I'm going to work the Hill and talk to the American people and try to get the facts out. We're spending an unprecedented amount of time on this -- and the reason is simple: it's that important.

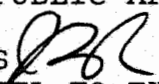
-- I'm eager for your questions. And I do want to say thank you, all of you, for making this forum possible. It's always good to be here with friends.

THE WHITE HOUSE

WASHINGTON

March 12, 1986

MEMORANDUM FOR THOMAS F. GIBSON III
SPECIAL ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PUBLIC AFFAIRS

FROM: JOHN G. ROBERTS 
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Talking Points on Science and Technology

Counsel's Office has reviewed the above-referenced talking points and finds no objection to them from a legal perspective.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING☐ H - INTERNAL☐ I - INCOMINGDate Correspondence
Received (YY/MM/DD) 1 / 1Name of Correspondent: David Chew☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: Presidential Talking Points on Science
and Technology.**ROUTE TO:****ACTION****DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUHOLL</u>	ORIGINATOR	<u>86103112</u>			<u>1 / 1</u>
	Referral Note:				
<u>CUAT18</u>	<u>R</u>	<u>86103112</u>		<u>S</u>	<u>86103112</u>
	Referral Note:				<u>2:00 pm</u>
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>

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FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: Comments directly to Tom Gibson; info.
copy to David Chew.

Keep this worksheet attached to the original incoming letter.

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Always return completed correspondence record to Central Files.

Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

WHITE HOUSE STAFFING MEMORANDUMDATE: 3/11/86 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 p.m. 3/12/86SUBJECT: PRESIDENTIAL TALKING POINTS ON SCIENCE AND TECHNOLOGY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	LACY	☐	☐
REGAN	☐	☒	POINDEXTER	☒	☐
MILLER	☒	☐	RYAN	☐	☐
BALL	☒	☐	SPEAKES	☐	☒
BUCHANAN	☒	☐	SPRINKEL	☐	☐
CHAVEZ	☒	☐	SVAHN	☒	☐
CHEW	☐	☒	THOMAS	☒	☐
DANIELS	☒	☐	TUTTLE	☐	☐
FIELDING	☒	☐	GIBSON	☐	☒
HENKEL	☐	☐		☐	☐
HICKS	☐	☐		☐	☐
KINGON	☒	☐		☐	☐

REMARKS: Please provide any comments/recommendations on the attached talking points directly to Tom Gibson by 2:00 p.m. on Wednesday, with an info copy to my office. Thanks.

RESPONSE:

SCIENCE AND TECHNOLOGY FOR AMERICA'S FUTURE

- o As a result of Reagan Administration policies that helped provide a supportive climate for private initiative and individual enterprise, America is entering a golden age of technological discovery.
- o As President Reagan has said, "There are no limits to growth when men and women are free to follow their dreams."

Keeping the Spirit Alive

- o Advancing the technological era requires close and appropriate cooperation between the government and business, education, and scientific communities. The federal government can target the process of innovation, setting policies and encouraging attitudes that enable Americans to be their best.
- o President Reagan has changed the emphasis of federal research and development programs to target high-cost, high-risk, long-term research. In FY 1985, 42 percent of all federal non-defense R&D funding will be for basic research, compared to 29 percent in FY 1981.
- o The President's FY 1987 budget proposes a 16 percent increase in budget authority for R&D, including facilities. Under the President's proposal, the Energy Department, the National Science Foundation and NASA will get a combined 13 percent increase for basic research. Projects funded include:
 - Development of a joint U.S.-French satellite to study the surface topography of the world's oceans.
 - Development of the Orient Express, a revolutionary type of aerospace plane that will cruise at 25 times the speed of sound, reaching any point on Earth in three hours.

Recognizing Scientific and Technological Achievement

- o On March 12, 1986, President Reagan presented 20 National Medals of Science and six National Medals of Technology, the nation's highest awards in those fields.
- o Winners of the National Medal of Science have helped eradicate small pox, developed synthetics and a hand-held scientific computer, and contributed to the development of high speed flight and space reentry vehicles.
- o Winners of the National Medal of Technology have developed products that drew annual sales of \$15 billion and created 200,000 jobs.