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MEETING AT CAMP DAVID

February 5, 1982

Mr. Deaver

CAMP DAVID (2/5) FOLLOW-UP

The following actions were generally agreed to merit follow-up:

ACTION

LEAD RESPONSIBILITY

(A) RE ECONOMIC PROGRAM

- (1) Develop a plan for possible endorsement/advancement of a balanced budget constitutional amendment -- in possible association with a temporary VAT and trust fund to bring the budget into balance.

(1)(a) Harper for substantive analysis/development;
(1)(b) Legislative Strategy Group (LSG) for political analysis/timing.

NOTE: This idea was based upon an agreed premise: that we must, at least as a matter of psychology, convincingly suggest the seriousness of a longer-term attack on deficits.

- (2) Develop a communications plan in support of the proposition that proposed budget cuts do not hurt the truly needy/ social safety net.
- (3) (a) Do not attack the Federal Reserve Board publicly; (b) have follow-up internal meeting to clarify admin. views on monetary policy; (c) have further follow-up meeting with RR and outside Economic Advisory Group.
- (4) (a) Reduce external appearance of economic confusion; (b) attend to credibility and consistency of numbers and presentations; (c) involve economic people in whom the business and financial community have confidence.
- (5) Consider tax acceleration and other tax adjustment proposals as legislative context may require.
- (6) (a) Develop list of smaller proposed budget cuts that have very high political-heat-to-dollar-savings ratio, and that have low probability of achievement -- and (b) trade these as may be desirable.

(2)(a) Stockman for substantive detail; (2)(b) Gergen for communications plan.

E. Meese -- coordinating others as necessary and appropriate.

Meese/Baker -- coordinating others as necessary and appropriate.

LSG -- in appropriate coordination with economic advisers.

Stockman and LSG.

- (7) Get President involved in show of concern for basic industries -- particularly re housing, and associated financial institutions issues. Deaver, Dole, et al.
- (8) (a) Give greater emphasis to international reciprocity -- especially re services and investment -- and (b) consider Presidential speech on subject in area hurt by imports. (8) (a) Brock;
(8) (b) Deaver.
- (9) Develop and apply deadlines to assure satisfactory rate of progress in regulatory reviews. Harper/Demuth/Williamson.
- (10) Push for Regulatory Reform legislation -- but not to the point of fracturing our coalition re legislative veto. LSG.
- (11) (a) Continue to push for satisfactory Clean Air Act, but without exacerbating problems of environmental backlash. (b) Find something environmentally positive to counter-balance current prevailing image. (a) LSG; (b) LGS/Fuller.
- (12) By March 8, decide on timing re submission of accelerated natural gas deregulation -- taking into account severe political downside. Views pulled together by Darman/Fuller. Will have to go to President, after review by LSG.
- (13) Develop and implement small business initiative and action plan. Dole, Fuller.
- (14) Examine "far out" ideas -- such as government purchase of last years of long-term, low-interest loans (as aid to housing); gold-backed bonds (as aid to interest rates); etc. Harper (OPD).

(B) RE ROLE/STRUCTURE OF GOVERNMENT

- X (15) (a) Sell Federalism for all it's worth -- without assuming it can be enacted this year, and without assuming the budget/economic issues can be avoided. (b) In this connection, get the RNC to publish and distribute an appropriate sales brochure. Williamson.

- (16) Push hard for the energy reorganization (which has some chance of enactment), but be willing to wait for the education reorganization (which has close to zero chance this year). LSG.

(C) RE SOCIAL ISSUES

- X (17) Re busing/abortion/school prayer: provide supportive Presidential rhetoric; but leave lead on the hill. OPD/Bakshian/LSG.

- X (18) Give Presidential speeches on shared values and restoration of national pride. Deaver, Bakshian.

- (19) Re voting rights: do not get in the forefront of opposition to the House bill. LSG.

- X (20) Re civil rights generally: find some initiative/action(s) to help offset recent adverse publicity. Deaver et al.

- (21) Identify key constituent target groups; and develop action plans for each. Deaver et al.

(D) RE FOREIGN AFFAIRS/NATIONAL SECURITY

- (22) (a) Increase quality and degree of White House backgrounding; and, in general, (b) develop a strengthened foreign policy communications plan. Clark/Gergen.

- (23) With respect to public Presidential involvement in Central American policy statements, do not highlight El Salvador; as appropriate, do emphasize only the positive, economic-developmental elements of the Caribbean Basin Initiative. Clark/Gergen.

- (24) Return to North American theme (Mexico/U.S./Canada), with appropriate Presidential initiatives or actions. Clark/Deaver.

- (25) Explore the possibility of a Brezhnev summit and/or a peace initiative (emphasizing nuclear arms reduction, with savings allocated to needy). Clark/Deaver.

(E) OTHER

- (26) ✓ Beef up the outside communications support through the RNC; and use to support Cabinet/Congress in addition to President. Gergen/Rollins.
- (27) Make better use of the VP in the implementation of communications strategies. Gergen.
- (28) Increase the visibility of politician-type salesmen relative to technician-type salesmen. Gergen.
- ✓ (29) Assure that policy initiatives are better integrated -- with more lead time -- in communications planning. Deaver Luncheon Group -- supplemented, as approp., by Gergen/Speakes/Jenkins/Darman/Fuller meetings.
- (30) Use RR live on network news Deaver/Gergen.
- (31) Don't ignore crime Meese et al.
- (32) Have RR seen to be working actively on economy -- bring in business leaders/financial leaders. Deaver/Dole.
- (33) Build/preserve sense of Republican unity -- RR meet often with Hill/Govs. Deaver, Duberstein, Williamson.
- (34) Take preventive actions rel. summer demonstrations.
- (35) Develop plans to counter image problems re: Deaver group.
- lack of compassion
 - pro-rich-vs.-poor
 - pro-war
 - competence

Trips - look at other things to do

*scheduling ideas -
give them objectives
- Finkelestein*

① 1% National Sales Tax
assessment
(better word)
on Non Essential Items
for a fair period
of time to Balance Budget
only

② 6 month delay in Tax
Relief

CRITICAL POLICY ISSUES

I. ECONOMIC ISSUES

A. INTEREST RATES

Monetary Policy
Federal Reserve Board

B. UNEMPLOYMENT

Employment Training
& Development

C. BUDGET

1. Cuts

{ Poor + Needy / Medicare + Medicaid
Social Safety Net

2. Deficit

Balanced Budget Amendment

D. ENTERPRISE ZONES

E. PSI

II. BUSINESS & INDUSTRIAL DEVELOPMENT

A. REGULATORY REFORM

B. TRADE / EXPORTS

C. BASIC INDUSTRIES

Autos
Housing
Steel

D. CLEAN AIR ACT

E. NATURAL GAS DEREGULATION / FUEL USE ACT

Jobs
Productivity
Competitiveness
Innovation
Economic
Expansion

III. STRUCTURE & MANAGEMENT OF GOVERNMENT

A. FEDERALISM

B. REORGANIZATION

1. Energy

2. Education

C. EFFICIENCY & COST CONTROL

IV. SOCIAL ISSUES

A. BUSING

B. ABORTION

C. SCHOOL PRAYER

D. VOTING RIGHTS ACT

E. DENIAL OF TAX EXEMPTION TO RACIALLY DISCRIMINATORY SCHOOLS

V. PUBLIC INFORMATION / NEWS MEDIA

A. INTELLIGENCE AGENTS IDENTITY ACT

B. FREEDOM OF INFORMATION ACT
General
Intelligence Agencies

C. CLASSIFICATION OF DOCUMENTS

D. SECURITY OF CLASSIFIED INFORMATION

C. "ANTI-LEAK" MEASURES

VI. NATIONAL SECURITY

A. FOREIGN AFFAIRS

1. Central America / Cuba / El Salvador
2. Poland
3. Middle East
4. NATO Alliance
5. Congressional Impediments
Foreign Aid
Conditions
Clark Amendment

B. DEFENSE - BUDGET

UN

NATIONAL SECURITY (Cont'd)

C. INTERNATIONAL ECONOMIC DEVELOPMENT

1. Caribbean Basin Initiative
2. Cancun Follow-up

D. ARMS CONTROL

overnight
to White House
has a meeting
night.

Joe

The Hugh Downs article from Time Magazine puts it pretty well. The biggest problem at the moment is obviously the economy. Even the staunchest supporters among the business community are confused, skeptical, and now even critical about certain aspects (in Fed policy, tax reform, trade negotiations, etc.) There is a growing feeling that the President may be isolated by the demands of the job. Get him out of Washington - see people again - draw on the strength of his popularity. On this score I would plan as a regular part of his schedule, informal short slave meetings with business and labor leaders to discuss ways to get the economy back on the track. There are a lot of good ideas out there - just listen. Stockman doesn't have all the answers - he's proved that. Why you continue to put him at center stage mystifies me... politically, he's a real liability.

Joe - you don't have much time. You can't turn the economy around on a dime. If things don't start picking up soon your friends in the Congress will desert you. When this happens you have only the people to turn to. If things aren't looking up - you won't have them either.

Much more than the '82 elections are involved. If the President's program isn't working, all the momentum, enthusiasm, etc. will disappear, and worse he could find himself hopelessly ineffective - a la Carter.

Underlying the economic war is a ticking bomb - the thrift industry. We are headed for a national disaster in terms of failing institutions. It can't help but affect public confidence. And it will happen - in spite of improvements in the general economy. A national solution is really crucial. It will cost money - but the alternative will be more costly.

In some everything I've said is obvious, but I promised to give you a few of my thoughts. There are lots of people out there who are anxious to see you succeed and willing to offer their help. Just ask them.

Bob

ring Government power to the states it is unlikely that they will forget their concern over the huge 1983 and 1984 deficits that seem inevitable, with or without the Federalism initiatives. Republican Congressman Richard Cheney of Wyoming warned Reagan not to expect party support in the House for a badly unbalanced budget. "We've got to show declining deficits," he said. Senate Republican leaders, led by Robert Dole of Kansas and Pete Domenici of New Mexico, have been urging that the red ink be diluted by reducing somewhat the proposed boosts in defense spending and by cutting into some entitlement programs, as well as by raising taxes, if necessary. The Chamber of Commerce leaders also urged the President last week to take a harder look at Pentagon spending. Paul Thayer, chairman of the LTV Corp., told the President: "I've been in defense contracting for over 30 years, and I can tell you that 40% of the cost of the planes I sell is attributable to red tape, bureaucracy and duplicative expenditures."

Although Republicans are concerned about the deficits, many are reluctant to support higher excises to raise revenue. Supply-side true believers, such as House Republican Leaders Jack Kemp of New York and Trent Lott of Mississippi, argue that increasing taxes now would be to abandon Reaganomics before it has had a chance to work. Kemp has pressed on the President a fervent faith that the economy will soon spurt forward as a result of the tax cuts passed last year. But many economists now fear that the recovery, when it comes, will be weaker than the Administration predicts.

Any plan to raise excises would also be militantly challenged by Democrats. Dan Rostenkowski, chairman of the Ways and Means Committee, has labeled the levies "consumer taxes" that put a regressive burden on "the little guy." The Democrats have already focused their criticism on what they say is the unfairness of Reagan's program to the poor and the working class. A film prepared by Democrats as their televised rebuttal to the State of the Union message features average Americans as well as party leaders arguing that the pain of sacrifice is not being distributed equally.

The President's decision to press forward with the New Federalism, rather than concentrate on reducing the deficit, reflects his optimism that Reaganomics will eventually bear fruit. If a significant economic recovery does begin by mid-summer, as the White House predicts, the proposed radical shifts in America's federal system could become the next legacy of a man whose political savvy is constantly being underestimated. If not, the New Federalism may be remembered as nothing but a wishful ploy that merely deferred the day of reckoning for an economic approach that failed.

—By Walter Isaacson. Reported by Douglas Brew and Neil MacNeil/Washington

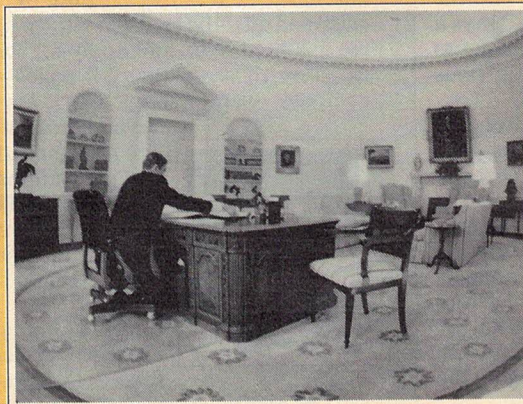
Toward the Functional Center

Is the world better off now than when Ronald Reagan took over the White House a year ago? All sorts of tensions and crises say the answer is no. Is the nation? Not according to the statistics. Have most people improved their lives? Probably not by any arithmetical measurement. But are we less worse off than we might have been with the alternative to Reagan? The answer is yes.

It is on that slender and slippery ledge that Reagan's presidency now sustains itself. Everything is relative. A choice between Thomas Jefferson and Abraham Lincoln we did not have. What might it have been like with unchecked Government spending, along with the inflation, interest rates and taxes of old? Nobody can be sure, but it sounds even more calamitous than the economic troubles that face us now. Judging by some recent polls, that is just what most people have concluded. While they do not think much of the President's programs, they still like the guy, and they want to give his ideas more of a test before making a final judgment. George Gallup found that a huge majority of those he questioned felt a curious kind of satisfaction with life in the U.S. And nine out of ten gave a hearty endorsement to some of those conservative nostrums like "More emphasis on traditional family ties" and "More respect for authority." The man we got for President still has a vigorous yearning for those principles, but his presidency is losing its original shape because a lot of theories have been abandoned as they crashed upon the rock of reality. That may be our best hope.

As we look out over the political landscape, the mighty oaks of budget cuts and tax relief are still standing. But almost every other idea that Reagan planted has been pruned or modified. Since he is going to have mammoth deficits, Reagan has muted his horror at unbalanced books. He may be ready to raise some taxes, even though a few weeks ago, he claimed he was set against the notion.

His reluctance to talk with the Soviets about arms limitation dissolved when Leonid Brezhnev began to win the propaganda war. Reagan championed link-



In the Oval Office, a man being molded

age in East-West relations until he judged that some collective acts hurt America's allies more than the adversary. Thus he continued talks on arms reduction in Europe even as he blamed the Soviets for masterminding the repression in Poland. Reagan unlinked much of his world.

He bowed to the realities of power and denied Taiwan advanced jets lest the sale upset mainland China. Reagan never much liked the idea of nuclear missiles hidden in the desert, but after confused attempts to find other ways to base the new MX, the President is growing tolerant of the protective shelters.

Reagan thought he could help old friends by adjusting the tax rules against racial discrimination; the gale of protest cleared his mind and he belatedly reversed himself. His opposition to the draft was forgotten when it came time to re-new registration for 18-year-old males and he needed to look tough in a skeptical world.

It seems unlikely that Reagan will be able to abolish the Departments of Education and Energy as he wanted to do. More budget cutting is dubious. Refinement of some of the earlier program changes in order to aid the truly hurt will surely be demanded—and accepted.

The Ronald Reagan of 1982 may smile and wave much as the 1981 version did, but this President is becoming something else—a moderate. Public response has a molding influence on men of both left and right who occupy the Oval Office, inexorably nudging them toward the functional center.

Ronald Reagan has kept purpose high, preserved hope and humor, ignited debate. That is not an inconsiderable contribution. But his chances for earning greater tribute lie not in being true to his old radical-right self, but in learning to live in the middle, where his principles of economic restraint at home and military authority abroad can be hammered and fitted and made to work in the world as it is.

ious staff, Reagan has been wondering whether he should recommend additional federal excise taxes. The revenue, some of which would be used to finance the trust fund for the states, would help dent the menacing deficits. Many of the President's top aides believe that the increased taxes are integral to making the New Federalism a significant and credible program. Says one ranking member of the White House staff: "I'm not sure the Federalism package will be able to command much attention without the excise tax increases to fund it."

The Administration had tentatively decided, early last week, on a \$15 billion package of 1983 tax increases, including additional excises on cigarettes, liquor, wine and luxury items. But after a White House breakfast meeting with leaders of the U.S. Chamber of Commerce on Thursday, Reagan had second thoughts about imposing any tax hikes at all. The business leaders urged him to cut the budget further and to give his supply-side theories more time to work before supporting new levies. Responded Reagan: "I can assure you this advice won't roll off my shoulders. I've taken it to heart." Did the businessmen get to Reagan? "No," says a top aide, "I believe Ronald Reagan got to Reagan." He decided to rethink the issue over the weekend at Camp David.

Although Reagan has long advocated a shift of programs back to the states, politics has a lot to do with his New Federalism proposal. Among other things, it is a move designed to dominate the 1982 economic debate and buy time for the supply-side program of tax cuts to work its magic. Says a Reagan aide: "The whole idea is to come up with something that does not require us just to respond and defend the economic program. So we're changing the subject."

A draft of the State of the Union message outlining the New Federalism proposals—which will be made whether or not Reagan decides on additional tax hikes—was shown to Republican House Leader Robert Michel and his Senate counterpart Howard Baker last week. "Grand and heroic," pronounced Baker. But some Republicans on the Hill were annoyed that the leaders had not been asked for their opinions as the plan was developed. This was not done, Reagan's aides say, largely because the White House wanted to retain an element of surprise. But members of both parties fear the White House approach indicates a belief that the Republicans can be taken for granted and the Democrats bulldozed again this year. Says Republican Senator Slade Gorton of Washington: "Reagan's tactics will have to be different. He'll have to meet us halfway." One big difference about 1982 is that it is an election year. Scaling back federal responsibilities and imposing excise taxes will be politically difficult, no matter how sensible such moves might be.

Even if most Republicans, and some Democrats, embrace the idea of transfer-

There He Goes Again . . .

To the chagrin and embarrassment of his aides, Ronald Reagan over the years has displayed an uncanny, if unintentional, knack for misstating, misusing, or just plain missing the facts. In his press conference last week, the Great Communicator may have set a personal record in miscommunication. The most conspicuous gaffes:

UNEMPLOYMENT. When asked about the nation's 8.9% unemployment rate, Reagan claimed that, "comparing this to the beginning of our term, there are a million more people working than there were in 1980." Well, that's not quite the point. Besides, the latest monthly statistics indicate that about 100,000 fewer people were working last December than were on the job twelve months earlier. The next day, the President tried to explain to some government officials what he really meant. He said that his staff had averaged the monthly employment figures for 1980 and 1981, instead of simply comparing the statistics for the two Decembers. Thus he claimed there were on the average 97,270,000 people employed in 1980 compared to 98,318,000 in 1981, "which is 148,000 more working in 1981 [than in] 1980." A comparison was still apples and oranges, and the

President missed by a million again. He should have said there were 1,048,000 more people working in 1981 than 1980.

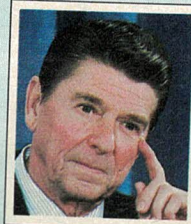
HELP WANTED. Asked about the unemployment rate of blacks, now at 17%, Reagan referred job seekers to the previous Sunday's Washington Post. "There were 24 full pages of classified ads," he said. "What we need is to make more people qualified to go and apply for those jobs." Yet many jobs listed on those 26 (not 24) pages—cellular immunologists, computer operators, psychiatric nurses—demanded skills far beyond those of most unemployed workers. And the Administration scuttled about one-third of federal job-training programs in last year's round of budget cuts.

SEGREGATION. In defending his decision to revoke an Internal Revenue Service rule barring tax-exempt status for racially segregated schools, Reagan claimed that "what we were trying to correct was a procedure that we thought had no basis in law." The thought was wrong. The U.S. Supreme Court in 1971 upheld a lower court ruling that the IRS had not exceeded its legal authority in prohibiting exemptions to schools that practice discrimination.

THE POPE. Answering a question about the U.S. sanctions against the Soviet Union after the crackdown in Poland, Reagan said that he had received a letter from Pope John Paul II and that the Pontiff "approves what we've done so far." The papal message did not mention the sanctions, and the Vatican issued a statement insisting that the Pope had only praised Reagan for supporting "the aspiration of [Polish] people for liberty."

ABORTION. Asked whether he would allow one of his daughters to have an abortion if she had become pregnant after having been raped, Reagan shied away from a direct answer. But he sadly observed that, as governor of California, he signed an abortion law in 1967 that "literally led to abortion on demand on the plea of rape." Not exactly. The rape provision in the California law accounted for only a small percentage of abortions; most of the operations were performed under another section that protected the "physical or mental health of the mother."

PIMA COUNTY. As an example of how local programs can be run more efficiently, Reagan lauded a federally funded hot meal program for the elderly in Pima County, Ariz. He claimed that the project once cost "fifty-some thousand dollars," but that only \$3,000 was spent on food while the rest of the funds paid for staff and overhead. Today, Reagan said, volunteers run the program, \$6,000 is budgeted for food, and the other costs have been scrapped. Not true. According to Frances Freeman, the project's director, \$5,000 was spent on food last year and administrative costs still totaled \$50,000.



CLASSIFICATION

MODE

PAGES 15

RELEASES GLD

DTG 057112Z Feb 82

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

DACOM # 14

DEX # _____

TTY # _____

FROM/LOCATION/

1. THE SITUATION ROOM

TO/LOCATION/TIME OF RECEIPT

1. EDWIN MEESE

✓ Jim Baker

3. MICHAEL DEANER

INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

1. _____

2

SPECIAL INSTRUCTIONS/REMARKS:

White House News Summary

Polkins
has used
the word
IMPERATIVE
11 times
this A.M.

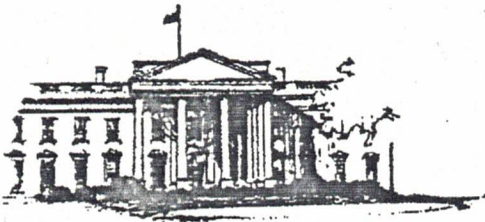
UNCLASSIFIED

CLASSIFICATION

WHCA FORM 8, 26 FEB 81

FORM 8, 25 FEB 81

15 winning
the only reason
we're here?



The White House NEWS SUMMARY

FRIDAY, FEBRUARY 5, 1982--6 a.m. Edition

TODAY'S HEADLINES

NATIONAL

"High-Ranking Soviet Expelled Here" -- The highest ranking military officer at the Soviet Embassy was expelled from the country after being caught by the FBI with incriminating documents, sources said. (Post)

"Senate Approves Severe Curb On Courts In Busing" -- In its first test on controversial social issues this year, the Senate over whelmingly approved legislation that would severely restrict the authority of federal judges to order busing to desegregated public schools. (Post)

"Panel Voice Doubts On 'New Federalism'" -- Despite assurances from the Administration on its "new federalism" Republican and Democrats on the State Governmental Affairs Committee expressed concern that there would be "winners and losers" among the states. (Baltimore Sun)

INTERNATIONAL

"Reagan Reveals Offer Of Disarmament Draft" -- The President, rejecting Soviet leader Brezhnev's proposal for a two-thirds cut in medium-range nuclear missiles by 1990, revealed that the U.S. has laid a draft disarmament treaty on the negotiating table in Geneva. (Baltimore Sun)

"U.S. To Offer El Salvador Military Planes" -- The Administration plans to sell El Salvador troop transport planes, other military airplanes and new helicopters, with funds from the new round of military aid awarded the country this week. (Wall Street Journal)

NETWORK NEWS (Thursday Evening)

SALVADOR -- Government forces claim they have regained control of a rebel strong-hold. (CBS-2, ABC-3, NBC-12)

EGYPT -- Presidents Reagan and Mubarak have agreed to work on a declaration of principles for Palestinian autonomy. (ABC-4)

SOVIETS -- The President has submitted to negotiators at the Geneva Arms reduction talks a draft treaty with the Soviets. (CBS-1, ABC-9, NBC-10)

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INTERNATIONAL NEWS.....A-6

THURSDAY NETWORK NEWS.....B-1

EDITORIALS/COLUMNISTS.....B-3

ST. PETERSBURG TIMES.....B-5

NATIONAL NEWS

HIGH-RANKING SOVIET EXPELLED HERE

The highest ranking military officer at the Soviet Embassy was expelled from the country after being caught by the FBI with incriminating documents, sources said. Maj. Gen. Vasiliy I. Chitov, the embassy military attache and a member of the Soviet intelligence agency GRU, was declared persona non grata, told to leave the country and left on a commercial flight a midday. One official said news of the expulsion was harmful because it probably would prompt the Soviets to reciprocate against an American diplomat stationed in Moscow.

(Charles R. Babcock, Michael Getler, Washington Post, 2/5/82, A1)

Soviet Officer Expelled From U.S.

(UPI)

Maj. Gen. Vasiliy I. Chitov, the embassy's highest ranking military officer, was ordered out for "activities inconsistent with diplomatic status," the State Dept. said. "Sources say he had what were called sensitive documents in his possession at the time but refused to discuss the nature or the content of those documents," NBC news reported.

ROBERT KENNEDY USED TAPES FOR BOOK ON MISSILE CRISIS

President John F. Kennedy's secretly recorded tapes apparently have been use on only one occasion, by Robert F. Kennedy in the preparation of his book on the 1962 Cuban missile crisis, according to the director of the Kennedy Library. The men who were recorded by President Kennedy, including his closest advisers and confidants, said they had not known at the time that Kennedy was taping conversations with them. Many defended the practice, with some chagrin and reluctance, as being helpful for the preparation of presidential history.

(Martin Schram, Haynes Johnson, Washington Post, 3/5/82, A1)

SENATE APPROVES SEVERE CURB ON BUSING IN

In its first test on controversial social issues this year, the Senate overwhelmingly approved legislation that would severely restrict the authority of federal judges to order busing to desegregated public schools. The vote marked the opening round of what is expected to be a series of confrontations this year over the so-called conservative social issues, such as abortion, school prayer and the death penalty.

(Bill Peterson, Washington Post, 3/5/82, A1)

Senate Adopts Tough Anti-Busing Plan

(UPI)

The Senate has adopted a stringent, retroactive prohibition on busing to desegregate public schools -- but the buses won't stop rolling for a long time, if ever.

(Steve Gerstel)

Anti-Busing Bill Passes Senate 58-38

(Baltimore Sun)

Opponents conceded that busing is not popular, but attacked the amendment as "an exercise in unconstitutionality" on the ground that if people suffer from racial discrimination, the courts must be free to remedy that wrong.

(NY Times, wire)

CONGRESS GIVES STOCKMAN CHILLS ON NEW FEDERALISM

Budget Director David Stockman took the President's New Federalism to Congress for the first time and met a chilly reception, with hostile Democrats and nervous Republicans both worrying that some states would lose money on the deal. Stockman failed to dispel fears that particularly some industrial states with high welfare benefits eventually would come unshort under the major shifting of social programs prescribed in the Reagan plan. Judging from the reaction in a committee not notably hostile to the WH, it will run into substantial opposition and there is widespread doubt it could pass this year.

(William Chapman, Washington Post, 3/5/83, A3)

Panel Voice Doubts On 'New Federalism'

(Baltimore Sun)

Despite assurances from the Administration on its "new federalism," Republican and Democrats on the State Governmental Affairs Committee expressed concern that there would be "winners and losers" among the states and that needy individuals in poor states would be hurt when federal funds run out.

(Stephen E. Nodrlinger, 3/5/82, A1)

POLL FINDS MOST THINK RECOVERY PROGRAM HURTS

By a ratio of 2 to 1, Americans say they feel that the President's recovery program has hurt rather than helped the nation's economy so far, according to a new Washington Post-ABC News poll. But a substantial majority also says Reagan's tax and spending cuts will have a favorable effect on the economy a year from now. Half the public says that economic conditions are getting worse, and only one in six says they are getting better.

(Barry Sussman, Washington Post, 3/5/82, A4)

TOP HISPANIC RESIGNS FROM ADMINISTRATION

The President accepted the resignation of Michael Cardenas, the top-ranking Hispanic in his Administration, and replaced him as head of the Small Business Administration with another California, former insurance executive James C. Sanders.

(Lou Cannon, Washington Post, 3/5/82, A4)

JUDGE WARNS OF CONTEMPT CITATION IN SCHOOL TAX EXEMPTION DISPUTE

A federal judge warned Administration officials that they would be in contempt of court if they defy his order and try to restore tax exemptions to racially discriminatory private schools in Mississippi. Administration officials were tongue-lashed as well at a hearing by members of the House Ways and Means Committee who attacked their legal reasoning and, at time, their motives in the controversial Jan. 8 decision to reverse prior policy and grant exemptions for discriminatory schools.

(Charles R. Rabcock, Laura A. Kierman, Washington Post, 3/5/83, A4)

REAGAN SALUTES LIBERATED GENERAL, FAILS SCHOOL PRAYER, ATTACKS ABORTION

The President welcomed Brig. Gen. James Dozier home from 42 days of captivity at the annual National Prayer Breakfast, where he also spoke out on abortion and school prayer, and paid tribute to God for saving his life last March.

(Lee Iacaze, Washington Post, 3/5/82, A1)

EDUCATION PLAN BAR QUOTAS

The President's proposal to downgrade the Education Dept. to a foundation would strip it of all civil rights enforcement powers and would ban the Justice Dept. from seeking to impose racial quotas on colleges accused of discrimination. The bill is certain to face rough sledding in Congress. Several key lawmakers have expressed reluctance to downgrade the dept., and several top dept. officials confide in private that it will be hard to achieve in an election year. (Baltimore Sun, AP, 3/5/82, A1)

CUTS IN IMMUNIZING CHILDREN SEEN LEADING TO RESURGENCE OF DISEASE

Federal cuts in the program to immunize children against diseases such as polio, measles and mumps could lead to new outbreaks of illness costing far more in additional health care expenses, medical experts told Congress. (Cristine Russell, Washington Post, 3/5/82, A5)

CIA ESTABLISHES CODE OF CONDUCT

The CIA, in response to the Libyan activities of two former agents, has prepared a code of conduct to prevent its employees from later using their CIA experience for private gains. A spokesman confirmed the existence of the code, but said, "It is not ready for issuance yet and has to be issued first to employees in the next few days." The spokesman said the "intended handbook" would be made public later. (UPI, Washington Post, 3/5/82, A5)

KIRKPATRICK CALLS RESOLUTION AGAINST ISRAEL 'OBJECTIONABLE'

Chief U.S. delegate Jeane Kirkpatrick said a proposed U.N. resolution calling for punitive measures against Israel for annexing the Syrian Golan Heights was "profoundly objectionable" and "filled with mischief." She said the draft, submitted to an emergency special session of the General Assembly and due to be voted on Friday, was "being noticed throughout our government." There had been a growing number of inquiries from concerned members of Congress, she said. (Reuter, Washington Post, 3/5/82, A18)

REAGAN WANTS TO SLICE \$31 BILLION FROM BUDGET

The President wants to slice an additional \$31 billion from the federal budget in fiscal 1983, mainly by cutting social program. At the same time, he wants to boost military spending. Sources said Reagan will seek to cut about \$2 billion this year from medicaid, the health service for the poor. (Mary Beth Franklin, UPI)

ISRAELI GOVERNMENT CRITICIZES ABC BROADCAST

The Israeli government said that the ABC has presented a deliberately biased documentary on the military occupation on the West Bank. A spokesman for the Israeli government said the documentary portrayed Israel's military as a vicious occupying force that takes land from Palestinian residents and imprisons them for little or no reason. (UPI)

\$109.5 BILLION DEFICIT FORECAST BY HILL PANEL

A record budget deficit of \$109.5 billion for the current fiscal year, nearly triple the target set by Congress last summer, was forecast by congressional budget experts as some House Democratic leaders made a preemptive strike against new cuts planned by the President.

(Helen Dewar, Margot Hornblower, Washington Post, 3/5/82, A3)

INTERNATIONAL NEWS

NICARAGUAN TROOPS UPROOT INDIANS AFTER REBEL FORAYS

Nicaraguan troops have removed thousands of Miskito Indians from their villages along the Honduran border in the remote Atlantic Coast area as part of what officials described as the largest military operation since the 1979 revolution.
(John Dinges, Washington Post, 3/5/82, A1)

MUBARAK MORE POSITIVE TO REAGAN PEACE EFFORTS

Egyptian President Mubarak, whose remarks at the WH seemed to dim U.S. hopes for early progress toward Mideast peace, made a more positive gesture toward the President by publicly endorsing the Camp David peace process for the first time since he arrived. U.S. officials, who have been seeking to put the best face on the frustration of their hopes for a breakthrough on autonomy, appeared to have been taken aback by Mubarak's emphasis on phrases such as "self-determination" and "a national entity." Such terms are regarded in Israel as code words for creation of a Palestinian state in the West Bank and Gaza Strip, and Israel has insisted it will not pursue any autonomy negotiations aimed at such a predetermined outcome.

(John M. Goshko, Washington Post, 3/5/82, A19)

Mideast Mubarak

(Reuter)

Egyptian President Mubarak ends his four-day visit, leaving the Administration strong assurances that Egypt is committed to the Camp David accords as a basis for peace in the Middle East. Mubarak's visits produced other concrete results, although he failed to persuade the Administration to boost U.S. economic aid to Egypt above the present one billion-dollar annual level.
(Bob Horton)

MIDEAST ASSEMBLY

The General Assembly is expected to approve by a sizable majority a resolution calling for punitive measures against Israel and opening the way for its possible ejection from the world body. The U.S. and Israel warned of serious repercussions if the U.N. tampered with Israeli membership privileges.

(Michael Littlejohns, Reuter)

U.N. Votes On Resolution Opposed By U.S.

(UPI)

The U.N. General Assembly called a vote that will almost certainly demand Israel's total isolation for annexing the Syrian Golan Heights and push the U.S. into a new confrontation with the World Body. The State Dept. threatened to cut U.S. funding to the U.N. if it tried to oust Israel. However, the WH said U.N. Ambassador Jeane Kirkpatrick had not threatened to halt funding if the current resolution was not watered down.
(R. M. Sarge)

U.S. OFFERS SOVIETS MISSILE PACT

The President announced that he has submitted a draft treaty to the Soviet Union that would carry out his plan to eliminate all medium-range nuclear missiles in Europe. In Moscow, Brezhnev proposed to reduce U.S. and Soviet medium-range missiles in Europe by two-thirds by 1990 and charged that the U.S. was not engaged in serious negotiations at Geneva. Responding to this charge, WH director of communications, David Gergen said, "We reject the accusation that the U.S. is stalling the INF (intermediate nuclear force) negotiations and we are familiar with the Soviet proposal for phased reductions from an alleged current balance."

(Lou Cannon, Washington Post, 3/5/82, A1)Reagan Reveals Offer Of Disarmament Draft

(Baltimore Sun)

The President, rejecting Soviet Leader Brezhnev's proposal for a two-thirds cut in medium-range nuclear missiles by 1990, revealed that the U.S. has laid a draft disarmament treaty on the negotiating table in Geneva. Mr. Reagan said the initiative was taken "to move the negotiations forward as rapidly as possible."

(Gilbert A. Lewthwaite, 3/5/82, A1)

U.S. Proposes Pact To Reduce Missiles Based In Europe

(NY Times)

The announcement marks the latest American move in protracted diplomatic and propaganda exchanges over the deployment of nuclear missiles in Europe. But neither Brezhnev nor the Reagan proposal represent an substantial change in policy.

(Howell Raines, 3/5/82, A1)

VIOLENCE

The U.S. Embassy has rejected charges of a massacre of at least 150 villagers by some of the leftist guerrillas now stepping up their bid to topple the U.S.-backed El Salvador government. U.S. Ambassador Jeane Kirkpatrick said she saw no prospect of U.S. troops being sent to this or any other Central American country in the foreseeable future.

(Colin McSevery, Reuter)

U.S. To Offer El Salvador Military Planes To Help Replace Recently Damaged Craft

(Wall Street Journal)

The Administration plans to sell El Salvador troop transport planes, other military airplanes and new helicopters, with funds from the new round of military aid awarded the country this week. The shipments would significantly expand the type of military assistance the U.S. send El Salvador, because the U.S. hasn't been providing the country with any military airplanes.

(Gerald F. Seib, 3/5/82, A3)

ARGENTINA SAID BACKING 'PARAMILITARY' DRIVE IN CENTRAL AMERICA

Argentina's military government, working in "coordination" with the Administration, is engaging in paramilitary efforts to undermine Nicaragua's leftist government and choke off supplies to El Salvador's rebels, congressional sources say. The sources said Argentina's intervention includes training Nicaraguan exiles seeking to overthrow the leftist Sandinista government. Congressional sources said it was unclear whether the Administration encouraged Argentina, although the State Dept. for the past year has been weighing the possibility of involving the military of a third-party government in the effort to combat growing leftist influence in Central America.

(Robert Parry, AP)

ARMS—CBS's Dan Rather said the Administration tried to go one better than the Soviets. The President has submitted to negotiators at the Geneva Arms reduction talks a draft treaty with the Soviets that would make "a major contribution to security, stability and peace" and rejected a proposal by Leonid Brezhnev that called for a two-thirds cut in nuclear weaponry.

CBS's Bill Plante reported the U.S. draft treaty says the U.S. would not deploy Pershing II and ground-launched cruise missiles in Europe as planned if the Soviets dismantle their SS4, SS5 and SS20 missiles. President Reagan called on Brezhnev to "join us in this important first step to reduce the nuclear shadow." The Soviets claim that the medium-range nuclear forces in Europe are about equal on each side. The U.S. disputes this. A WH spokesman Thursday repeated the charge that the Soviets don't count their missiles based east of the Ural mountains. Plante calls the Soviet proposal and the U.S. response part of a propaganda battle aimed at the Europeans. Administration sources indicate that there is no real expectation of early progress — just the wish to convince the Europeans that each side is truly interested in peace. (CBS-1, ABC-9, NBC-10)

SALVADOR—Government forces claim they have regained control of a rebel stronghold in the country's SE. Claims denied by the rebels. All nets report a fierce overnight battle NE of San Salvador. ABC reports on the poor condition of government troops and equipment. NBC said there is growing speculation in El Salvador the U.S. might send troops. (CBS-2, ABC-3, NBC-12)

EGYPT—President Reagan and President Mubarak have agreed to work on a declaration of principles for Palestinian autonomy. The WH announced a new agreement to give Egypt more flexibility with U.S. aid. (APC-4)

JFK TAPE—NBC says they 'taped a lot in Camelot.' All nets show various reactions and review in detail some of the subjects and participants of the meeting recorded. One Kennedy aide says JFK wanted the tapes to stop self-serving leaks in the Administration. Evelyn Lincoln called herself Kennedy's audio engineer. NBC says WH says it tapes only press interviews. (ABC, NBC-1, CBS-3)

NICARAGUA—ABC's Sam Donaldson says the Administration is pursuing a plan to bring down the Sandinista government of Nicaragua, according to both congressional and Administration sources, maneuvering to see it replaced by a non-Marxist regime. On the one hand, Washington is working hard to bankrupt the Sandinista government. On the other hand, reports persist that Washington is encouraging Argentina to infiltrate para-military forces into Nicaragua to help overthrow that country's forces. Although some sources say such discussions with Argentina never went anywhere, a Nicaraguan army spokesman told ABC that Argentinian soldiers training rebels near the Honduran border. Nicaraguan foreign minister D'Escoto believes there is such a plot. WH will not comment.

NBC reports D'Escoto said Nicaragua would not just stand by and watch the U.S. send troops into El Salvador. (ABC-2, CBS-11, NBC-13)

PLO—New fears of an Israeli-Palestinian confrontation in southern Lebanon. The PLO and the Israelis accuse each other of breaking last July's cease-fire. (ABC-5)

POLAND—Archbishop Glomp arrived in Rome for a strategy session with the Pope on Poland. (ABC-6, NBC-13)

BUDGET—CBS's Rather says the President's economic policy drew new fire on the Hill Wednesday. The CBO is preparing to estimate deficits for the next few years that are 'many billions' higher than the Reagan forecast. Rather said that Stockman conceded to a Senate hearing that the new federalism could cost some states more money. But CBS's Jacqueline Adams reported Stockman said the states will benefit financially under the federalism swap.

All nets show John Glenn questioning Stockman's credibility. Senators suggest new federalism is an attempt to divert attention from current problems in economy.

ABC's Charles Gibson reported members of the House Budget Committee were told today that the FY'82 deficit will be \$109B. Stockman was left to defend the fact that it is \$70B over what the Administration estimated at the beginning of the year. Gibson says congressmen think the Administration's budget numbers deficits are misleading. (CBS-6, NBC-8, ABC-10)

FLIGHT—Crew conversations show the pilots were aware there was ice on their wings before they took off. (NBC-2, CBS-4 ABC-11)

SOVIET—Pentacostal woman in Moscow says the U.S. has done as much as could be expected for her. (ABC-12)

BUSING—A Senate amendment passed Wednesday would not bar busing but it would bar busing of students more than five miles or 15 minutes. It would also allow the AG to file suits to overturn existing busing orders. (CBS, NBC-7)

DOZIER—Leslie Stahl said the President was upstaged Wednesday by General Dozier. All nets show President Reagan at the National Prayer Breakfast, praising Dozier and saying that if Abraham had had an IRA...

Rather adds Italian police have discovered a major cache of Red Brigade arms. (CBS-7, ABC-13, NBC-11)

WILLIAMS—The prosecution has rested its case in Atlanta.

SPIES—NBC reports a senior Soviet diplomat was thrown out of the U.S. Wednesday. The diplomat was picked up by the FBI with 'sensitive' documents in his possession. No comment from State or Justice. (NBC-9)

RAIDS—Justice announced the seizure of over 6 million lbs. of marijuana and the arrests of more than 500 in a joint U.S.-Columbian venture. (NBC-16)

EDITORIALS/COLUMNISTS

POLAND/SOVIET UNION

License for Repression — "Fresh from going out of its way to pay off banks without declaring a default on the Polish loans, the U.S. State Department is now proposing to give an official green light for the Soviet gas pipeline, with its attendant further infusions of Western capital into the Communist bloc.... State is proposing that foreign subsidiaries and licensees of U.S. concerns be explicitly exempted from the export controls applies to American companies in the wake of the crackdown in Poland. We hope -- without any particular confidence, given the recent results of White House staffing -- that whoever signs off on this proposal understands its implications. This would be anything but a move to make U.S. law neutral abroad. It would be an explicit, affirmative action by the American government to insure that the pipeline and the new Soviet loans go forward." (Wall Street Journal, 2/4)

When to Fire the Default Bullet — "What's this? Just as the 'Solidarity Day' campaign is at high crescendo we find out that the Administration is secretly bailing out the bankrupt Polish economy by paying off defaulted loans...The Polish regime should be told that unless certain conditions are met -- especially the kinds of liberalizing economic and social reforms that are the country's only hope of getting out of its economic jam -- the default bullet will be fired. If the reforms do take place, it might be possible and desirable to maintain Poland's shaky credit rating at a high enough level to get the economy functioning again. But if the reforms do not materialize...then, bang!" (Chicago Tribune, 2/4)

EL SALVADOR

Vietnam and El Salvador — "El Salvador is not Vietnam...yet the conflict evokes eerie memories of the terrible U.S. entrapment in Southeast Asia...the United States must not be paralyzed by the trauma of Vietnam, but neither must it spurn the body of knowledge and experience acquired at any cost." (Baltimore Sun, 2/4)

Hard Questions Raised in Aiding El Salvador — "There is...another choice. It is to use American aid as an instrument to persuade, or compel, the armed forces to end their terror, the regime to proceed with an effective land-reform program and all sides to strive for a political solution. That won't be easy. It may not succeed. Yet if El Salvador is to survive without deepening American involvement and possibly American military action, it must be pursued while there is still time." (Philadelphia Inquirer, 2/4)

FOREIGN POLICY

A European Initiative — "Look around the world, and it becomes clear why the President has to take a few seconds off from domestic business to make a major foreign policy address. For the global picture is one of American power eroding everywhere all at once. So the Administration has to discriminate the important from the trivial, and the potential winners from the sure losers. Only then will it be possible to focus attention on the one clear foreign policy priority for 1982 -- refurbishing the Atlantic alliance, the better to deal with the Soviet Union." (Joseph Kraft, Washington Post, 2/4)

LEAKS

Secrecy: the Hard Way — "...in the atmosphere that will be created by secrecy pledges and lie-detector tests, there will be a natural tendency throughout government to over-classify information in order to be on the safe side. This stands to have several side effects. One is to provide the President's team with a handy way of burying politically embarrassing information...another is excessive compartmentalisation of information...this makes for bad policy decisions... Unfortunately, it appears that Reagan and his team will have to learn the hard way." (Los Angeles Times, 2/4)

MONEY SUPPLY

Some Hits And Misses — "Reagan administration officials have stepped up their criticism of the Federal Reserve Bank...Indeed, the Fed has many problems, some of which may be of its own making...Did the money supply grow too fast or too slow? Neither or both. But specifically, it grew too erratically...One criticism is that the Fed relies on delayed information to make money supply decisions....What's needed is not only a better system to gauge the fluctuations of money supply, but more attention to a steady long-term expansion. If the Fed maintains the roller-coaster course, the economy could jump the track." (The Dallas Morning News, 2/4)

CONSUMER GROUPS

Rapping On Reagan — "The Reagan administration just couldn't do anything last year to please the consumers-rights lobby in Washington...Where did we get the impression that budget cuts and deregulation — not to mention the biggest tax cuts in U.S. history — were meant to help consumers, heaven knows what they'll start pushing on the day they decide to be against consumers." (The Dallas Morning News, 2/4)

A Welcome Retreat — "We are gratified that the Reagan administration has retreated from what we felt was an untenable position and now is asking Congress to partially restore cuts in federal funds that would have crippled the Texas Employment Commission (TEC) and job-placement programs in other states." (Dallas Times Herald, 2/4)

BLACK HISTORY WEEK

Reagan Turns the Clock Back — "History shows us that the 'new federalism' and President Reagan's proposal to turn all responsibility for the major social welfare programs over to states is an attempt to thrust black America back into an era when economic depression and the denial of opportunity was the law of the land...and that history tells them that states' rights, and weakening their voting rights gives them no reason to have confidence in either Reagan or the future."

* * *

On January 24, 1982, the St. Petersburg Times ran a feature during their annual Business Preview, in which they asked Florida business leaders for a forecast for the year ahead in their business. "To get a sense of how the Florida business community views the Reagan economic program at the end of the President's first year in office, we asked the letter writers to tell us how Reaganomics looks to them now. 'Is it a good program that needs more time?' we asked, 'Or would you urge the President to modify the program, retaining the good, scrapping the not-so-good?' The survey found 60 percent of our respondents favoring 'no change'; 23 percent favoring some changes or mildly to severely critical of the program and 17 percent no commenting."

Following are excerpts from some of those comments:

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EDWARD L. FLOM, Chairman, Florida Steel Corp., Tampa.....

"President Reagan is the only president during my adult life that has not headed us on a path of mediocrity. After such a long time of ill-conceived national programs, we cannot expect to rectify this in one month, one year or even perhaps one term. President Reagan has returned fiscal, monetary and political integrity to the United States."

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WILLIAM C. DAVIS JR, Exec. VP, Committee of 100 of Pinellas County.....

"We should commence feeling some effect from the increased defense spending this year, thus causing increased employment and some plant expansions among our existing defense industries. Our medically oriented industries should continue to expand also."

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CHESTER R. FERGUSON, Chairman, First Florida Banks, Inc., Tampa.....

"My personal opinion is that the reduction of taxes and the curtailment of governmental spending are the most progressive steps taken by government in the last 40 years. When these programs are fully implemented, a better free enterprise system will result. Opportunity for both business and individuals to accumulate by thrift, and not to depend on public handouts or a welfare state, will be a substantial improvement in the future outlook of society."

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HUBERT DRECKMANN, VP & GM, Silor Optical of Florida, Inc.....

"While his program will face some testing in 1982, I am hopeful that the administration, acting with prudence and flexibility, will achieve its essential objectives."

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CHARLES K. CHEEZEM, Omn-President, Cheezem Development Corp, St. Pete & Miami...

"Despite the hardships imposed on the housing industry by President Reagan's economic policies, the American builder will find a way to finance his product; those who cannot will suffer. This is where our economic recovery will lie. There is still a chance for the success of Reaganomics....We've already seen a significant drop in the inflation rate."

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(more)

DONALD R. CRANE JR., President, St. Petersburg Downtown Improvement Corp.....

"The Reagan fiscal policy should not have a serious effect on our redevelopment program, but it will slow our progress. Reagan was ill-advised to curb taxes while rebuilding our military defenses. No doubt some social welfare cuts are going to have a negative impact on education, crime, the environment and the rebirth of cities."

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RUTH GORDON, Branch Manager, Fidelity Brokerage Services, Inc., Clearwater.....

"My advice on President Reagan's economic program is directed not to him, but to 'us, the people': It deserves our full support and patience to make it work."

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EMMET C. LEE, Director, Port of Tampa.....

"Although the course of the nation's economy during 1982 is certainly a matter of conjecture, we're inclined to be on the optimistic side and our plans for the year are so oriented."

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GILBERT S. FORTUNE, Chairman, Resort Inns of America, Inc., St. Pete Beach.....

"Mr. Reagan's approach to the economic package passed in July was, in the context of its time, at least a change from the direction we were going under the Carter administration. On Balance, I don't believe sufficient time has passed to 'write it off.'"

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WILLIAM H. MILLS JR, Exec. VP, Mills & Jones Construction Co., St. Petersburg...

"We are extremely optimistic about our business, the construction industry and the state as a whole during the forthcoming year, and expect continued growth... While the President's economic program has not lived up to his total expectation and has, in fact created considerable hardship in many sectors, nevertheless we feel it will accomplish its generally intended goals."

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ANDREW H. HINES JR., President, Florida Power Corp, St. Petersburg.....

"...already the detractors of President Reagan's economic policies are making their voices heard....These new efforts enjoy broad-based, bipartisan political support. They deserve a good chance to succeed....This could be the time when we finally get a grip on a situation that has been dragging us into that deep hole for so long. I feel better!"

- - -

BARRY M. ALPERT, President, Orange State Life Insurance Co., Largo.....

"Reaganomics, in my judgment, has not restored public confidence. With his tax cuts, he has attempted to make the economic pie larger. Unfortunately, a larger piece of the economic pie is not developing for most consumers....The unemployment rate will continue to grow and the money markets will continue to be unpredictable. It looks like 1982 will be another year that will defy the forecasters pencil."

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HAROLD D. HOLDER, Chairman, American Agronomics Corp., Tampa.....

"I feel that President Reagan's programs are movement in the right direction for the economy of the United States. The circumstances which caused our country to be in this financial state go back over two decades. To correct these trends cannot be administered by 'quick fix.'"

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JEROME T. AMBROSE, President, Franklin Federal S&L Assoc., St. Petersburg.....

"It is too early to tell whether the Reagan administration's economic program will produce its desired results. There can be little doubt that thus far its economic hardships have fallen quite unevenly on varied segments of our economy. We would hope that a broadened effort would be made to curtail unnecessary federal expenditures and to reduce the federal budget deficit."

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W. DANA ROEHRIG, Dana Roehrig & Associates Inc., St. Petersburg.....

"I feel...President Reagan is the man necessary in his time to reverse runaway socialism, and more insidiously, massive federalism....Reaganomics, or by whatever name you call it, will work. This country is bursting at the seams to get going; watch and help, don't impede and criticize."

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LOUIS D. BROWN, JR., Realtor, Lou Brown Realty Inc., St. Petersburg.....

"Many other factors point toward the business world rebounding and rebuilding in the new year ahead. It may not be such a good year socially and morally, in light of the present administration's policy of 'guns over butter.'....Perhaps if administration policies showed signs of becoming more aware about health, social programs, environmental conditions and people's rights in general, the new year could rise above all expectations and be long remembered."

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MEL SEMBLER, Mel Sembler Associates, St. Petersburg.....

"My position on Reaganomics is supportive; however I believe it will take time for Reagan's policies to stabilize the economy. The only change I would recommend would be to eliminate some of the proposed tax cuts to reduce the projected budget deficit. We must bring inflation under control to restore the economic health of our country."

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BOB GALLACHER, Gallagher & Co., Realtors, Treasure Island.....

"As to President Reagan's economic package, although I am pleased with the general direction of his program, it is still too soon to evaluate the impact of all his changes. The current recession stems from past conditions that have been inherited through policies of previous administrations. I, for one, am willing to be patient and optimistic and afford him my support until the results are counted."

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JOE CORDELL, President, Jim Walter Corp., Tampa.....

"One encouraging sign of economic progress is the decline in the rate of inflation; but long-term economic recovery has and will continue to depend largely on the success of efforts to reduce the federal deficit."

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(more)

ROBERT B. ROBERTS JR., President, The R. B. Roberts Co., St. Petersburg.....

"The commercial real estate market looks good for 1982, because of the Economic Recovery Act of 1981, with the new 15-year depreciation schedule and increased investment tax credits for restoration, will emerge as the biggest boon to real estate investments ever seen....Reaganomics seems a bitter pill to most, but the healing takes longer than the diagnosis. All of us must hold on, be prudent and support our favorite cause. We can no longer depend on Uncle Sam to solve all our problems."

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JAMES C. VLAHAKIS, General Manager, Sperry Gyroscope, Clearwater.....

"Personally, I view the current administration's economic policies as steps in the best direction, but the tax incentive program must go further to stimulate a large investment in R and D."

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RALEIGH W. GREEN, Chairman, Florida Federal S&L Assoc., St. Petersburg.....

"Interest rates are currently the most inflationary major item in our economy, and claims of the administration in Washington notwithstanding, there is no way to realistically project lasting relief from economically high rates so long as the federal government continues to consume record portions of the nations' available capital to finance a mounting federal debt."

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C.I. CULBREATH, President, Teco Energy Inc., Tampa.....

"Nationally, inflation remains at a troubling high rate, but the President is leading us in the right direction -- let us continue on course."

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JAMES J. WOODCOCK, Res. Mgr., Bache Halsey Shields Inc., St. Petersburg.....

"A meeting of the minds between the administration and Congress is imperative to produce effective legislation for revenue enhancement (taxes) and additional spending cutbacks. In this case we feel the President must exercise more flexibility with regard to spending and tax cuts if he expects Congress to accept his budget proposals."

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W. CARY BRENT JR., President/GM, Innisbrook, Tarpon Springs.....

"I am confident that, given time, the programs put together by the President will have a positive effect on the economy. We have been building up to our inflationary predicament for years. We...should not expect it to go away overnight."

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JOANE H. MILLER, President, Country Woods Inc., Pinellas County.....

"My message is, 'Let's keep believing and supporting Reaganomics!'"

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CRAIG L. STARNER, Econ. Development Analyst, Board of County Comm., Bradenton...

"To President Reagan and Chairman Volcker: 'Recent declines in inflation are encouraging but presently at a very high price.'"

* * * * *

President Reagan is undoubtedly better at using television than any American political figure ever has been. He clearly is a strong communicator and a true master of coming into people's living rooms via television and making them feel comfortable.

Two forms of televised communications are generally associated with Presidents. One is a press conference; the other is a speech read to the public on teleprompter, normally running between 15 to 30 minutes.

President Reagan is better than average at press conference questions and answers, but it is not his strongest form. There is simply no way for a public figure to be briefed on all potential questions. The press corps is more concerned about trying to stump the President than eliciting information. Therefore, the current White House strategy on press conferences is correct, in my opinion.

As far as giving a speech is concerned, the President is obviously superb, but I think there is a possible third way the President could use television. Let me explain. President Reagan has a high popularity level, and a high likeability quotient with the public. However, both written and electronic press continue to chip away at President Reagan by continually raising questions about his grasp of the job and, most importantly, his compassion for people.

The public wants to believe in the President. They want to believe he has compassion for poor people. However, all of the press recently has been aimed at the perception that he only helps the rich and really doesn't care about anybody else, especially those who are unemployed. If the press succeeds in convincing a

February 2, 1982

majority of Americans this perception is true, the Presidency will be significantly weakened.

It is my judgment that if President Reagan, on a regular basis, requested the time from the networks, not necessarily all three networks at the same time, for a brief (not longer than five minutes) update to the American people on a particular issue, he would be able to clear the time.

Let me give you an example. If he were to call John Severino at ABC and say "John, I don't have a formal statement and I don't want a press conference because I've answered all the questions that I'm prepared to answer, but I do want to update the American people on the unemployment situation. Could you squeeze in 3 minutes for me someplace in prime time." My guess is that they would cancel some network promos and perhaps give him the 3 minutes. Even if he couldn't get prime time, let's say he got the late news adjacency from the local stations, and he sat on the front edge of his desk and he said: "Ladies and gentlemen I'd like to thank ABC for allowing me these few minutes just to update you on a problem which is troubling me. As you all know, unemployment is somewhat higher than it has been in recent months. For years we've heard that there's a tradeoff between inflation and unemployment. If one goes up the other goes down and so on. And, of course, we've always been accused as Republicans of not caring about people. Well, that's just not the case. As you know, inflation is down under 9% and that has been particularly important to people on fixed incomes. But I want you to know that I am also working very hard on unemployment. My father was unemployed at one time, so I know how unemployment can devastate families. I'm terribly concerned about it and because of that, I have my top experts working everyday on trying to figure out how to get more people working."

"The one thing I do want to point out to you is that I believe in our Economic Recovery Program. I believe it is correct. I believe that if we stick to it, not for the 10 or 20 or 30 years that it's taken to get us into this mess, but a couple of years, we'll be in pretty good shape. If business today, any business over X million dollars a year in sales volume were to just add X workers in the next month, the unemployment figures would drop dramatically. (The figures need verification). So I'd like business to think about that. A lot has to do with confidence in our ability to turn this thing around. But, at any rate, I just wanted these few minutes tonight to come into your home to let you know that not only am I aware of the unemployment problem, I'm terribly concerned about it and for you people who are not working at the moment, or are hoping to have work, please hang in there, keep trying and we're doing everything we can to keep inflation down, get unemployment down and my heart goes out to you. I am concerned. Thank you very much."

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Now suppose the second week, the President were to update the people on a problem like Poland and he called NBC and said "Could you get me 3-5 minutes after the football game or wherever you want to give it to me. It doesn't have to necessarily be prime time."

In this natural, comfortable way of Ronald Reagan's, what we can devise here is a new way of doing fireside chats using the most powerful medium ever invented--television. The President can stay in touch with the people. Perhaps this could be launched by saying that this is the 100th anniversary of the birth of Franklin Delano Roosevelt. President Reagan has been thinking that one of the reasons Roosevelt was so effective as a leader was that he was able to stay in touch with the American people by way of radio fireside chats.

These "Presidential Updates" do not need to be lengthy, they do not need to be overly written. I think they should be simple and to the point. In effect, they should be put in street language.

There are some obvious negatives to this proposal. One is that the networks might not allow the time. Supposing the President rotated one week NBC, next week ABC, next CBS, next week he calls Ted Turner up and he goes on the super station. Remember, both the written and electronic press are looking for news everyday out of the White House. They are going to cover these attempts to communicate to the people as news items so exposure will multiply. He also could call the president of the Independent Broadcasters of America and clear only the top independent stations in the top 20 markets. It's still a news item. It still would make the wire services, it would still make the evening news in most cases.

Sometimes the news should be good. Sometimes it should be bad. Sometimes it should be "I made a mistake." Sometimes it should be "We've had a relatively tranquil week, everything's been pretty quiet around here and I've been able to get caught up on some of my paper work; let me read a letter to you that I got from a lady."

It's hard for me to believe that the television people would turn down the President.

Now the obvious problem is presented by the Democrats who insist on equal time. This has to be addressed, but if the President were to be allowed 5 minutes a week on the network, on an individual network, and they allowed a Democrat 5 minutes on the individual network, that would mean that the network would only be giving up 10 minutes of time for people to be informed on a national issue. It seems to me that could easily fit under the category or "reasonable access by the President" and the networks

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would not want to balk at that too much. As far as allowing the Democrats equal time, that's fine. There isn't a Democrat alive who can hold a candle to Ronald Reagan in terms of communicating in this manner. Not to mention the fact that there is no clear cut leadership and no real television personality in the leadership on their side. The chances are they would end up rotating people which would fractionalize their message and have very little impact.

I think it's time to unstructure the style of presentation and the message so that the public feels in touch with Washington at least a few minutes a week. Mostly they will accept a President they believe is earnestly, sincerely, honestly, trying to solve their problems. It should not be a whitewash. It should not be a sham. It should be what Ronald Reagan really is; an honest, decent man, who has a damn tough job and he's doing it very well. At once he is a father, he is the leader of the country, he is a friend, he is a concerned parent, he is the leader of the free world. He is compassionate, he is concerned and most of all, he is reachable. There will be those who will say it's highly dangerous. That, for instance, if a Stockman affair took place during the week and the President didn't address it in his remarks, then he would be considered ducking, hiding and whitewashing.

There are two answers to that. One, perhaps he should address it and tell the truth, i.e. "I was darn angry with David Stockman for doing this. I think he got taken for a ride a little bit by a reporter, but I think David was way off base. But I've met with him and I am convinced that he's sincere in his efforts and he believes in our programs and therefore I'm not going to fire him. Now let me go on to another subject that I think is concerning some people and that's Social Security, etc., etc." Two, I honestly believe that if Ronald Reagan tells the people exactly how he "feels" about what is going on they will always respond positively.

If the President can establish this kind of dialogue with the American public, he will be much less vulnerable to political attack by the print media and more importantly he will be perceived to be a better President.

El Salvador. —
2nd year comm. —
PASS —

MEMORANDUM FOR PARTICIPANTS (SEE BELOW)
AT CAMP DAVID MEETING ON FEBRUARY 5, 1982

FROM: RICHARD G. DARMAN *RD*
CRAIG L. FULLER *CF*

SUBJECT: BRIEFING MATERIALS

We were asked to assemble generally relevant briefing materials -- to be read in advance, in order that we might all have some common information base.

Accordingly, we have attached memos on the following subjects -- at tabs correspondingly identified:

- Objectives/Priorities
- Polling Data
- Economic Outlook
- Legislative Outlook
- Political Outlook
- Schedules
 - 6-month Presidential (inc.)
 - Public Affairs
- A Look Back
 - 1981
 - Previous 2nd Years of Presidential Terms
- Problems/Ideas

You will note that the first and last topics -- to which all were free to contribute -- did not attract too many written contributions. But this seems OK, since these are to be the subject of general discussion.

Participants:

Edwin Meese III
James A. Baker III
Michael K. Deaver
William E. Brock
Joseph W. Canzeri
Richard G. Darman
Craig L. Fuller
David R. Gergen
James E. Jenkins
Edward Rollins
Stuart Spencer
Robert Teeter
Richard S. Williamson
Richard Wirthlin

OBJECTIVES AND PRIORITIES: 1982

CLF 2/4/82

There are many areas that require the administration's attention during 1982. Events will force the administration to take actions that we cannot predict now; however, it is useful to consider our priorities and our objectives early in the year and to use a listing of priorities to evaluate our degree of success periodically throughout the year.

The following is offered not as an exhaustive list, but rather as a starting point for determining what we would like to spend time accomplishing.

Objectives:

Objectives may be obvious, but they are worth stating and considering as the use of the President's time is determined and as the administration's priorities are set.

- o Build and maintain the President's ability to govern.
- o Advance major administration initiatives.
- o Demonstrate that the President and the administration understand the problems and challenges facing the nation.
- o Become associated with positive events.
- o Achieve broader congressional support through the 1982 election process.
- o Keep the base of Presidential support as broad as possible.

Priorities

There will always be many items competing for the President's time and for the administration's attention. As part of our planning process, we should consider our own priorities and we should reevaluate them periodically (perhaps during quarterly sessions at Camp David). We will be handed opportunities and we will face numerous problems. Hopefully, an agreed upon set of administration priorities will serve us well as we chart a course and organize for 1982.

The following list raises issues I am familiar with, primarily domestic, that are candidates for our priorities list.

Federalism	Obviously, a high priority that will be a primary focus for the administration.
FY83 Budget	Also a major priority for the administration. We need to develop a legislative strategy for achieving some degree of success.
Interest Rates/ Monetary Policy	The administration needs to be seen as being effective at further reducing high interest rates. This requires more serious attention and study than we have yet given it, but the process has started.
Managing the Government	This, in my view includes a large variety of activities: waste, fraud and abuse; controlling the bureaucracy; personnel considerations within the departments; dismantling Education and Energy; possibly other reorganization efforts.
Unemployment/ Training/ Placement	With record high unemployment, the administration needs a strategy for countering a major domestic problem with positive initiatives. At the same time the initiatives cannot take so long that we are in the middle of a recovery when our program takes affect. To ignore the problem seems to me to be impossible. We need to appear to understand the problem. Emphasizing training and placement activities with site visits by

the President and administration officials could help considerably.

Major Industry Relations

We face two realities: 1) economic conditions will improve and major industries will become healthier and it would be helpful to be associated directly with the turn-around; or, 2) the alternative and then we will need to keep the major job producers "alive." We started last year with targeted meetings with major industry groups and I believe the same should occur in Washington and on the road in 1982. Suggested targets:

- o Automobile industry
- o Housing and Construction Industry
- o Steel Industry
- o Financial Institutions
- o Agriculture

Science & Technology

Few things capture people's imagination anymore and even fewer things that do can be controlled. Scientific achievements (specifically the space program) provide very positive events with which we can become associated. There may be only a few opportunities, but we should consider how to take advantage of them (e.g. the first shuttle landing at the Cape, which occurs this year). More intellectual efforts should be considered, like charting a course with regard to where we would like to be with the US space program. Such activity could be seen as forward looking and positive. There are also many "partnership" opportunities with a growing private sector that is interested in such an effort.

Trade Policy

There is an increasing awareness that the U.S. must compete more effectively in the international marketplace. We ought to consider being more aggressive in this area. It means jobs. Whether we need to reduce non-tariff trade barriers or work to stimulate exports, we have been promised a great deal of

industry assistance and we ought to take advantage of it.

Small Business and Entrepreneurs

This important, growing and seemingly natural constituency of the President's should be given increased attention. Opportunities for meetings should be considered as the President moves around the country. Tax policy, regulatory policy and other policy considerations should be reviewed to determine how the administration might aid this segment of the economy. These businesses represent the new industries and some of the real success stories of the American economy. Many are also the hardest hit by the current economic situation.

Education

As we search for ways to show understanding and compassion as an administration, we ought to consider initiatives in the education area. Education is the great equalizer for many people. The poor, minorities and the unemployed all recognize education as something valuable. We ought to balance some of the criticism we will receive with regard to the Education Foundation with some form of direct involvement by the President in activities that stress our recognition of the importance of education. We could do this in a manner which stresses our attitudes about the role of the Federal government in education. Consider visits to training centers, proprietary schools and even "corporate" colleges. We ought to work with the Private Sector Initiatives group to find various learning environments worth highlighting.

Urban Policy

It seems likely that we will face increasing urban problems. The Enterprise Zone experiment will serve as only an element of what needs to be a broader urban policy. We need to focus on this early, even if we produce nothing until 1983.

Labor

We need a plan. If the goal is to build

relationships with the local leadership, that must be done during the President's trips. A specific strategy ought to be developed.

Private Sector
Initiatives

We should maintain some focus on the program throughout the year. The Presidential trips should include stops at PSI Task Force recommended centers. Other administration officials should participate and meet with groups recommended by the PSI Task Force.

Environmental
Policy

We have seriously alienated the leading environmental groups. We ought to charge the Council on Environmental Quality with the task of determining whether we have a constituency within any environmental organization as well as with the task of determining whether there are any initiatives we could take to improve our standing in this area (the initiatives would have to be consistent with our philosophy). CEQ believes progress can be made in this area and it seems to me worth trying.

POTENTIAL PROBLEMS -- UNLESS REMEDIAL ACTIONS ARE TAKENI. FOREIGN AND DEFENSE POLICY

The risks are of three broad, interrelated kinds:

(A) Substantive Risks

- (1) Mid-East peace process breakdown -- or at least substantial confusion -- when (if) the Sinai is returned (and the more if it is not returned), and autonomy arrangements are not worked out; and if the "Camp David process" is evidently passee, but a successor process has not been developed (as Saudis, we, Europeans, and others all vie for one negotiating scheme or another). The risk is not only that the negotiating process will break down, but also that one interested party or another may take military action; and/or that revolutionaries may take destabilizing action within one of the "moderate" states.
- (2) Further degradation in Central American region -- with the possible "loss" of one or more countries and/or increased attention to the ugliness of the conflict, and/or significantly heightened East-West tension as an outgrowth of U.S. defensive/counter-actions.
- (3) Strains in the Alliance -- as Europeans split over responses to Soviets, as leftists re-agitate over nuclear arms, as protectionist tensions increase, as U.S. interest rates hamper European economic recovery, as Congress (and others) talk of U.S. troop pull-backs.
- (4) The usual mix of uncertain possible complications associated with: Soviet troublemaking; terrorist-"liberationist" activities; and inherent instabilities in Asia and Africa.

(B) Congressional Risks

- (1) Difficulties getting defense budget through. (Note: There is a fundamental incongruity here: requested defense resources are less than amounts necessary to be consistent with declaratory foreign policy, yet more than amounts the political system will now provide.)
- (2) Difficulties getting Clark amendment repeal and various assistance packages through -- with highlight on sensitive policy issues re each.

(C) Risks to Presidential Image

The combination of the foregoing -- unless offset -- may lead to increasing characterization of U.S. foreign policy management as: simultaneously unsuccessful and unimaginative; blustering, while insufficiently idealistic; incoherent; incapable of assuring a stable peace.

II. DOMESTIC POLICY

Again, the risks are of three, interrelated kinds:

(A) Substantive Risks

- (1)-(5) Risk of insufficiently prompt, strong and sustainable economic recovery. [See paper by AG -- which puts the risks of interest rates rising again at "two out of five." NOTE: The AG paper assumes that markets already expect budget deficits of \$120-140 billion for 1984. Let's hope that's right -- because the political realities likely to become clear in the next month will make such deficit projections (or higher) common. (Our own projections will not be judged to be feasible -- without movement on defense or taxes.)]

(B) Congressional Risks

- (1) The main risk, in general, is the risk of an unfavorable stalemate -- one in which we can't get satisfactory Senate action -- preventing us from being able either to get the economic program under control or to campaign effectively against the House.
- (2) For more detail, see RGD Legislative memo.

(C) Risks to Presidential Image

If the economy does not turn favorably soon enough and strongly enough, and if an unfavorable Congressional-Executive stalemate is the mode, the President's program -- as well as his leadership image and "the new partnership" -- will be (temporarily) discredited. If social tensions rise (as the temperature rises), and/or if the image of a "rich-man's President" takes hold, the problem will be compounded.

III. WHAT TO DO

(A) ON FOREIGN/DEFENSE SIDE:

- (1) Play for PR "successes" at Economic Summit and NATO meetings (after systematically deflating expectations).
- (2) Set up a Brezhnev summit to agree upon a comprehensive framework for arms reduction negotiations. (NOTE: It is not possible to conclude either a responsible INF agreement or a responsible START agreement in 1982. It might be possible to agree on a "framework for negotiations" -- and, if not a substantive framework, at least a timetable. This would help on several fronts.)

- (3) Separate the play on the economic/developmental/island-oriented elements of the Caribbean Basin Initiative (positive) from the broader Central American story line (negative). These are, of course, substantively linked. But for PR planning purposes we should bear in mind that the economic development/island-oriented story has a chance of playing positively -- if separated from the incursion/war story. The idea of linking the two to take the sting out of the military action just doesn't, and won't, work.
- (4) Develop a workable (even if only damage-limiting) strategy for the Mid-East, not just continuation of the "Camp David process."
- (5) Find a way to return to -- and reinforce -- the North American theme (Mexico/U.S./Canada) that was emphasized at the start of the Administration. (NOTE: this theme does not have much natural appeal at State.)
- (6) Increase and improve substantially U.S. intelligence and and covert action capabilities. (This is essential in a context where the U.S. aspires to a global role in both stabilization and development, and where conventional military and economic resources are inadequate for the achievement of the aspiration.)
- (7) Consider visit to exotic land(s) -- if desirability of distractive strategy increases.

(B) ON DOMESTIC SIDE

- (1) Do what's necessary to get a budget resolution out of the Senate (but don't plan on getting a satisfactory one out of the House).
- (2) Hype Federalism for as long as it will play.
- (3) Develop and implement plans for minor (low cost) and symbolic actions for key constituencies -- aged, Spanish-surnamed, white ethnics/blue collar, populist/rednecks, (other?).
- (4) Distract attention from economic focus until the economy is clearly turning up -- via a combination of foreign and domestic actions, as noted above.