

THE WHITE HOUSE

WASHINGTON

January 6, 1981

MEMORANDUM FOR JAMES A. BAKER, III

FROM: ELIZABETH H. DOLE

SUBJECT: "Big" Versus "Little": The Need for a
Small Business Strategy

Small business has provided Ronald Reagan with bedrock support during his campaigns for both the Governorship and the Presidency. In terms of enthusiasm, only the Conservative groups have been more supportive; in terms of size, small business is unmatched. Over 14 million individuals own or operate small businesses, employing virtually half the U.S. work force and creating 85% of our new jobs. Few groups, if any, are as important to the future of the Reagan coalition.

Of late, strains and cracks have appeared within our small business constituency. High interest rates disproportionately impact upon the "smalls" (small business) as opposed to the "biggs" (corporate America), and become more aggravated with time. Time is giving us the image of an Administration which favors big over small, whether the subject is the President's tax bill, antitrust policy/mergers, LIFO reform, slow payment by the federal government, federal procurement policy, or even the President's choice of friends.

This growing perception may well be the Democrat's best weapon against us in the Fall campaign, enabling them to claim we champion the big at the expense of the little. This cry may ultimately be more damaging than any lingering effects of a recently-ended recession. Specifically, opposition is already attempting to convince the public that our merger and antitrust policy is one of "anything goes." They point out that corporations set aside multi-billion dollar lines of credit for acquisitions, while small business and others starve for credit crumbs. A number of our small business allies report this approach is proving very successful.

The attached weekend article in the Washington Post tellingly reveals the level of erosion in small business support. I strongly urge adoption of an Administration-wide strategy to get in front of the small business issue before we are too much on the defensive. Some suggested actions are as follows:

- Report
Back in
90 days -*
1. A January 20 Presidential meeting with the SBA National Advisory Committee to announce establishment of an ongoing dialogue between the White House and small business leaders. This will coincide with the President's January 20 Report to the Congress on Small Business, which is currently in preparation and required by public law.
 2. Designation of Secretary Baldrige, in his capacity as head of the Cabinet Council on Commerce and Trade, to serve as overall Administration coordinator of small and minority business efforts. In this regard, each department and agency head would be asked to designate a PAS-level individual to assist Secretary Baldrige as the department contact for small business.
 3. Announcement of Cabinet Council Sub-Committee on Small Business.
 4. Reestablishment of the Treasury Department Small Business Council.
 5. An early February speech by the VP on the work of his Small Business Regulatory Relief Task Force. The Associated Builders and Contractors National Convention in Las Vegas (2/1-4/82) would be ideal.
 6. A mid-February Presidential Signing Ceremony for the National Small Business Week Proclamation. This would also be coupled with FY 1983 budget briefings.
 7. Issuance of Presidential Minority Business Development statement in early March to coincide with a meeting with and budget briefing for minority business community leaders.
 8. A March Presidential speech before a small business forum.
 9. A Vice Presidential follow-up meeting in April with the SBA National Advisory Committee, joined by the newly-appointed members of the Treasury Small Business Council. The Vice President might wish to host a reception at his Residence.
 10. Presidential Rose Garden Ceremony and Reception for the Small Businessman of the Year Award to kick-off National Small Business Week.
 11. A Presidential visit to a small business or minority-owned manufacturing plant.

January 2, 1982

Small Business Gives Reaganomics a 'C'

By Marsha Taylor
Newhouse News Service

The first year of Reaganomics rates little better than a gentleman's C in several key areas, according to a survey of small business executives by the Chicago-based Heller Institute for Small Business.

Reagan's report card from small business—which contrasts sharply with "The Reagan Presidency: A Review of the First Year," the glowing evaluation of 1981 released this week by the White House—updates a midyear assessment from the same executives.

Participating during July and August in six discussion groups around the country, the executives rated Reagan administration economic policies above average in most areas.

Now, however, 47 percent of the executives feel that Reagan's policies are supportive of small business, compared with last summer's 59 percent.

Those executives who have changed their views tend to go to

the opposite extreme. Middle-of-the-roadsers who term the policies average increased only slightly, to 18 percent from 16 percent, but 35 percent now say the administration's policies on small business are not supportive, compared with 25 percent last summer.

The views of small business executives on representation in Washington have experienced a similar shift. Almost as many executives now feel poorly represented in Washington (42 percent) as feel well-represented (44 percent). The July-August figures were 30 percent and 47 percent, respectively. The number of middle-of-the-roadsers has dropped to 14 percent from 23 percent in the summer.

Other Reagan initiatives also lost support. The number of executives believing that the benefits of deregulation are filtering down to small business held steady at 51 percent, but those believing the contrary increased to 36 percent from 29 percent. Those who find

See REAGANOMICS, E9, Col. 3

Small Business, Administration Data Contrast

REAGANOMICS, From E8

Reagan supportive of the entrepreneurship needed to make a small business successful fell to 60 percent from 71 percent.

Executives convinced that they will get adequate help from the 1981 Economic Recovery Tax Act dropped to 55 percent from 67 percent. In fact, 56 percent think the administration was less than honest in its budget forecasts in order to gain passage of the tax act, but 82 percent quickly add that preceding administrations did the same thing.

On the positive side of the report card, Reagan gets a reasonably good grade in the fight against inflation. The number of small business executives who say they see a positive effect from dropping prices on their day-to-day costs has risen to 51 percent from 46 percent. Forty percent say they see no positive effect, down from 49 percent.

The Reagan administration also rates high on its deregulatory stand that eases protection of the environment. Asked if environmental standards are becoming too lax, 74 percent of small business executives answer no, up from 66 percent in the summer.

THE WHITE HOUSE

WASHINGTON

April 5, 1982

Revised att'd
at back

MEMORANDUM FOR EDWIN MEESE III
JAMES A. BAKER, III
MICHAEL DEEVER

FROM: ELIZABETH H. DOLE 

SUBJECT: Partners With People

THE PRESIDENT AND PEOPLE

To answer unfounded claims of a number of pundits that the President does not care about the consequences of his policies on people, I suggest we focus on the constraints of incumbency on Ronald Reagan and consider an additional approach aimed at increasing the opportunities for interaction between the President and average citizens in an "average" environment.

If we look at the past 15 months and use relative comparisons rather than absolutes, the level of Presidential involvement with people is significantly lower than before, which can subconsciously reinforce claims he doesn't care. For as long as the President has actively pursued public office, he has always been portrayed as a populist and, while powerful in staged television appearances, his campaigns have always been marked by a great deal of interaction on a personal basis. The focus of his appeal and his approach has rested on a "we" versus "them" -- "we" being the people and "them" being faceless government. In order to score his smashing legislative victories and midwife the Reagan revolution, the President has been forced to spend an inordinate amount of his time in Washington, D.C., the least populist town in America. In short, a man whose very strength and appeal has flowed from a grassroots populist heritage has been forced to abdicate his base. Have we succumbed to the age-old trap that a President must be omnipresent in Washington if he is to govern effectively?

WHAT TO DO ABOUT IT

Simply bringing a greater number of citizens into the Oval Office/ White House complex and/or adding a few more "color events" to the Presidential travel schedule is not enough. A strategic plan,

whose objective is to return the President to his populist roots, is needed. For example, it's easier for the President to visit with disadvantaged young workers in the White House, but the impact of his concern on the individuals is significantly less than were he to make an actual on-site visit.

I propose we initiate a program whose sole design is to move the President among people on a much more regular basis in the months and years ahead. Rather than rely on more traditional fixed forums (joint-sessions, fundraisers or conventions) for public appearances, I suggest we create a mechanism which will provide us with sizeable "ad hoc" audiences under secure conditions. Audiences can be configured to enable the President to provide both a formal address or the more informal question and answer format. This concept can be packaged to ensure successful introduction into any medium or large-sized city, although its effectiveness is greater in environments where a Presidential visit is unique. In other words, cities like Memphis, Jacksonville, San Antonio or Spokane might be chosen over New York, Chicago, Los Angeles or Philadelphia. Additionally, this proposed concept will enable us to obtain an audience which reflects the demographics of the area.

While not totally new, the concept reflects a more comprehensive variation on the basic thrust of Ford's White House Conferences and Carter's Town Hall Meetings.

PARTNERS WITH PEOPLE

The concept theme Partners With People contains the essence of the Ronald Reagan message and serves as an "umbrella" for a number of the Administration's current initiatives: New Federalism, Enterprise Zones, Private Sector Initiatives, etc. The objective of the program is to increase the interaction between President Reagan and people to help each gain increased insight without the filtration effects of the media, large organizational structures or impersonal communication.

The core of this program involves President Reagan out of Washington, D.C. The President and his key policymakers (Cabinet/Agency heads and White House Staff), who have the greatest impact on the specific community interests, participate in a day-long session, which would be tailored to suit the needs of the community. While the Partners With People program would encompass an entire day, Presidential participation would involve only one appearance before the assembled audience, leaving the remainder of the day for travel and, more importantly, the opportunity for Presidential involvement on a one-for-one basis with key elements of the community. For example, were a Partners With People conference held in Kansas, in addition to his audience address, the President might choose to visit and lunch with a working farm family, as well as visit a PSI demonstration project or a small business firm employing the disadvantaged. This latter

group of events will enable the President to visually demonstrate his empathy with and interest in people in an environment in which the community can readily identify.

Complementing the travel portion of the program would be a Partners With People in-town program for Washington, D.C. Looking to my projected OPL meetings for 1982, it is anticipated that they would be geared a great deal more towards grassroots participation, since the leadership components were serviced in 1981. Grassroots people would be brought to the White House for a series of meetings and briefings to include some time with the President. They would be invited by community, including press, and receive a "Day with the Administration" treatment.

A better understanding of the overall Partners With People concept may be gained by an overview of a typical conference conducted outside Washington as follows:

The Planning Stage

Convenience of an Air Force One landing site is the only criteria governing site selection. The choice of a city can be made on pure geographics, on an issue concern or on a political rationale as a result of the flexibility of the format. It should also be noted that, although a host city is selected, the impact and the reach of the program should be no less than statewide or regional.

Once a city is selected, a meeting is to be held in Washington with a member of the Office of Public Liaison and representatives of key national organizations who have local chapters in the host city. This meeting develops national headquarters encouragement for local chapter participation in the Host Committee, the ad hoc sponsorship group in the community that will stage and fund the event. This meeting occurs between four to six weeks prior to the visit date.

Shortly following this meeting, an Office of Public Liaison staff member would visit the selected city and work with the community leaders to develop the bipartisan Host Committee. The committee would consist of as many leadership organizations in the community as practical, i.e., Chamber of Commerce, Farm Bureau, union locals, Jaycees, Lions Club, Soroptomist. The benefit to the community and involved organizations is obvious -- increased national exposure and added civic enthusiasm. In return for their willingness to underwrite the actual on-site costs of the visit, the Host Committee member organizations would receive the full allocation of tickets for the daily sessions.

Under this approach, the White House is removed from the actual process of deciding which citizens will attend and which will not. The Host Committee shoulders that decision through the allocation of its tickets. It must be remembered that this will not guarantee

a 100% supportive audience, rather a cross section of the membership profiles from the organizations that comprise the Host Committee. By concentrating travel into areas where Presidential visits are uncommon, the supportive and respectful component of the audience is increased markedly.

This approach also provides a much broader base of public participation than by having just one local host; it provides grassroots flavor while maintaining a measure more control than a first-come, first-served general public basis.

A broader-based audience could be invited to the luncheon by expanding the seats for the meal and providing additional ticket sales to the general public.

Following the establishment of the Host Committee and a detailing of their areas of issue interest, White House requests are then forwarded to appropriate Cabinet/Agency heads and Administration issue specialists, citing appropriate time of participation and format (speech with questions and answers, panel, working breakfast, reception, etc.).

The Pre-Event Stage

In the three weeks immediately preceding the event, several telephone interviews are arranged between Administration spokesmen and local radio and newspaper journalists. This information flow enables us to begin to articulate Administration policy, particularly from those areas which may not be specifically represented at the Partners With People conference. It also helps create a greater local awareness and puts additional focus on the upcoming event.

Approximately one week prior to the conference, an Administration official would visit the area and provide an in-depth interview for the local newspaper's Sunday edition immediately preceding the visit. Other local anchormen interviews, talk show call-ins, cable television appearances and the like can be scheduled.

I would make myself available on the local scene, as appropriate, to assist in the final stages of implementation for the visit.

Event Format (Sample)

- | | |
|-------------------|---|
| 8:00 - 8:45 a.m. | Editorial Board Breakfast with key Administration participants. |
| 9:00 - 11:30 a.m. | A.M. General Session to include speech by Administration participants, each to be followed by an audience question and answer portion. |
| 12:00 - 1:30 p.m. | Luncheon to include expanded audience, if possible, and keynoted by senior Administration representative in attendance (not an A.M. participant). |

- 2:00 - 4:00 p.m. P.M. General Session to include panel discussion by Administration participants, and possibly others on topical issues of local interest. Also to include audience question and answer portion.
- 4:15 - 5:00 p.m. Host Committee Reception and Local Press Availability.

NOTE: The President could speak at virtually anytime during the morning or afternoon session. This, coupled with local "color" event or two, would require approximately a half-day of the President's time, exclusive of Air Force One flying time. Additionally, the same format could be utilized with the Vice President instead of the President. This would enable us to have a broader reach for the Partners With People program, as well as appeal to some of the smaller, more inaccessible cities which could be reached with the DC-9 and not Air Force One.

Post-Event Impact

This saturation exposure will ensure coverage for at least 48 hours following the event and is particularly true for newspaper coverage, which will gradually display follow-up stories and local citizen's involvement and recollections even beyond 48 hours.

A detailed follow-up plan for the President and all participants is key. Prompt thank you's, gift acknowledgements, and issue follow-up garner good additional exposure as well as help provide an even more favorable after-glow of an Administration that cares about the little person in our society.

As important as the actual participation is a responsiveness to the concerns of the community. It will be very important to ensure that the policy input obtained from each conference is channeled to the proper Administration office for appropriate action and consideration. A transcript of the entire conference will be very helpful in recapturing specifics of issue discussions.

IMPLEMENTATION

If this plan were to be implemented, it should be done as soon as possible in order to put the maximum time distance between the announcement and the fall elections. This will help soften any partisan criticism that this is an electioneering ploy, although we should recognize that it might be difficult to justify this approach during the time period between Labor Day and the election.

To be successful, the program will require a great deal of inter-governmental cooperation and, therefore, would need to be a priority issue for the Administration. To do less, risks falling short and

inviting criticism that this is a gimmick and not a meaningful effort to help people better understand the issue alternatives faced by the Federal Government and themselves.

I consider a program of this general nature to be critical to the success of the President's initiatives and would welcome the opportunity to pursue the matter further with you.

THE WHITE HOUSE
WASHINGTON

May 10, 1982

MEMORANDUM FOR ELIZABETH DOLE

FROM: James A. Baker, III 
SUBJECT: "Partners With People" Proposal

I have carefully reviewed the "Partners With People" proposal in your memo of April 5, 1982, and have also discussed it with Ed Meese and Mike Deaver. We agree that the concept you outline--showing the President as both caring and in touch with the concerns of average citizens--is precisely the direction in which we need to go. The decisions taken along such lines in the past month have been influenced by the arguments made in your memo.

At the same time, I feel it is important for us to retain flexibility by not becoming tied to a specific program or format. I am concerned that the efforts we are making to put the President into direct contact with citizens not be viewed as part of any concerted public relations campaign; instead, our efforts should retain the type of spontaneity that refutes such notions.

Thus, I feel we should continue to build on the ideas in your memo without necessarily implementing a formal program. I hope you will continue to discuss any ideas you have for specific events with Mike Deaver or Dave Gergen so that we can keep this ball rolling.

I have also asked Mike and Dave to discuss your very good idea of having the President meet from time to time, in different parts of the country, with groups of citizens to discuss their concerns. We agree that such sessions, particularly if they were televised, could have a significant impact.

cc: Edwin Meese
Michael Deaver
David Gergen

THE WHITE HOUSE
WASHINGTON

April 14, 1982

TO: JAB III

RE: Partners with People Memo

I think the concept outlined is sound. A couple points, though:

1. Suggest we need to move fast on this if we're going to move at all. If we wait, it will look like a political gambit.
2. This is an excellent way for the President to campaign without really campaigning for the November elections.
3. From what I've seen, the President is very good in this type of setting.
4. I would stay away from the name "Partners with People"-- it's hokey and makes the effort sound like a PR gimmick. Suggest we not call it anything, thus making it seem more a spontaneous decision by the President.

4/15 gc:

yes

D.G. review

OK

WHERE FROM HERE-- Suggest Gergen review and give you his thoughts asap; then breakfast discussion. Blair House group should then examine details and fine-tune them.

on BLFAST AGENDA pending D.G. review. (You
JC
JAB III please ask D.G. to discuss w/
me after he has reviewed.)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 6, 1982

TO: JIM BAKER

FROM: DAVE GERGEN *DG/dv*

SUBJECT: "Partners with People"

Elizabeth Dole's very thoughtful memo on "Partners With People" is based upon a notion that is absolutely on target the need for the President to show that he cares about people out across the country and is in touch with them.

I have serious reservations, however, about launching a formal campaign such as "Partners With People":

-- It locks us into a format for his travels; I would prefer great flexibility.

-- It looks staged and smacks too much of Carter.

-- It has overtones of that effort during the late 1970s when the RNC made films saying very explicitly: Republicans care about people, too. That drew an adverse reaction, as I recall.

In my view, we have made some very significant forward strides in recent days with some of the events that Mike has arranged -- e.g., visit to the Butlers, the school visit in Chicago, the flood visit in the Middle West. The press has really started to pick up on these themes that we are building in this "outreach" effort -- and it is partly because the events themselves have so much originality and human interest. Mike is now working on some other ideas that are equally promising. I would keep working that vein very hard.

In addition, I would suggest that we build upon one of the key ideas in Elizabeth's memo and, from time to time, have a small group of citizens meet with RR privately and talk about their concerns, their problems, their dreams, etc. -- and do that out around the country. He could very profitably do some of these on local television -- smaller, more intimate than the "Meet George Bush" shows, less formal and staged than Nixon's "Man in the Arena" in 1968. This would be something to which Ronald Reagan would be uniquely capable of giving intimacy and feeling, an appeal that I think could have substantial impact.

P.S. We are trying to get our first out-of-town regional press briefing on the board this Monday in Chicago.

for memo

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DATE: April 6, 1982
TO: Jim Baker ✓
Mike Deaver
Jay Moorhead
FROM: Wendy Borchardt *W.B.*
SUBJECT: Volunteer Now America! Telethon

*To: Jim Cicconi
From: M
P. 1 - I have given the
book for M&D to
review. I should discuss
w/ him*

Attached is a list of criteria to identify the twenty to twenty five major media markets for the National Telethon on Voluntarism. I feel assured that these criteria will provide a successful endeavor.

The TELECORP Board of Directors will be filled with people from the major national volunteer organizations as well as members from the philanthropic community. The specific individuals have not been selected as yet, and the suggested board will be sent to you prior to their selection for your approval and input, if you wish.

I hope that approval for the Telethon can be given by April 9th. We wish to have the ACTION Advisory Council on Voluntarism begin to organize their active participation in the Telethon, and they meet on April 15th.

Thank you!



ACTION Memorandum

WASHINGTON, D.C. 20525

TO : Wendy Borchardt, Special
Assistant to the President

DATE:

FROM : Thomas W. Pauken
Director

SUBJECT: VOLUNTEER NOW, AMERICA! TELETHON

As we discussed yesterday in your office, ACTION proposes to spearhead the telethon effort in 20 - 25 major media markets around the country, those markets selected on the basis of the following criteria:

- a strong statewide support for voluntarism, as evidenced in the activities of a State Office of Voluntary Citizen Participation, a strong gubernatorial interest in voluntarism, an active community government support for voluntarism
- a strong volunteer clearinghouse activity already established, such activity identified by major national organizations as United Way, the Red Cross, VOLUNTEER, Volunteer Action Bureaus, etc.
- a strong local organization of any of the major national volunteer organizations including the religious community
- support for the telethon the presence of successful and creative federal personnel available to advise the telethon effort, as identified by HHS, ACTION, VA, Department of Agriculture, etc.
- support for the telethon concept at the local level, including by the local elected officials, statewide representatives
- availability of support for the telethon effort in the local business community.

Specific criteria will be formalized in the next several days, using lists of proposed communities from volunteer organizations, federal agencies and elected officials. Once the initial markets have been selected, other communities which meet the criteria and wish to participate may be included.

TELECORP, the nonprofit organization, will have a Board of Directors composed primarily of representatives from major national volunteer and charitable organizations as well as members from the philanthropic community. We suggest for chairman of this Board, Jeremiah Milbank, Jr., President, J. M. Foundation.

f B. C. in

THE WHITE HOUSE
WASHINGTON

April 6, 1982

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: JAY MOORHEAD *for Michael*

SUBJECT: ACTION Agency Telethon

JAB

Jay got the agencies to agree on his suggested changes. He now wants Deaver's OK, and will talk to him.

This is really in Mike's area (Communic Group) and I'd suggest you can probably pull out of it if you want.
?

gc

Mike:

As we discussed yesterday here is a copy of the ACTION proposal.

The thrust of the effort as described here has been altered in two ways.

1. Instead of the program being launched in 50 states, it will run this year as a pilot in 20 states in the top 25 media markets within those states.
2. The Private Sector Volunteer groups (United Way, Red Cross, VOLUNTEER, etc.) will play the lead role in setting this program, not the ACTION Agency as indicated on the proposal.

ACTION wants to announce this program during National Volunteer Week (April 18-23) so it is important that you sign off before you go to Europe. I am now comfortable with the program provided the changes are adopted.

cc: Wendy Borchardt

Jay has gotten agencies to agree w/ his changes - he'll talk w/ MD to get his agreement

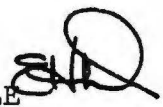
*call ACTION,
Wendy B. = "
" coord w/ MD
real concerns,
need to
address "*

f OPL memo 05

THE WHITE HOUSE
WASHINGTON
May 5, 1982

To Cicconi - FYI
MDT
5/6

MEMORANDUM FOR EDWIN MEESE III ✓
JAMES A. BAKER, III ✓
MICHAEL DEAVER

FROM: ELIZABETH H. DOLE 

SUBJECT: Potential Closing of EEOC Field Offices

Although approximately one week remains before the issue of closing EEOC field offices comes up for discussion, I thought it important to share some observations with you.

Certain changes in the EEOC field structure may be desirable from a management standpoint. However, I doubt that the Administration will have the opportunity to make its case and rationally justify the closing of field offices.

We have already received much negative publicity regarding our handling of previous EEOC matters, such as the nomination of William Bell and the recent reassignment of EEOC attorneys (Tab A).

From a strictly political standpoint, it should be noted that 15 of the proposed 19 offices to be closed are in states or districts where we have incumbent GOP Senators, Governors and/or Congressmen up for reelection (Tab B). Each of these areas has high Black or Hispanic populations. Closing these field offices so close to election would give the Democrats a campaign issue to use against us to gain minority votes.

NOTE
Conveyed to CF that JAB feels
these offices should not be closed.

jc
5-10-82

EEOC Senior Attorneys Get Transfer Order

By Deborah Graham
and Kim Masters
Legal Times Staff

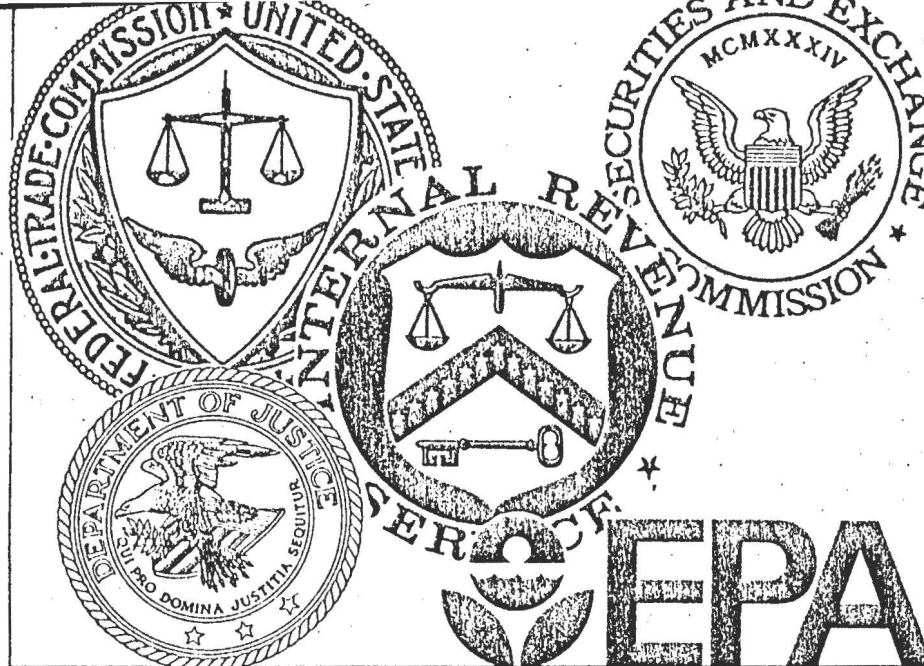
In a move that has sent shock waves through the Equal Employment Opportunity Commission, EEOC General Counsel Michael J. Connolly last week reassigned nine of the agency's senior attorneys to new cities effective April 19. EEOC staff are particularly concerned about the reshuffling because six of those attorneys are black.

No explanation of the personnel shifts (two of which are temporary details) was given to most EEOC employees, including at least three of the reassigned attorneys. Who besides Connolly decided upon the reorganization was as much a source of mystery (and rampant speculation) within the agency as questions about the reassignments' purpose. Outraged and astonished EEOC staffers and outside civil rights attorneys said that the changes could be ascribed to a racial bias, or insensitivity, that is at odds with the commission's mandate.

Connolly vigorously denied any racial motivation. "The top four people in the trial division are going to be a female, a Hispanic, and two blacks. Is that racist? There's not a shanty Irishman in the bunch," he said.

James N. Finney, the trial division's associate general counsel, and Earl Harper Jr., assistant general counsel for litigation services, are the two highest-ranking blacks who have been

Continued on page 2



Reagan Enforcement Report: Early Figures Show Decline

By Steve Nelson
Legal Times Staff

The pace of enforcement activity at federal agencies slowed during the first year of the Reagan administration, according to a recent study of agency enforcement conducted by Legal Times.

The biggest drops, in terms of cases brought or processed, occurred at two agencies that were particular targets of Reagan regulatory reform efforts: the Environmental Protection Agency and the Federal Trade Commission. Significant reductions in enforcement action also occurred in civil cases brought by the Justice Department's Antitrust Division and the Occupational Safety and Health Administration.

Statistics were provided by various federal agencies at the request of Legal

Times. The requests called for statistics covering calendar years; however, in many instances agencies only compile their enforcement statistics on a fiscal year basis. In these instances, Legal Times collected additional figures covering the six-month period beginning Oct. 1, 1981, and ending March 31, 1982.

Nowhere are the statistics more revealing than at EPA. In calendar year 1981, for example, EPA referred 79 cases to the Justice Department, compared to 252 the year before. Similarly, cases referred to the central office by the regions (for further development) fell from 313 in 1980 to 66 in 1981. (In each category, referrals had topped 250 in both 1978 and 1979.) The num-

Continued on page 8

Comptroller Beats Fed to Futures Punch

By Tim Pryor
Legal Times Staff

While the Federal Reserve Board deliberates whether it should allow bank holding companies to establish subsidiaries that engage in commodity futures trading activities, the Office of the Comptroller of the Currency has made it clear that it will grant national banks those powers.

On April 7, the OCC granted preliminary approval to a proposal by North Carolina National Bank of Charlotte to establish a subsidiary that will act as a commodities commission merchant. The approval will be made final if the bank meets four conditions regarding the internal operating procedures of the new organization.

The NCNB plan parallels a proposal to the Fed by J.P. Morgan & Co. of New York to establish Morgan Futures Corp. That subsidiary would deal in bullion, foreign exchange, government securities, and commodities and other futures. The Fed instituted a rulemaking proceeding on the J.P. Morgan petition. The proceeding will determine whether the activity is permissible for bank holding companies under § 4(c)(8) of the Bank Holding Company Act. The OCC's move is certain to draw fire from those segments of the commodities industry that have already made their opposition to such bank operations known in the Fed's rulemaking proceedings. It is, at the same time, consistent with an increasingly aggressive stand by the OCC in promoting the competitive posture of the banking system.

Personnel Transfers Raise Eyebrows at EEOC

Continued from page 1

transferred. Finney, who refused a 120-day detail as district director of the Chicago office, has been offered a 90-day detail in New York. According to Connolly, Finney has not yet accepted. Temporarily replacing Finney is Gretchen Houston, who was acting regional attorney in St. Louis. Houston, who is white, is on a 120-day detail in the associate general counsel job.

Harper has been named regional attorney in Baltimore; and Ivan Rivera, a Hispanic who was acting regional attorney in Dallas, is now one of two assistant general counsels in the trial division in Washington, D.C. Connolly acknowledged that he recently had a policy disagreement with Harper, but he said that Harper's transfer had nothing to do with the argument.

With the exception of Chicago regional attorney John P. Rowe (who received a reprieve from his transfer to New Orleans after complaining of personal hardship), the reassigned regional attorneys are black. St. Louis regional attorney James R. Neely Jr., who was on detail in New York since last June, is now New Orleans regional attorney. George Darden is now the regional attorney in Detroit rather than Denver. Joseph Mitchell of Detroit is the new Dallas regional attorney. Regional attorney Robert M. Jones has been sent from Dallas to Denver.

While one of the reassigned attorneys suggested that the changes were made "to create the type of turmoil that will affect our ability to do the job," others hypothesized that the overhaul was intended to get regional attorneys to resign so that Connolly and Acting EEOC Chairman Cathie A. Shattuck could fill the jobs with their own people. (Denver and Detroit are Shattuck's and Connolly's respective hometowns.)

All of the attorneys except for Rowe and Finney have accepted their reassignments, but several have done so reluctantly. While no formal challenge to the new appointments has been made, one of the regional attorneys said the action might be open to contest under Title VII of the 1964 Civil Rights Act. Another attorney outside the agency acknowledged that management has broad discretion to make personnel changes, but said the reassignment might violate the Civil Service Reform Act because, he said, there is no apparent reason for them.

Adding to the confusion was the fact that Connolly left Washington to attend an EEO conference in Las Vegas while the reassignments were still being announced.

Reached in Las Vegas, Connolly said the reassignments were the result of an internal audit that he and Acting Executive Director Edgar Morgan conducted in order to make the agency more cost-effective and efficient. A believer in the ability of "new blood" to

help reduce backlogs, Connolly said he hopes that, as a result of the personnel shifts, the agency will have no backlog within one year.

Connolly acknowledged that he wanted "to reshape the entire trial division" by transferring to D.C. "people that have demonstrated a philosophy that is akin to mine." He emphasized that some changes were dictated by "humanitarian" considerations. Connolly specifically cited Jones' reassignment to the Denver office. Jones is currently hospitalized in Denver.

Connolly said he apprised Shattuck of the changes before they were made, but did not consult with Clarence Thomas, who is expected to become chairman of the commission within the next few weeks, or with the two other commissioners. Stressing that the changes "involve the general counsel's office, not the policy-making arm of the agency," Connolly indicated that he believed any authorization from Thomas was unnecessary. "I hoped I made a management decision that would inure to the benefit of the agency," said Connolly, who later added, "I don't think I owe anybody an explanation. . . . The people that are moving got an explanation—the people that are griping don't know who's coming in or what's happening."

Reps. Patricia Schroeder (D-Colo.) and Augustus F. Hawkins (D-Calif.) sent letters to Shattuck asking for explanations of the changes and their aides said a hearing may be set.

B

EEOC'S PROPOSED FIELD OFFICE CLOSINGS

<u>Location</u>	<u>Political Races</u>
Newark, New Jersey	
Buffalo, New York	
Pittsburg, Pennsylvania	Senate and Governor
Washington, D.C.	
Norfolk, Virginia	Senate
Greensboro, North Carolina	Incumbent Congressman
Greenville, South Carolina	Incumbent Congressman
Dayton, Ohio	Governor
Cincinatti, Ohio	Governor
Louisville, Kentucky	Senate and Governor
Nashiville, Tennessee	Senate and Governor
Minneapolis, Minnesota	Senator, Governor, and incumbent Congressman
Olkahoma City, Oklahoma	Governor and incumbent Congressman
El Paso, Texas	Governor
Alburquerque, New Mexico	Senate and incumbent Congressman
San Diego, California	Senate, Governor and incumbent Congressman
Fresno, California	Senate, Governor and incumbent Congressman
San Jose, California	Senate, Governor
Oakland, California	Senate, Governor

THE WHITE HOUSE

WASHINGTON

April 20, 1982

MEMORANDUM FOR JAMES A. BAKER, III

FROM: ELIZABETH H. DOLE 

SUBJECT: Cabinet Council on Economic Affairs -- April 20
Noon Meeting

The Cabinet Council recommendation for Roman Numeral II "Controlling Outlays Within a Given Fiscal Year," will be unacceptable to the conservatives and limited tax groups as well as business groups that favor the amendment. They feel it should be left unchanged with any deficit amendment requiring a 3/5th vote of both Houses.

f OPL
names

THE WHITE HOUSE

WASHINGTON

April 23, 1982

MEMORANDUM FOR EDWIN MEESE III
 JAMES A. BAKER, III ✓
 MICHAEL DEEVER

FROM: ELIZABETH H. DOLE 

SUBJECT: OPL Activity Report (April 1-15)

I. ISSUE UPDATES

Insurance Industry: Industry united behind concept of compromise tax bill. Proposal presented for \$1 billion in industry tax increases to Administration.

Construction Industry: Possible major battle to be waged by small contractors re completed contract method of accounting, which they fear will be too restrictive.

Clean Air: Business grassroots activity continues; offset by numerous disappointments in both houses re congressional support and disenchantment re lack of administration commitment.

Product Liability: Ad hoc working group to be set up under Secretary Baldrige; major large and small business push for federal product liability standards.

Budget Compromise: Many business organizations urging the President to agree on compromise FY '83 budget; continued impasse has created an activity vacuum among business coalition. Almost all feel a compromise is needed before interest rates will fall.

Labor: Cool reception to President's address before Building and Trades and hostile reception to Chairman Richards' speech (RNC), indicates seriousness of blue collar dissatisfaction with the administration's economic recovery program.

HHS Union Consultant: Issue continues to heat up.

Tuition Tax Credit: Reaction to President's NCEA speech very positive, and has considerably helped our position with the Catholic community. Grassroots mobilization effort underway for expected battle on Hill.

Jewish Community: Howard Squadron, Chairman, President's Conference of Major American Jewish Organizations, gave interviews to various journalists calling participants at the President's meeting "Court Jews", however, was viewed as positive by community, which appreciated discussion prior to Sinai return.

Religious Community: Overwhelmingly favorable response from participants at the April 13 meeting of PSI Task Force with religious leaders. This event is the first in recent memory that a president sat down with leadership from nearly every denomination.

Voting Rights Act: Jesse Jackson is in the process of organizing a march in Washington in support of the Voting Rights Act in early to mid May.

Clean Water: Business unlikely to support Administration bill unless it includes a case-by-case provision for waiver. This provision is not currently in the Administration bill.

Ground Zero Week: Anti-nuclear activities in D.C. received good press; small crowds.

Special Assistant for Minority Affairs: Conflicting reports in The Washington Post and The New York Times fueling speculation in minority community. Backlash from Hispanic community underway.

II. KEY ACTIVITIES

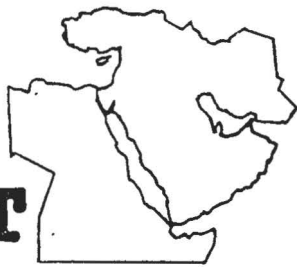
- 4/1 National Rifle Association; Elizabeth Dole speech before Annual Dinner in Philadelphia.
- 4/1 Task Force on Voluntarism; meeting with the President.
- 4/1 National Federation of Industrial Unions; New Federalism briefing.
- 4/1 Savings & Loan Association; meeting with the President and briefing.
- 4/1 American Society for Quality Control; speech by Virginia Knauer.
- 4/1 Harvard University; briefing.
- 4/2 National Conference for Quality; briefing.
- 4/2 National Conference on Long-Term Care Issues; speech by Virginia Knauer.
- 4/2 Fort Worth (Texas) Mexican American Chamber of Commerce; speech by Henry Zuniga.

- 4/3 National Council of Career Women; speech by Wendy Borchardt.
- 4/3 National Council on Aging; speech by Elizabeth Dole
- 4/5 Building and Construction Trades, AFL-CIO; speech by President.
- 4/6 Zonta; speech by Mary Elizabeth Quint.
- 4/7 Better Business Bureau; film interview of Virginia Knauer.
- 4/12 Selected Jewish Leaders; meeting with the President and NSC briefing.
- 4/12 Links, Inc.; Remarks to Baltimore Chapter Annual Banquet by Thelma Duggin.
- 4/13 National Food Processors Association; Virginia Knauer speech on consumer complaint handling.
- 4/14 National Automobile Dealers Association; Virginia Knauer remarks on consumer issues.
- 4/14 National Advisory Council on Rural Development; briefing.
- 4/14 S.E. Conference of Women Business Owners; speech by Thelma Duggin.
- 4/15 "Teacher of the Year" presentation ceremony by First Lady.

III. ATTACHMENTS

- TAB A: Near East Report reports favorably on President Reagan's speech before the National Conference of Christian and Jews.
- TAB B: Positive local press follow-up by participant in President's meeting with religious leaders on April 13.
- TAB C: "No Time to be Timid", support for President's program from Theodore A. Burtis, Chairman and CEO, Sun Company. This fine article has been sent to 46,000 employees and to all members of Congress.
- TAB D: Commentary by President of Association of Wall and Ceiling Industries in Construction Dimensions urging support of President's program by construction industry.
- TAB E: Positive twist in Realtor News of President's March 29 speech at Realtors National Conference.
- TAB F: National Association of Wholesaler-Distributors newsletter Channels highlighted the issuance of the President's first state of Small Business Report to Congress.
- TAB G: NAM Press Release urging business leaders to urge members of Congress to work with President Reagan to develop a FY '83 budget compromise.
- TAB H: Excellent political comment by John Baize on "Ronald Reagan - The Man Who Sets The Agenda".
- TAB I: Hispanic Times of Texas, regular column by Henry Zuniga on Presidential initiatives for Hispanics.
- TAB J: Mandatory Retirement -- nice New York Times photo of Older Americans Month proclamation signing and statement by President.

NEAR EAST REPORT



Washington Weekly on
American Policy in
the Middle East

April 2, 1982

Volume XXVI, No. 14

Heard in  Washington

U.N.
Resolution

Editorial

Democracy and Violence

The outline and objective of the Israel government's policy on the West Bank and Gaza emerged clearly last week in the press conference statements (see page 64) by Professor Menachem Milson, the civil governor of those areas. The policy is, simply, to break the power of the PLO, by thwarting its allies and instruments who foment violent riots, with Jordan's support, and by encouraging and rewarding Palestinian Arabs who accept Israel's rightful legitimacy.

That policy is predicated on the belief that only thereby can peaceful coexistence be attained between Israeli Jews and the Palestinian Arabs, and the foundation laid for an authentic evolution toward Arab autonomy.

Whether this is, in fact, the best way to eradicate PLO power and influence is the subject of intense debate within Israel itself, and no doubt here as well. Certainly there is no disposition there or here to feel anything but regret and chagrin over the killings and woundings on both sides. But on one thing there can be little doubt: There is in Israel an overwhelming consensus that the PLO stranglehold on public life in the territories must somehow be eliminated.

American libertarians and democrats, concerned over the use of force and violations of political rights, should carefully consider the fundamental principle that must actuate a democracy in a time of war:

A democratic society has no moral obligation—and therefore no philosophical, legal or political duty—to provide freedom of action for a group which is avowedly dedicated to that society's physical extirpation, and which acts systematically to execute its mandate by violence and terror.

This principle applies particularly to a vulnerable democracy like Israel. For it has been beleaguered since its inception by a host of Arab regimes engaged in total war against it, and whose intention to destroy it has been even more unabashedly explicit than Hitler's in *Mein Kampf*—and whose chosen instrument in that war is the PLO.

These are regimes, it should be noted, which are for the most part usurpers whose legitimacy is open to doubt—regimes which American and West European liberals would not for a moment tolerate in, say, El Salvador or Guatemala or Chile.

The PLO is not a legitimate political force. Like all totalitarian ideologies and movements of both right and left, it debases and exploits the language of democracy, socialism and liberation. But that subversion of ideas and language, accompanied by calculated violence, only reinforces its role as an authentic terrorist group against which democracy must defend itself.

Reagan on the Right of Advocacy

"Every American, every citizen from every walk of life—rich or poor, black, brown or white, Jew, Christian or Muslim, northerner or southerner—has a full right and obligation to participate" in shaping American government policies and programs. "Every citizen and every citizen's group is guaranteed the right to speak out—and must be encouraged to do so without fear of reprisal or defamation. No group should be bullied into silence by racial or ethnic slurs, or the fear of them. The language of hate—the obscenity of anti-Semitism and racism—must have no part in our national dialogue."

With those words, before the National Conference of Christians and Jews, President Reagan has honorably repudiated the ugly anti-Semitism that surfaced during the AWACS battle last year. In doing so, he has justly reiterated the fundamental right of each individual and every group to advocate, to dissent, to protest, for or against official policy. □

In a move that indicated the depth of Congressional concern over recent anti-Israel actions in the U.N., the Senate Foreign Relations Committee unanimously adopted a resolution calling for the United States to withdraw support for the U.N. General Assembly if Israel is expelled or suspended. Sen. LARRY PRESSLER (R-S.D.) amended the resolution to include other U.N. agencies in addition to the General Assembly. Sen. DANIEL P. MOYNIHAN (D-N.Y.), an author of the legislation, warned that failure to mention Israel by name in the resolution as some Senators proposed, falls into the trap first laid out by those who seek to delegitimize Israel by referring to it as the "Zionist entity." Sen. PAUL TSONGAS (D-Mass.) spoke out in support of the resolution charging that for too long third world leaders have used the United Nations to "vent their spleen" and this resolution tells them to act responsibly and maturely. Sen. PAUL SARBANES (D-Md.) underscored the importance of a direct and explicit resolution.

A substitute amendment which did not specifically mention Israel by name and which called only for "the most serious consequences for continued U.S. support," was defeated by a vote of 3-7. Sens. Paul Sarbanes, Paul Tsongas, JESSE HELMS (R-N.C.), RICHARD LUGAR (R-Ind.), NANCY KASSEBAUM (R-Kan.), RUDY BOSCHWITZ (R-Minn.) and Larry Pressler supported the stronger version.

The Committee resolution gained adherents during the week. They included: MAX BAUCUS (D-Mont.), JOHN DANKFORTH (R-Mo.), PAULA HAWKINS (R-Fla.), HENRY JACKSON (D-Wash.), BOB KASTEN (R-Wis.), EDWARD KENNEDY (D-Mass.), JOHN MELCHER (D-Mont.), HOWARD METZENBAUM (D-Ohio), GEORGE MITCHELL (D-Maine), DON NICKLES (R-Okla.), BOB PACKWOOD (R-Ore.), DAN QUAYLE (R-Ind.), DON RIEGLE (D-Mich.), JIM SASSER (D-Tenn.), ARLEN SPECTER (R-Pa.).

Additional signers of the similar House resolution include: JOSEPH ADDABO (D-N.Y.), SKIP BAFALIS (R-Fla.), DOUG BARNARD (D-Ga.), CLEVE BENEDICT (R-W.Va.), CARROLL CAMPBELL (R-S.C.), JAMES COLLINS (R-Texas), JIM COYNE (R-Pa.), JOHN DUNCAN (R-Tenn.), JIM DUNN (R-Mich.), JOSEPH EARLY (D-Mass.), MICKEY EDWARDS (R-Okla.), DAVID EMERY (R-Maine), BILLY LEE EVANS (D-Ga.).

(continued on page 64)

Minister

*Prepared for Executives
of Detroit Presbyteries
who are alarmed
by cut backs)*



First Presbyterian Church
2930 Woodward Avenue at Edmund Place
Detroit, Michigan 48201

the White House Luncheon theme, April 13, 1982

The Private Sector Initiative Committee is headed by the President of Armco Steel, Middletown, Ohio. Its purpose is to encourage groups, churches, industry, organizations to work together in communities to meet the needs in the community.

The President made these points:

1. Federal government exists to make sure that the rights of all citizens in all the states are preserved and that the needs of all citizens in all the states are met. Federal government does not exist to meet all those needs, but to see that those needs are met. The trend of recent decades has been for the federal government to take more and more responsibility to meet the needs. The present philosophy is to reverse the process and to get us back to where we were with local government and federal government each carrying on the responsibility it has to perform.
2. Industry is being challenged, as a part of the private sector, to double its contributions in the next three years (financial contributions) to the community.
3. We are always wondering why God doesn't do something about certain situations or human problems. "I think God is wondering why we don't do something."

My opinion:

We can find all the fault we want to with President Reagan and shoot all the bullets at the White House we can manufacture. This is futile. Mr. Reagan is not the problem. We are now living in a new decade with a changed emphasis upon the role of federal government. It is not the 1960s and will not be ever again. Bomb the White House off the planet today, and we still would not be returning to the social programs we previously enjoyed. Neither political party will be able to manufacture the money any longer to do what we were doing before. We must find new ways, and the Private Sector Initiative is one attempt to meet the need and the problem. The sooner we buckle down and get to work and cooperate to solve problems, the better off we will be. We need to quit crying and get to work.

I think the Church has been creatively engaged in community life a long while. This is not a new thrust for the church.

KVK 4-15-82



Rev. Kenneth Kettlewell: "Only when we become personally involved do we really care."

Clergyman learns about volunteerism

By RICK RATLIFF
Free Press Staff Writer

Although the Rev. Kenneth Kettlewell admits concern about federal budget cuts for social programs, he says his Detroit church offers a "tiny example" of how such cutbacks can have positive effects.

When Mr. Kettlewell, pastor of First Presbyterian Church in Detroit, learned last fall that his church would get just \$14,000 in federal money this year for a neighborhood child care program that received \$34,000 in 1981, he realized changes were necessary.

Mr. Kettlewell, 57, decided to use volunteers instead of paid staffers for some of the social, athletic and educational programs the church at 2930 Woodward has for four-to-16-year-olds.

ONE RESULT was that eight mothers who helped form a new Parents Club ended up joining the 500-member congregation as well. Mr. Kettlewell said he has long had trouble getting neighborhood parents to join the church.

"These people, once they became involved in the program, have joined the church," he said. "We call that a breakthrough."

So, it seems, does President Reagan, who has invited Mr. Kettlewell to be one of about 100 clergymen attending a White House luncheon today to discuss the virtues of private initiative.

"People start taking care of situations and meeting needs and opportunities instead of depending on the federal government," he

said. "Only when we become personally involved do we really care."

MR. KETTLEWELL said his luncheon invitation came after he sent the president an account of what happened at his church in January. Reagan sent a personal reply.

But Mr. Kettlewell said he does not support wholesale slashing of federal budgets for social programs.

"I'm as concerned as everyone else is," he said. "This is one positive example which we support and think is beautiful. It's just one positive step."

Christine Young, a mother with a seven-year-old son in the program, said she joined the church after joining the Parents Club. She also likes Mr. Kettlewell's sermons.

No Time To Be Timid

by Theodore A. Burtis

**Chairman and Chief Executive Officer,
Sun Company**

Reprinted from the Spring 1982 Issue of Sun Magazine



No Time To Be Timid

by Theodore A. Burtis

“

**We are already
into the difficult times
the president said
would be a part
of this turnaround.**

”

Some people seem to be at it again, engaging in that popular pastime of rushing to judgment. This time, the target is President Reagan's economic recovery program.

The daily newspaper columns and evening newscasts are crowded with commentators denouncing and doubting. Despite the fact that the president has been in office for little more than a year, and his economic program has been in effect for less than half that time, critics, not seeing instant miracles, are quick to brand the program a failure.

What we're hearing is not just the familiar chant of political foes who have opposed the president's initiative from the start, but we are also discovering symptoms of cold feet among friendly public officials, formerly supportive citizens and even members of the business community who should be vocal in welcoming the Reagan efforts to restore the free-market system. The early strong endorsements have been watered down lately, and that's a shame

because the medicine has barely had time to start to work.

What the critics overlook as each new wave of statistics comes in on budget deficits and revenue projections is that nothing has really changed in the worth of the president's program that was so widely praised a year ago. The value is still there.

Bringing government spending down, strengthening national defense, easing the individual tax burden, emphasizing trade over aid, eliminating excessive government regulations, returning to individual enterprise and community cooperation — all of these principles received enthusiastic applause when announced as the goals of the Reagan program.

He made it clear that the recovery would take time — most of the decade — and he said it would be accompanied by some pain. Reversing a half-century trend of growing dependence on central government and curtailing the ever-expanding governmental share of the nation's Gross National Product — these actions were going to take both time and a change of habits.

Now, the eagerness of so many to prematurely condemn the program without giving it a fair try indicates that they either do not understand the goals or do not accept the timetable. Among their complaints is that the Reagan approach seeks to succeed by abandoning help for the poor and the aging.

That contention won't stand up well under a simple examination of his budget proposals. The 1980 food stamp program was budgeted at nearly \$9 billion. The 1983 Reagan budget provides \$10 billion for food stamps. In 1977 the housing assistance from the U. S. government was \$3 billion. By 1983 it will be nearly \$9 billion. Such numbers do not add up to abandonment of the poor.

As for the aging, in 1978 the federal outlay for Social Security, Medicare and other benefits for the elderly amounted to just over \$100 billion. By 1983, under Reagan, that amount will be over \$200 billion and by 1987, nearly \$300 billion. No apparent abandonment there.

What the president has said is let's get back to the virtues of self-reliance, to local responsibility, to the attitude of "can do." Let's return to the traditional strengths that built America.

Certainly, there is a period of adjustment facing the nation. We are already into the difficult times the president said would be a part of this turnaround. Our determination to manage our way through these days will be the key to achieving the goals we have agreed upon.

We at Sun have not lost confidence in our strategy of commitment to energy resource development. We have no intention of changing it, even though some individual programs within it may have to be adjusted. We are still committed to a tripling of our contributions budget to lend a helping hand to some of the human service institutions who will need more private support. And through our employee-citizenship efforts and our loaned-executive program, we will do our best to foster the spirit of volunteering — Americans helping each other over the rough spots.

The president has courageously given us what has been aptly described as "a radical program in pursuit of traditional values." I believe he needs the time to make it work. And I believe it's time some of us started saying so. ●

TAB D

... more important than ever ...

From a businessman's viewpoint, President Ronald Reagan poses a great problem—and a great danger.

Most businessmen tend to see the Reagan administration as making a bold and determined effort to curtail government regulation and produce an economic environment where business interests can flourish again.

The current recession is viewed as a temporary condition that will end soon and allow President Reagan to get on with the programs for which he was elected . . . or at least allow his efforts to go on with less difficulty.

Once this recession exhausts itself we may fully expect to see Reaganomics and the withering away of excessive bureaucratic regulations begin in earnest. That's the reasoning as I sometimes see it.

And that's the problem and the danger. The idea that we can sit back and allow President Reagan to carry the burden is totally and unequivocally false. Indeed, now is the time—and it's more important than ever—to push, to exert effort, to get behind the President and work.

The regulators certainly haven't given up. A Reagan Administration hasn't deterred them one bit. Nor is there any guarantee that everything this business-oriented administration comes up with will be in the best interests of contractors. Should there be any doubt about this, I would remind you of the recent flap over the IRS' latest attempt to put all contractors on the completed contract form of business accounting.

To me, these are trying times and they are times when every contractor should be more cautious than ever of



his business decision. I don't refer to "running scared"—but a little bit of fear never harmed any sensible contractor. With regulators working on one side to increase the cost of doing business and other regulators trying to take profits away on the other end, a wary eye is appropriate.

At the same time, there are companies out there who would like to break into the big construction market with a new product and they'd dearly love to have the contractor share the liability for this so-called progress. Yet the contractor—sharing liability or not—must remind himself that there is precious little testing available for him to apply judgment. A contractor simply has to be careful.

More than ever, I believe, a contractor should get into an association where we can all help each other. There's much to be done in the next few years . . . MUCH . . . and we had just as well get on with it together.

If you honestly don't agree that something has to be done and the present administration stands the best chance of doing it, perhaps you can come up with a better answer to Reagan's own query:

"If not NOW—When?"

"If not US—Who?"

A handwritten signature in dark ink that reads "Vernon L. Raymer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Vernon L. Raymer
AWCI President

REALTOR NEWS[®]

Volume 3, Number 12 April 5, 1982

The Advocate Newspaper for Private Property Rights

Reagan acts to 'restore health to housing'

WASHINGTON — Declaring that "Housing is one of our highest social priorities," President Reagan announced several actions designed to provide short-term relief to the beleaguered industry.

These actions include changes in the mortgage revenue bond program, union and private pension fund regulations and FHA mortgage guidelines in order to help "restore health to our ailing housing industry."

"Private home ownership has been the bedrock of our social system," he told more than 3,000 enthusiastic Realtors at the Washington Conference general session here last week. "But today, too many American families can no longer afford the price of an average home. We will not look the other way as the rock on which we have built this society continues to crumble."

Other plans to follow

Reagan said the "early actions" he was announcing would be followed by other plans. Further, he vowed "preservation of the homeowner mortgage tax deduction and maintenance of the important roles of FHA and GNMA."

Reagan also reaffirmed his dedication to a balanced budget.

"I have no intention of giving up on balancing the budget," he declared. "Government deficits are a plague on our economy. I am open to any and all suggestions to reduce the size of the federal deficit in a way that does not endanger our freedom."

The continuing decline in the rate of inflation is proof, he said, that "our pro-



President Reagan accepts congratulations from NAR officers Harley W. Snyder (left), president-elect, and Julio S. Laguarta, Association president, after his headline speech Monday, March 29, at the Realtors Washington Conference.

gram has already begun to work." But interest rates, Reagan stressed, still are too high.

In a point-by-point outline of the changes he was initiating in housing-

related programs, Reagan said his administration will "move quickly" to loosen the arbitrage restriction and broaden definitions of distressed areas under the mortgage revenue bond program, enabling 50,000 more homebuyers to obtain mortgages at lower cost.

Guidelines to be eased

Further, existing FHA guidelines will be eased to expand the number of potential homebuyers qualifying for FHA mortgages, he explained. "This action," he said, "will be of particular benefit to those purchasing their first homes — such as lower-cost condominiums — and will allow

relatives to assist young people in the down payment."

The housing industry also will receive a financial boost from pension fund investment when barriers placed by the Employee Retirement Income Security Act of 1974 are removed. The change in the act, which regulates union and private pension plans, will be made by the Labor Department in 30 to 60 days, Reagan announced.

Other action will, he said, "speed the processing of mortgages to encourage the private sector to take over the basic processing of loan applications."

Working group

Reagan also announced creation of a working group of the Cabinet Council for Economic Affairs, chaired by HUD Secretary Samuel Pierce, to "bridge our short-term measures and the structural reform proposals of our housing commission. Formation of the working group now will ensure prompt action to rejuvenate housing."

Echoing the philosophy of the National Association of Realtors, Reagan said his policies for the housing industry are "based on the essential right to private property — and in private property, nothing is more important than home ownership."

And he praised the National Association for the types of housing-aid programs it has suggested. "You are not asking the federal government for multimillion-

(Continued on page 7)

Mortgage bond programs need improving: Laguarta

WASHINGTON — Administrative and legislative improvements in state and municipal housing bond programs should provide as much as \$10-13 billion for mortgages, equivalent to help for 300,000-400,000 families, said Julio S. Laguarta, president of the National Association of Realtors. "This can be done without increasing the administration's proposed deficit," he added.

Testifying last week before the House Ways and Means Committee on the impact of federal tax and budget policies on the overall economy and housing, Laguarta said, "The mortgage bond amendments could be implemented in the upcoming House-Senate Conference on H.R. 4717, the Miscellaneous Revenue Act of 1981."

He said this will be the most immediate way to provide relief for the housing industry, which is in the worst housing depression since the 1930s, adding that the program will not add to the deficit estimates.

The proposal is limited to first-time homebuyers, 90 percent of whom cannot now qualify for a median-priced home, and will include new as well as existing homes, he said.

"Existing-home sales," Laguarta pointed out, "stimulate as many jobs for Americans as are created by new homes."

Laguarta also recommended that a tax credit be made available for first-time homebuyers, and he said use of existing funds from those estimated for the All-Savers certificate could allow 250,000 more families to own homes. Or, he said, the tax credit could be made to the lender who would pass along the credit to buyers in the form of lower interest rates.

Laguarta rejected the administration's proposal that would force corporations to amortize over 10 years any interest and taxes paid or incurred during the construction period of a nonresidential building.

(Continued on page 7)

Congress supports aid plans to revitalize housing industry

WASHINGTON — Tax-free savings accounts, interest rate subsidies and tax credits for first-time homebuyers, and loosened regulations for mortgage revenue bonds were among some of the housing-aid programs supported by congressmen last week at the Realtors Washington Conference general session.

"The housing industry needs help now," declared Sen. Robert C. Byrd (D-W.Va.). "The entire housing industry is in a virtual depression. Nothing has more long-term implications than the housing crisis."

Byrd pushed a Democrat-backed plan to buy down the interest rate for a fixed period for homebuyers that is broader than the proposal introduced by Sen. Richard G. Lugar (R-Ind.). "Unlike the Lugar bill, it would not benefit just new-home buyers," he said. "Thirty percent of the projected aid would go to buyers of existing homes."

Byrd also voiced support for legislation that will broaden the regulations that

have so far stymied use of mortgage revenue bonds, an issue President Reagan also addressed in his speech to the session. "The [George] Mitchell-[Jim] Sasser bill will give real relief to a vital industry," Byrd explained, "and that's what's needed now."

Representatives from both parties also expressed support for efforts to ease the bond program's regulations. Rep. Thomas J. Downey (D-N.Y.) explained his bill that would reduce the first-time buyer requirement from 100 to 80 percent as well as increase the arbitrage — the difference between the interest rate paid on the bonds and the rate charged on mortgages financed by the bonds.

"We need to make mortgage revenue bonds more realistic in today's market," agreed Rep. Thomas B. Evans Jr. (R-Del.). "Mortgage revenue bonds are a way to help housing that doesn't aggravate an already bloated federal budget."

Rep. Chalmers P. Wylie (R-Ohio) called

(Continued on page 7)

This issue contains special coverage of the Realtors 1982 Washington Conference

R National Association of Realtors
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Chicago, Ill. 60611

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at Chicago, Illinois and
additional mailing points.

Realtors Washington Conference



Realtor Don Blevins (left) of Lexington talks housing issues with Rep. Hal Rogers (R-Ky) during Capitol Hill visitations.

Congressmen reported responsive on housing

WASHINGTON — Congressmen contacted by Realtors about housing and other issues of concern to NAR were very responsive to the Association's emergency housing legislative proposals, according to reports by the regional vice presidents.

Proposals to free the existing mortgage revenue bond program and to provide tax credits to first-time homebuyers or lenders received support from most senators and representatives. However, some were apprehensive about the tax-credit proposal because of fears of losses in federal revenues.

"A high percentage were in favor of the tax credit," said Benny McMahon, regional vice president for Texas and Louisiana, "but many felt we were wasting our time because of the temperament of Congress."

"There was concern about the tax-credit proposal, but they could see it as being of great benefit," reported Dean A. Pearson, regional vice president for the northern Midwest states of North Dakota, South Dakota, Minnesota, Iowa

and Nebraska.

Little or no reservations were expressed about the mortgage revenue bond program proposal, which would free as much as \$15 billion by year-end.

"Twenty-two of the 23 congressmen we visited responded affirmatively to the revenue bond proposal," said Stuart A. Davis, regional vice president for Kansas, Missouri, Oklahoma and Arkansas, and a member of the President's Commission on Housing.

James R. Ingham Jr., regional vice president of Maryland, Delaware, West Virginia and Washington, D.C., said that "All of the people we polled were in favor of it," and McMahon said that although four or five congressmen were not totally familiar with the program, "Only one said he was totally opposed to our proposal."

Responses to questions about whether congressmen would vote to defer tax relief or to slow the growth in entitlement programs, defense programs or other spending programs to reduce the federal

(Continued on page 7)

Laguarta concludes conference in meeting with press

WASHINGTON — Following is a statement by Julio S. Laguarta, president of the National Association of Realtors. The statement was delivered March 31 at a press conference at the conclusion of the NAR Washington Conference.

Nearly 3,000 Realtor leaders from every state traveled to Washington to meet with President Reagan and members of Congress. They represented nearly 700,000 Realtors and presented a balanced program that will affect 150 million American homeowners and 75 million would-be homeowners.

The president of the United States personally met with the leadership of the Association in the Oval Office and later addressed a general session of Realtors, where he outlined a first step toward improving the health of housing.

The Association commended the president for his program and identified other steps that must be taken to improve the health of housing and the overall economy. Later, reports were presented on our members' visits to nearly every House and Senate office. The reports described a paralysis of leadership that exists in Washington now.

The president and Republicans and Democrats in Congress are all practicing the ancient art of avoiding being the scapegoat for current bad economic policies. No one is willing to take the lead to correct bad housing and economic policies. In the meantime, in most communities, people are suffering a needless housing depression and an overall economic recession.

Realtors petitioned their government to lower the deficit now and do it by cutting spending in all program areas — defense, entitlement and others. Only if Congress cannot or will not act on spending should income tax relief be deferred in 1983 and 1985.

We argued that the federal deficit must be reduced by at least one-third of the current estimates in 1983 and 1984, with a balanced budget planned for 1985 and 1986. If that can be achieved, the prospect

of renewed inflation would be reduced and, in addition, real interest rates could be cut by three percentage points. This would allow at least 2 million families and households to purchase their own home each year, and would protect the value of all homes.

The Realtors agreed that elected leaders who display a lack of initiative to do what must be done run the risk of being rejected by their suffering constituents; on the other hand, congressmen

and senators who will improve housing and economic policy will survive.

Currently, the president and Congress have failed to live up to their commitments on budget this year. They have overrun their budget commitments by double the rate that has occurred with presidents and congresses during the past 10 years.

We stress the need for a healthy housing industry to pull the rest of the economy out of the recession. We propose

that funds that have already been authorized should be diverted to more effective programs for housing.

In addition to the president's commitment to improve the mortgage revenue bond program, our Association proposes that the funds estimated to be used by the All-Savers certificate program should be used to initiate a tax credit for first-time homebuyers.

Housing, if allowed to, will help pull this country out of recession.

Reporters ask about mortgage subsidies, RPAC

In the question-and-answer portion of the press conference, NAR President Julio Laguarta was asked about support for legislation introduced by Sen. Richard Lugar (R-Ind.) that would provide a subsidy to buy down interest rates on mortgages. Laguarta indicated that although the Association is not actively opposing it, the bill is inconsistent with NAR policy that there be no new spending programs that would further affect the deficit.

He noted too that the Lugar bill is limited to new housing, apparently due to the belief that new-home sales and construction will create more employment opportunity than existing-home sales.

"The fact of the matter is," Laguarta said, "that existing-home sales will create just as many job opportunities as new-home construction and sales. The mix may be different, in terms of where the jobs are, but the number of actual jobs created is the same."

He added that proposals made by the National Association of Realtors, specifically mortgage revenue bond programs and the tax credit for either buyers or lenders, are more feasible alternatives.

"Neither of these proposals would place pressure on the already high federal deficit," he said, "and both are short-term programs that would help stimulate the housing industry."

He said he expects legislation to be introduced as early as this week on the tax-credit proposal, and that during visits to Capitol Hill by Association members there appeared to be a great deal of support for the proposal.

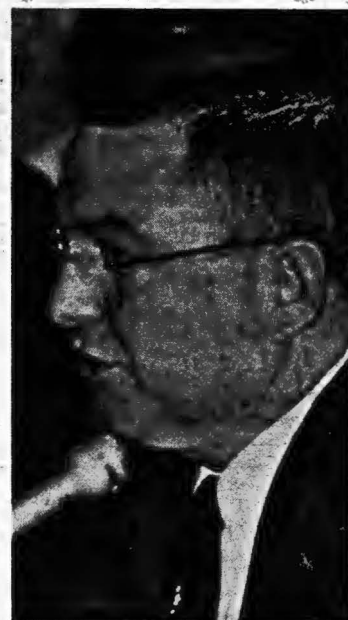
The mortgage revenue bond program changes requested by the Association have already been proposed by President Reagan.

When asked specifically about the Realtors Political Action Committee (RPAC) plans for the 1982 elections, Laguarta noted that RPAC would be extremely active and indicated that available funds could exceed \$4.3 million.

He also declared that a new program, Realtors Active in Politics (RAP), would result in more than 140,000 members contributing a minimum of 24 hours of their time to political activity, equivalent to \$20 million in manpower value.

He was asked, too, if RPAC intended to follow the same pattern as BUILD-PAC, the National Association of Home Builders PAC, which has announced that it will not support any incumbent or challenger who does not demonstrate strong support for emergency housing assistance.

"We intend to examine each candidate very closely and determine his or her commitment to sound economic policies and housing," Laguarta said.



Julio Laguarta

Realtors Washington Conference

Reagan proposes 5-point housing program

The following are excerpts from President Reagan's remarks to the National Association of Realtors' Washington Conference.

A year ago when members of your executive committee met with me at the White House, we shared our hopes for reducing the growth of government spending. Your 2% Solution proposal was considered carefully in the design of our program, and with your help, we were able to convince the Congress to make that program the law of the land. I thank you for your hard work and ask for even more as we continue our struggle to reduce the size and appetite of the federal government.

But the dream of ownership — home ownership that is your stock in trade — has turned into a nightmare; not suddenly, not overnight, but after a decade or more of economic abuse. After years of fiscal blundering in Washington — after the big-spending, big-government policies of the past brought our national economy to the brink of disaster — home ownership has become an impossible dream for too many of our people.

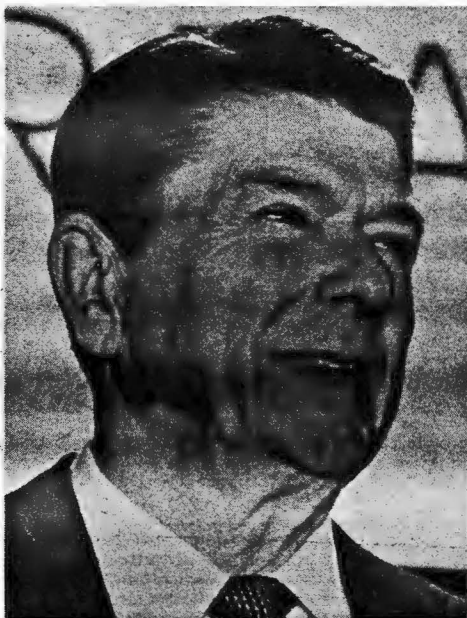
On my direction, Secretary Pierce and a Cabinet-level task force have developed a plan for short-term relief of the housing industry. I'm pleased to announce a series of several early actions that we will take in response to their findings.

First, changes will be undertaken regarding the mortgage revenue bond program to loosen the arbitrage restriction and broaden our definitions of distressed areas. Since the basic program is already in place, we can move quickly. These changes will make it possible for state agencies to provide mortgage funds for 50,000 more homebuyers at lower costs.

Second, further action is being taken under the Employee Retirement Income Security Act of 1974, the Act which regulates pension plans. Within 30 to 60 days, the Department of Labor will have completed action to remove barriers within the limits of fiduciary responsibility, to free a flow of critically needed funds for housing from pension funds.

Third, we're easing existing guidelines to expand the number of potential homebuyers qualifying for FHA mortgage loans. And this action will be of particular benefit to those purchasing their first homes — such as lower-cost condominiums — and will allow relatives to assist young people in the down payment.

Fourth, we're taking action to remove restrictions on "controlled business." Today, real estate brokers, among others, are limited in ways that they can provide services to homebuyers. As a result of our actions, real estate firms will be free to establish subsidiaries to provide additional services, like title insurance, which are necessary to complete the purchase of a home.



Fifth, we're also taking action to speed the processing of mortgages to encourage the private sector to take over the basic processing of loan applications. And while we're taking these short-term actions, we're looking at the long term as well.

Let me state categorically that for this administration, housing is one of our highest social priorities. Our policies, for this industry, are based on the essential right to private property. And in private property, nothing is more important than home ownership. I also want to state my firm personal commitment to preservation of the homeowner mortgage tax deduction and maintenance of the important roles of FHA and Ginnie Mae. You have my pledge that this administration will take no precipitous action. Our actions will be measured against the private sector to bear more responsibility in home financing.

Home ownership creates incentives for people to save and invest — a unique stabilizing force in our democratic system. Unfortunately, years of inflation and high inter-

est rates have put today's housing industry in transition and crisis. Consumers can't buy, sellers can't sell, and builders can't build. Interest rates have come down from their dizzying heights, but they have not come down enough. Recent gains in controlling inflation, in the savings rate, in tax incentives and in budget reductions will continue to push them downward, but the only hope for long-term improvement in interest rates is for the Congress to join me in a bipartisan effort to cut spending. We must reduce these intolerable budget deficits that have haunted us for so many years.

Attempts to saddle this administration with the blame for economic problems long in the making only sink our economy deeper in the quagmire of partisan debate, and they don't fool anyone either. The American people don't believe it and never will. This administration holds no patent on recession. We didn't invent sky-high interest rates and inflation or the tragedy of unemployment. These problems were in place long before we took office. They were the result of something that was called the new economics — about twenty years ago they called it that.

In 1980 alone no fewer than three different national economic policies were tried. Our economy was jerked in one direction after another in a vain effort to trim sails to each change in the political breeze. Well, I believe that we have in place a solid program for economic recovery, and it is going to do the job. With your help and with a bipartisan coalition in Congress we have cut the people's taxes, held down government spending, cut the growth of regulations and urged the Federal Reserve to maintain a slow and steady growth in our money supply. Our programs will encourage saving and investment and provide incentive for our people to work harder, produce more, and expand our economy.

Some of our leaders seem to have forgotten where prosperity comes from. America's abundance was not a gift from government or anyone else. Free enterprise, not government, is the source from which our blessings flow — and we in this administration intend to restore it.

Our program has already begun to work. After unprecedented years of double-digit inflation, we ended 1981 with inflation measured for that past year at 8.9 percent. But in the last five months, it has been down to 4.5 percent. We have begun to tame the inflation monster.

Join us in our effort to renew our way of life. Stay with us, as I'm sure you will, as we pass through this dark corner in time. In your communities and tomorrow in the Congress, spread the word that you have faith in these programs, that together we can sustain the courage and the patience of our people, and together we can restore the health of our nation. Thank you and God bless you.

Details of President Reagan's recommended plan for housing

In his speech last week at the Realtors Washington Conference, President Reagan outlined five new actions recommended by Housing and Urban Development Secretary Samuel Pierce and a Cabinet-level Task Force to provide modest short-term relief for the housing industry.

The changes will:

- ease regulation of mortgage revenue bonds;
- permit expanded housing investment by pension funds;
- extend FHA loan eligibility to more first-time homebuyers;
- ease regulation on the real estate industry to allow more competition and reduce settlement costs to buyers; and
- reduce processing time for FHA loans.

Each of these five recommended actions is outlined in greater detail below.

Mortgage revenue bonds

- Mortgage revenue bonds are issued by states and localities to finance home mortgages at more affordable rates.
- The Mortgage Subsidy Bond Act sets a maximum volume of mortgages that can be issued by each state, and the act sun-

sets in 1983.

- Due to technical restrictions, some states have not been able to use their existing authority.

These restrictions will be liberalized within the existing legislation to allow the mortgage revenue bond program to achieve its full potential.

- Prepayment of principal will be treated as being received at the end of each semiannual debt service period instead of monthly. This has the same effect as an increase in allowable arbitrage of between 20 and 40 basis points.

Areas of economic distress would be expanded beyond the current maximum of 20 percent of a state's population as long as other statutory requirements are met.

- These changes may provide for as many as 50,000 additional housing units.

Employee Retirement Income Security Act (ERISA)

- ERISA is intended to protect the future retirement payments of \$500 billion of pension funds by regulating allowable investments.

(Continued on page 6)

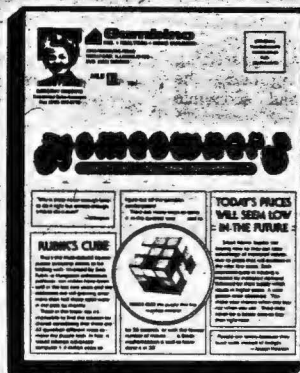
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Realtors Washington Conference



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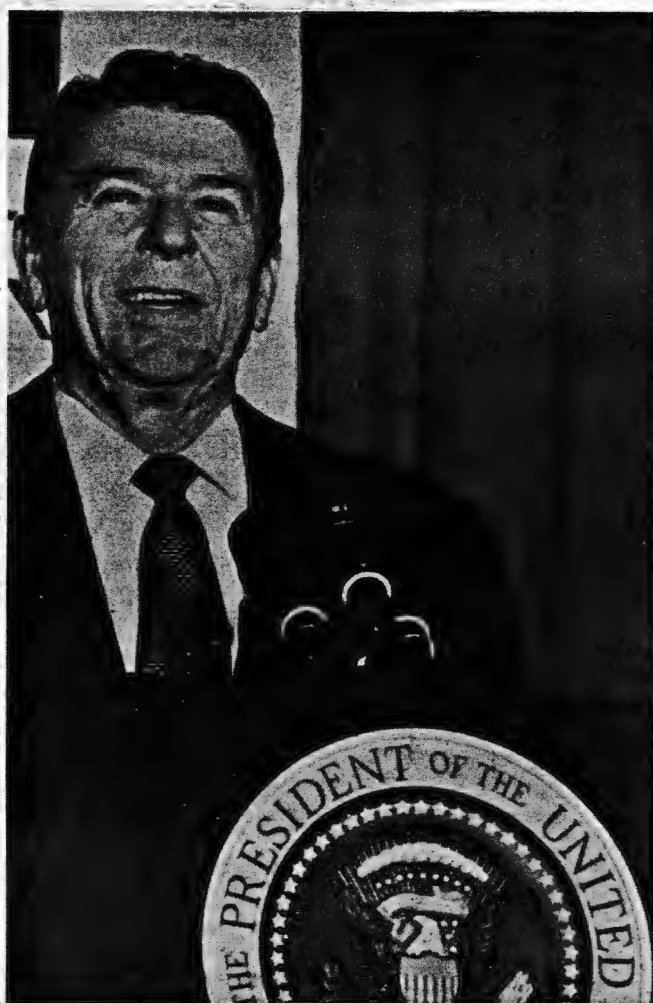
Nearly 3,000 Realtors from across the country blitzed Capitol Hill last week during the annual Washington Conference. This year's conference, March 28-31, was headlined by President Reagan, who outlined a five-point program for short-term housing relief.

The conference also examined critical issues facing housing and the economy, especially the current number one legislative concern: the federal budget. Reagan, in his address, indicated that there would be no "budget-busting bailouts" for housing, which he said would only aggravate the industry's underlying problem — interest rates. Instead, he announced a series of "early actions" designed to "restore health to our ailing housing industry" (see story on page 1 and excerpts from the speech on page 3).

Other highlights of the conference included the Realtors Political Dinner featuring Lyn Nofziger and Charles Manatt and the annual Congressional Reception on March 30.



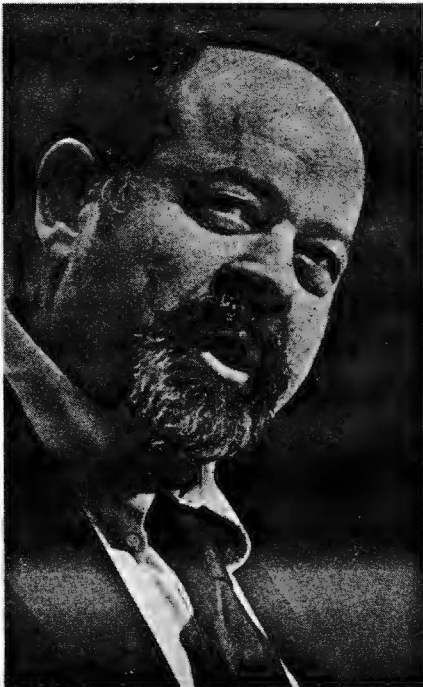
Robert Strauss (left), former chairman of the Democratic National Committee, was introduced to the March 29 General Session by NAR President-elect Harley Snyder.



After meeting in state caucuses, photo at right, delegations of Realtors visited Capitol Hill to discuss important housing issues with their senators and representatives. Above, Democratic Rep. Buddy Roemer (left) meets with Realtors from Louisiana. With Roemer are James Fullilove (center) and Dez Hill, both from Shreveport, La.

President Reagan, photo at right, was the main speaker of the Realtors Washington Conference. The president announced five new housing initiatives in his remarks.

Realtors Washington Conference



Democratic National Committee Chairman Charles Manatt, photo at left, and Lyn Notziger, former assistant to President Reagan, photo above, engaged in a lively exchange at the Annual Political Dinner.



Featured speakers at the Conference included Sen. Robert C. Byrd (D-W. Va.), top photo; Sen. Robert Dole (R-Kan.), photo above; and Rep. Fernand St Germain (D-R.I.), photo below. Pictured at right are NAR President Julio Laguarta and President-elect Harley Snyder.



New housing actions

(Continued from page 3)

- This has had the unintended effect of limiting the ability of pension funds to invest in mortgages.

- In November the president announced a class exemption to make mortgage investments by pension funds easier.

- Today's action broadens substantially the mortgage investments included, based on comments received from 90 affected groups by the Department of Labor.

- These actions will:

- Remove burdensome restrictions on government-backed mortgage securities.

- Expand the proposed class exemption to cover some second mortgages.

- Provide for the class exemption to cover whole mortgage loans or mortgage participations.

- Revise existing class exemption for mortgage pools.

- When these changes are completed in 30-60 days they will have the potential to open up a new area of financing to the mortgage markets and to broaden the base of mortgage credit.

Federal Housing Administration (FHA) underwriting

- The FHA insures mortgage loans for low- and middle-income families under a variety of programs.

- These programs have operated at no cost to the taxpayer and have accumulated reserves of about \$3 billion.

- FHA will liberalize a number of these regulations to allow more households to qualify for loans.

- This will be particularly beneficial to the young, first-time homebuyer purchasing a starter house/condominium.

Real Estate Settlement Procedures Act (RESPA)

- RESPA was intended to prevent consumer abuse in the settlement services industry.

- It has been interpreted in an unnecessarily restrictive way that prevents the logical development of private settlement

service industries.

- In particular, "controlled business" prohibitions prevent real estate brokerage firms from establishing subsidiaries to provide services like title insurance.

- Removal of this regulation will allow more competition and reduce consumer costs of purchasing a home.

FHA: Expedited processing

- FHA loans are currently processed by HUD, sometimes resulting in long and costly delays.

- HUD is currently revising procedures to delegate this processing to the private sector, both for multifamily and single-family homes, new construction and existing housing.

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Realtors Washington Conference

Bond programs

(Continued from page 1)

"We would urge instead that current expensing of construction-period interest and taxes should be allowed for both individuals and corporations," he said.

Laguarta also said the Association would support a reasonable, alternative minimum-tax proposal to help ensure that corporations and individuals pay their fair share of taxes.

Dr. Richard W. Rahn, vice president and chief economist of the U.S. Chamber of Commerce, who was testifying at the same hearing, was opposed to any increase in taxes to reduce the federal deficit, including those proposed by President Reagan.

"A minimum tax is counterproductive and hypocritical because it subjects to taxation certain business deductions properly taken from income as a result of congressional desire to create incentives for certain types of economic behavior," Rahn said.

Paul Huard, vice president for tax and fiscal policy for the National Association of Manufacturers, also opposed "any increases in taxes on either businesses or individuals at this time."

During the testimony, several congressmen — both Democrats and Republicans — commended the Association for offering reasonable recommendations for improving housing and the general economy. This was in sharp contrast to congressional reaction to both the Chamber of Commerce and the AFL-CIO testimony. Comments were made that the Association had correctly identified the proper housing and economic policies.

In particular, Rep. Bill Archer (R-Texas) commended the Association's appreciation of the problems that Congress is facing in trying to reduce the budget deficit.

Support aid plans

(Continued from page 1)

for a tax credit for first-time homebuyers, as well as a broadening of the revenue bond program's regulations. Stressing support for the revenue bond program, he urged, "Let's unite in that effort."

Rep. John J. Duncan (R-Tenn.), who also supported easing mortgage revenue bond regulations, promoted his bill, H.R. 3853, that would exempt from taxes the interest on old low-rate mortgages sold off by ailing savings institutions.

Dole: need more federal spending cuts

WASHINGTON — Further cuts in federal spending will touch off a "housing boom" as interest rates "tumble down to

Tapes of Reagan speech available

The president's speech and the overall quality of the speakers at the Washington Conference have prompted hundreds of Realtors to ask for tapes of the proceedings.

The Association has audio cassette tapes available of President Reagan's speech for \$7. Tapes of other speakers are available for \$5. They include Sen. Robert Dole (R-Kan.), chairman, Senate Finance Committee; Senator Robert Byrd (D-W.Va.), minority leader, U.S. Senate; and the Honorable Robert Strauss, former chairman, Democratic National Committee.

Video cassettes of the president in VHS or BETA I and II are available at \$45 each, while a 1/4" cassette is \$50.

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14, 13, or even 12 percent," Sen. Robert Dole (R-Kan.) told the Realtors Washington Conference general session here.

Interest rates would drop, he argued, because additional budget cuts would send a "big signal to financial markets."

Dole, along with Sen. Robert C. Byrd (D-W. Va.), who also spoke at the session, stressed the importance of further federal spending cuts in pulling housing out of its current recession. Only the issue of whether defense spending should be controlled divided them.

"Your members of Congress should be encouraged, regardless of party, to work on a compromise budget that will reduce the federal deficit by cutting spending growth and, if necessary, increasing revenues, so that we can bring interest rates down," Dole said.

The housing industry and the rest of the economy can't wait another 45 or 60 days for a responsible budget compromise to be worked out, he said. It is crucial that Congress and the administration understand that the federal deficit is "too high right now and must be reduced before houses can be sold again," he added.

Although the growth in federal spending has been cut by \$36 billion in the last 14 months, there are many other places where spending could be cut, Dole said.

He warned, however, that the 1983 per-

sonal tax cut and 1984 tax indexing program should not be deferred.

"We could raise \$40 billion by deferring the 1983 tax cut and the 1984 tax indexing, but that would send a signal to Congress that we really don't have to cut spending — let's not take the easy way out," he said.

Referring to the Realtors' recommendation that a federal tax credit be given to first-time buyers or to lenders who supply mortgages to these buyers, Dole said he would not support such measures because "We can't afford them."

Byrd, however, expressed support for an NAR-backed Senate bill which would give a \$5,400 tax credit to first-time buyers as well as make changes in the mortgage revenue bond program so that more homebuyers could be served.

The bill Byrd referred to, sponsored by Sens. George Mitchell (D-Maine) and James Sasser (D-Tenn.) "would give real relief to a vital industry, which is what housing is," he said.

The importance of a bipartisan budget was also stressed by Robert S. Strauss, former chairman of the Democratic National Committee, who also addressed the Realtors. But because it will entail some unpopular efforts, he said, President Reagan will have to take the lead during this election year.

Lawmakers receptive on issues

(Continued from page 1)

budget deficit often were divided along partisan lines, especially on the matter of deferring tax relief in 1983 and 1984.

"Some still feel entitlement programs are untouchable," commented Clark Wallace, regional vice president for California, Hawaii and Guam.

However, most state delegations reported that a majority of the congressmen they saw favored these various steps as ways of reducing the federal budget deficit.

"Some of our very liberal congressmen agreed for the first time that something has to be done with entitlement programs," observed Vincent T. Aveni, regional vice president for Michigan and Ohio.

Responses were less clear on the Association's request that congressmen

send letters to the Federal Home Loan Bank Board opposing its proposed regulations that would allow savings and loan service corporations to enter the real estate business directly.

"Many said they were sympathetic to our position but wanted to see more details," reported Wallace. But McMahon said that many Texas and Louisiana congressmen already had sent letters to the Bank Board expressing their opposition to the proposed regulatory changes.

Generally, congressmen expressed support for House and Senate resolutions directing the sale of excess federally owned property in order to reduce budget deficits.

Lawrence B. Caldwell, regional vice president for New York, New Jersey and Pennsylvania, said that "For the most part, congressmen were supportive of what we are trying to accomplish."

Restore health to housing industry

(Continued from page 1)

dollar bailout schemes," Reagan stressed. "You recognize, as do I, that budget-busting bailouts will only aggravate the interest rate problem, the underlying problem in the housing industry." The president also referred to NAR's "10% Solution," saying it had been considered carefully when designing his own program.

The only hope for ending a situation in which "consumers can't buy [homes], sellers can't sell and builders can't build" rests with a "bipartisan effort to cut spending," Reagan declared. "We must reduce our intolerable budget deficits. And our solution must be fair and compassionate."

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Solar energy

Surge in residential solar systems foreseen

Use of solar energy in housing is expected to boom in the next four years, as the number of solar-equipped homes will increase by 100 percent, or 500,000 additional homes, during the period.

That estimate was made by R. Nicholas Loope, president of the Solar Energy Industries Association, during an interview with *REALTOR NEWS*. "Changes in federal and state tax laws regarding solar equipment will begin in 1986 and will greatly reduce present incentives for that installation," he said.

"Those who have an interest in solar energy will tend to move in the direction of this alternative before 1986 to benefit from thousands of dollars in federal and state tax credits scheduled to be eliminated by then," he added.

He emphasized that he was speaking of tax credits and not deductions. "The federal government will allow credits through 1985 equal to 40 percent of the cost of equipment, up to a maximum \$10,000 credit, and 38 states offer credits ranging from 40 to 70 percent."

Of the 12 remaining states, several have tax-credit bills pending and others offer property tax abatement for home improvements due to solar energy equipment installation, he said.

What do these tax credits amount to for typical installations? Here are two ex-

amples — a solar water heater and a full solar heating system:

Some comparisons

"A solar water heater installed in a new home would cost between \$3,200 and \$3,800, including necessary ductwork and other related installations," Loope said. "That's about eight or nine times as expensive as traditional water heaters."

The solar water heater on a new home can be amortized over the length of the mortgage, thus adding only a few dollars per month to the payment for principal and interest, he said. For existing homes, retrofitting the water heater will cost more, but home-improvement loans of at least five years' duration can be obtained, he added.

Meanwhile, the federal tax credit on a water heater that cost \$3,800 would be \$1,520. And most states that offer tax credits above the federal government's 40 percent level would allow a state credit equal to the difference between the two.

Thus, in some cases that would be an additional 20 or 30 percent, or \$760 to \$1,140 more. Overall, then, the tax-credit saving would range between \$1,520 and \$2,660 on a \$3,800 water heater, Loope said.

As for solar heating being included in new homes, the cost ranges between \$5,000

and \$10,000, depending on the type of equipment and style of installation, and whether it is direct heating or includes a heat pump.

Retrofitting for existing homes varies greatly, depending on the original equipment and what has to be redone for solar heating. "Minimum costs, with a heat pump, probably would be about \$15,000," Loope said.

Thus, for solar heating, the tax-credit saving on a new home would range between \$2,000 (federal credit alone) on a \$5,000 installation and \$7,000 (federal and state tax credits totaling 70 percent for some states) on a \$10,000 installation.

But the tax credit involved is only one area of consideration in the choice between solar and traditional sources of energy. "The primary consideration is whether solar energy will provide a satisfactory return on the investment," he said.

The comparison of solar energy with electricity is the most favorable. If electricity is the alternate source for heating, solar heating in many areas will pay for itself in monthly savings within seven years or less — possibly in as little as five years. A saving of more than \$5,000 within seven years is Loope's projection.

The current outlook for heating with oil is "quite a bit more uncertain, with prices likely to remain fairly stable unless there are political difficulties in the Mideast," Loope said.

"For that reason, the best estimate for a return on investment from solar energy compared to oil heating would be eight to nine years," he said. "But it could be much less, if the price of oil should rise sharply due to an embargo or a war in the Mideast."

Uncertain comparison

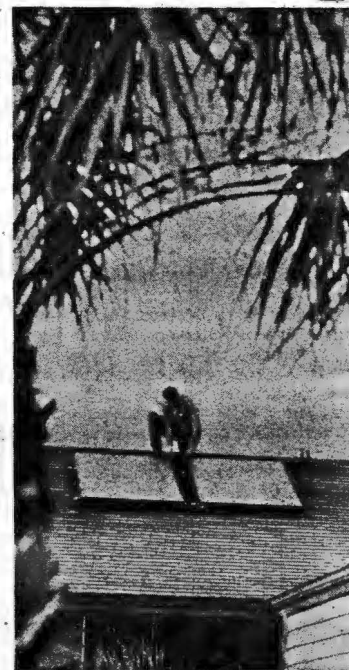
A comparison with natural gas for cost savings is even more uncertain. "A promise by the Reagan administration that there would be more rapid decontrol of prices to boost exploration of new gas deposits could bring about a great change in the status quo," he said.

"Currently, the comparison with natural gas means a return on solar energy investment within 10 to 12 years, but decontrol of gas prices could send them zooming and make that payback at least as rapid as for oil," Loope added.

President Reagan last week announced that he would not seek legislation this year asking for decontrol of natural gas prices. He suggested, however, that such legislation might be sought in 1983.

Loope predicted that homebuilders this year will construct at least 100,000 homes with some form of solar energy — from heated swimming pools and water heaters to complete heating systems.

"The only qualification I have on that number is based on the extent to which the entire homebuilding industry will



Workman puts finishing touches on installation of solar panels, standard equipment on new homes at Indian Springs development, Jacksonville, Fla.

return to normal in overall construction," he said.

"Regardless, between now and the end of 1985 there will be 20-25 percent more solar homes built each year," he added.

The only reason it has taken since 1976 to get the first 500,000 solar homes on the market has been the overall added cost on the home and the length of time required for a return on the investment, Loope noted.

"Builders, particularly in the past few years, were reluctant to add about \$10,000 to the price of a home, especially when prices already had been rising at an annual rate of 12-15 percent," he said.

"Now, with the tax credits likely to run out by the end of 1985, and the period of time for a return on investment better than ever, builders are beginning to recognize solar-equipped homes as having a decided advantage over conventionally heated homes."

"They see that these homes, from now on, will have a sales advantage over the others. Even in resale, although there are no solid statistics currently available, some comparisons have indicated an advantage for the solar home," he concluded.



Both active and passive solar energy power this three-bedroom Boulder, Colo., home, one of 10 energy-saving homes sponsored by the National Association of Home Builders and the National Council of the Housing Industry.

Apartment rehabbers tapping into solar energy sources, too

KANSAS CITY — Solar energy, increasingly tapped for new single-family homes, is now being used in the rehabilitation of existing rental housing.

A prime illustration is a three-story apartment building here, one of 10 structures being renovated within the seven-block Benton Square area.

The 12-unit building has been outfitted with a passive solar system under a \$40,000 design and construction grant by the department of Housing and Urban Development (HUD). The system is intended to supply more than half of the building's heating and hot water needs. A conventional gas system serves as backup.

Solar energy is collected directly through south-facing windows and also through a Trombe wall, which makes use

of the existing 12-inch brick wall on the rear of the building. A double-glazed acrylic skin was added on the exterior (omitting the windows), with an air-space sandwiched between the glazing and the brick. The Trombe wall stores heat from the sun during the day and releases it slowly when temperatures drop.

A "solar penthouse" was added atop the building for indirect solar gain and for housing 26 water tanks that will serve all the apartments. This solar space furnishes additional light to the third-floor north-facing apartments through interior skylights, as well as heat through uninsulated ceilings.

Essential to the passive solar design are the energy-conservation features of the apartments, including insulation, weather-lock entries, insulating windows, thermal shades, and energy-efficient furnace.



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April 1982

NAW Board at White House as President Signs Small Business Message

NAW's Board of Directors and senior staff government relations officials represented the wholesale distribution industry last month at the White House as the President signed his first report to Congress on the State of Small Business. The report describes how the Administration is establishing an economic environment conducive to small business formation and growth.

Commented NAW Chairman of the Board Tom Addison after the meeting: "The fact that the President sought input from members of the small business community, including we in the wholesale distribution industry, is apparent from the content of the report. A central theme of the report is that the success of the American economy is critically dependent upon preservation of real opportunity for small business. As a result, in his presentation, the President reaffirmed his intent to stay with the Economic Recovery program enacted last year, and to put the nation back on the road to prosperity and stable growth."

The Small Business Economic Policy Act of 1980 mandated that the President submit to Congress each year a report on small business and competition. The

Photo courtesy of Karl H. Schumacher, the White House.



In signing his first State of Small Business report for delivery to Congress, the President reaffirmed his intent to stay with the Economic Recovery Program enacted last year, and to put the nation back on the road to prosperity and stable growth.

State of Small Business: A Report of the President is the first one.

Highlights

Small business (defined as having 500 employees or less) numbers 15 million or 99% of total American business. Wholesaler-distributors, of course, form a

significant part of the small business sector (see page 17).

The fundamental tenets of the Administration's small business policy, according to the President, are: (1) the government should promote a strong, vibrant, free market economy; (2) economic

(Continued on page 14)

NAW Board at White House...

growth and full employment must be restored while reducing inflation and interest rates; (3) federal impediments to free and efficient use of resources must be reduced or eliminated.

Role of Small Business In the Economy

Small business produces almost half of the goods and services in the economy, and is a more prolific source of innovation than medium or large business. Also, between 1969 and 1976, more than 86% of all new jobs were provided by firms employing fewer than 500; 75% of these jobs were attributable to companies that were less than five years old. Over half of the current labor force is employed by small business.

Small Business and U.S. Economic Problems

The basic problem of the U.S. economy, states the President's report, is that it is not growing fast enough. Since 1973, the economy has grown at a real rate of less than 2.4% per year, which is two thirds of the real growth rate experienced from 1950-1973. Sources of growth have been obstructed by past federal policy errors involving the tax code and its interaction with inflation as well as excessive appropriation and distortions in the use of resources by the federal government. These past errors have contributed to the four major economic problems faced by small business: cyclical sensitivity, inflation, interest rates and access to capital.

Economic Recovery Program

President Reagan stressed in his message that the Economic Recovery program is beginning to show results: (1) a substantial decline in inflation; (2) a start toward long-term decline in interest rates; (3) an increase in savings to expand the supply of capital.



Board of Directors meets at NAW headquarters prior to attending White House signing ceremony; endorses need to maintain last year's ERTA victories.

The Economic Recovery Tax Act (ERTA) seeks to provide incentives to increase asset purchases as well as to encourage employment growth for small business through:

- Reduced individual tax rates
- An accelerated cost recovery program
- Revised rules for the expensing of depreciable assets
- Increased investment tax credits
- Lower corporate tax rates for small businesses
- Increased allowances for accumulated earnings
- Higher allowances for Keogh Plans and Individual Retirement Accounts
- Liberalized estate and gift tax laws
- Simplified LIFO inventory accounting
- Liberalized Subchapter S provisions

Regulatory relief, said the President to the assembled business leaders, has been actively pursued in every regulatory agency and the number of new regulations issued has been significantly reduced. The President revealed that he has asked all federal agencies and several independent financial

agencies to accelerate from ten to five years the time for completion of their review of the effect on small

**"Small business
(defined as having 500
employees or less)
numbers 15 million or
99% of total American
business."**

business of existing regulations.

The Administration is also committed to antitrust enforcement; research and development, and innovation stimulation; general federal procurement improvements for small businesses; export promotion; and, the development and encouragement of minority and women-owned businesses.

Concluded Addison: "It's been a long time since we've had an Administration so attentive to the needs of our industry and small business in general. We are very pleased with this first small business report to Congress and will continue to do our part to restore health to the national economy."

NAW

TAB G

News



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National
Association of
Manufacturers

32-44

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NAM PRESIDENT URGES COMPROMISE AGREEMENT ON FISCAL 1983 BUDGET

DETROIT, April 5, 1982 -- The president of the National Association of Manufacturers today urged business leaders across the country to contact their senators and congressmen during the Easter Recess and urge them to work with President Reagan in putting together a federal budget for fiscal 1983.

Alexander B. Trowbridge told the Economic Club of Detroit that the nation's economy will continue to suffer until interest rates begin to decline -- and that this decline can be accelerated by prompt action to reduce the federal deficit.

But Trowbridge said Congress and the Administration must work together to avoid a stalemate on the fiscal 1983 budget.

"A fiscal 1983 budget which reduces spending and deficits through bipartisan and courageous burden-sharing is essential," Trowbridge said. "The compromise package so badly needed can only come through cooperative and comprehensive reviews of all federal spending, including the so-called 'uncontrollable entitlement' programs which are indexed to increases in the cost of living."

Trowbridge said the rate of growth in federal spending must be dealt with quickly. "While revenues shouldn't be immune from examination, tax increases which could delay economic recovery should be approached with extreme caution," Trowbridge said.

-MORE-

Trowbridge said the various budgetary options which have been proposed to reduce the federal deficit below the levels indicated in the Reagan Administration's budget have not yet produced a bipartisan consensus. Republican leaders in both the House and the Senate are working with their Democratic colleagues to develop a bipartisan budget proposal which would be acceptable to President Reagan.

President Reagan sent his proposed fiscal 1983 budget to Congress on Feb. 8 of this year. Congress is required by law to adopt a first budget resolution by May 15. But, according to Trowbridge, little progress has been made to date, and there are indications a stalemate may be developing.

"A stalemate is unacceptable," Trowbridge said. "Without a resolution of the fiscal 1983 budget, there will be no further reductions in federal spending and deficits, and the resulting economic uncertainty would be likely to have a negative impact on interest rates and the prospects for sustained economic recovery."

Trowbridge urged business leaders to emphasize four points in their conversations with members of Congress during the Easter Recess:

- "That the adoption of a federal budget for fiscal 1983 is essential and that Congress should act on schedule as prescribed by law;
- "That a budget stalemate is unacceptable because of the economic uncertainty it would produce;
- "That the most urgent need for fiscal 1983 and beyond is to reduce spending and deficits with no one group or industry carrying more than its fair share of the burden; and
- "That a cooperative, bipartisan effort by Congress and the Administration, similar to the effort which produced last year's historic tax and spending legislation, is essential to economic recovery."

TAB H

Washington Perspective
A Political Comment by John Baize
Washington Program Manager

"Ronald Reagan - The Man Who Sets The Agenda"

With the recession worsening, unemployment rising and the likelihood of record deficits in 1983, President Reagan is coming under increasing attack in the media, from the Democrats and from his own party. We are increasingly hearing statements that Ronald Reagan is the rich man's president, an enemy of the poor, or recently that he may be suffering from senility. Don't believe a word of it...they are the voices of political frustration.

Not since Franklin Roosevelt has a president so controlled the national policy agenda. I can think of no recent president except FDR who so well understood how to use the political power constitutionally granted the Presidency as does Ronald Reagan. Instead of reacting to the actions of the Congress as did Jimmy Carter and Gerald Ford, Ronald Reagan has the Congress reacting to him. He sets the agenda that the Congress acts upon, not vice versa. There are many examples.

First, Ronald Reagan has had to exercise his veto power only three times since taking office. The first time when he vetoed a budget-bursting continuing budget resolution, the Congress didn't even try to override his veto. Recently, when the President vetoed emergency energy legislation his veto was easily sustained in the Senate.

Since Ronald Reagan assumed the Presidency, what new regulatory programs has the Congress passed and sent to the White House? Not a one! In fact, I know of no new spending programs which have been signed by the President that were not expressly requested by him. He is in control of the national agenda.

Take the FY 1983 budget debate as an example of Ronald Reagan's use of power. In 1981, he was successful in getting the Congress to approve a 3-year, 25-percent reduction in taxes along with sizable reductions in the growth of federal spending. By doing so he greatly restricted the alternatives available to the Congress in dealing with his FY 1983 budget proposals. The Democrats have already said they cannot tolerate a \$100 billion deficit. Yet they do not want to be the party to suggest a tax increase, especially during a recession. If the Democrats can't live with a \$100 billion deficit and they can't raise personal income taxes, their only alternative is to cut spending. A spending cut, of course, is what Ronald Reagan wants. In the end I expect the President to offer up a \$20 billion cut in defense in return for the Congress making similar cuts in spending in other programs. If so, Ronald Reagan will get what he wanted all along, a more restricted federal government.

One does not have to agree with the policies of Ronald Reagan to admire his perception and use of power. Millions of Americans disagreed with Franklin Roosevelt, yet he is still considered one of our greatest Presidents. His legacy is all around us.

No one knows if the future will be kind to the programs of Ronald Reagan. However, I am confident his presidency will be remembered for the fact that he single-handedly established the national agenda and forever changed the policy direction of America and the world. Considering the complexities of our society, that's one hell of an accomplishment for one man. It is surely not a characteristic of senility.

ACTION ALERT!!

On March 22, President Reagan made a major address on the issue of American agriculture with special reference to agricultural trade. In the statement President Reagan strongly criticized the 1980 Soviet embargo as ineffective, damaging to American agriculture and damaging to the U.S. reputation as a reliable supplier of agricultural commodities. The President established three policies his administration intends to follow with respect to agricultural trade:

- 1) No restrictions will be imposed on the exportation of farm products because of rising domestic prices.
- 2) Farm exports will not be used as an instrument of foreign policy except in extreme situations and as part of a broader embargo. (In other parts of the speech Reagan also intimated he would use an embargo only if we had the cooperation of other exporters and only if he was confident it would be effective.)
- 3) The Administration will continue to aggressively pursue the elimination of foreign trade barriers and unfair trade practices that interfere with the export of U.S. agricultural commodities.

Unfortunately, mail to the White House has been largely negative on the President's speech. Officials there say little mail has been received from farmers expressing support for the President's statement and that the lack of response on agriculture's part may jeopardize future actions favorable to agriculture on the part of the Administration.

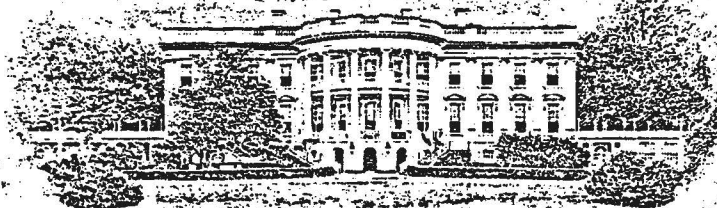
ASA urges you to write the President expressing your support for his statement on March 22. Your action is needed now to assure future favorable treatment of American agriculture by the President.

Write to the President as follows:

President Ronald Reagan
The White House
Washington, DC 20500

Washington Progress Report

HISPANIC TIMES
April, 1982



By HENRY ZUNIGA

NEW FEDERALISM—One of President Reagan's most important and controversial initiatives in his "New Federalism." The President simply wants to return government back to those governed, to you the people.

He wants the people to have more control over their own programs so they can not only have direct input, but also to monitor the execution of these programs and thus achieve the expected results.

His idea of local control should be embraced by everyone, but this is not happening. Opponents argue that the states and the local governments do not have the financial means to administer these programs and they further argue that these entities will not be as responsive or fair to the people.

Claims of an inadequate budget to provide for the local administration of these programs are difficult to justify. All the money spent now by the Federal government comes from the very taxes being collected from the individual taxpayers and corporations residing in the 50 states.

There is no such thing as a Federal citizen or a special group that feeds taxes directly into the Federal budget and who is not also a resident of one of our 50 states.

There are no taxes going to the Federal government that does not come from a taxpayer who resides in a state.

All money spent by the Federal government benefitting Texas and all Texans comes from the very taxes paid by Texans.

Why should the Texan's tax money have to go to Washington, D.C., and then be allocated back to Texas to finance programs in Texas—and at the discretion of a Federal bureaucrat?

The second argument against the "New Federalism" we hear is that the disadvantaged, the poor, and the minorities do not have a voice in either state or local government, that local officials who would be in charge of the appropriations, are insensitive to deserving recipients and do not know their needs.

This argument presupposes that Hispanics, Blacks, and any other "disadvantaged" group have little or no political clout at the local level. This may have been the case 20 years ago. Today, with all the civic organizations, increasing numbers of registered voters, numerous

lobbying groups and the ethnic population growing, it is not the case.

I believe that an Hispanic from San Antonio would feel more comfortable lobbying with the Texas legislature there in the Austin Capitol and with his own county and city government than he would with the far-off bureaucracy in Washington.

President Reagan sincerely feels that his "New Federalism" will benefit all Americans at all income levels. Yes, many members of Congress disagree with him, so it is up to each one of us to reassure our congressional delegations that we are capable of governing ourselves and that states lacking experienced administrators can train or even import the so-called Washington-based expertise.

Tell them that you, the people, can and will learn to develop, to administer and monitor your own programs at the local level so that we can have better control over the use of our own tax money.

President Reagan has offered these two other initiatives which I will briefly cover:

The Caribbean Basin Initiative is primarily an economic development program for Central America and the Caribbean Islands.

The President, at a speech to the Organization of American States, stated that, through a partnership with Mexico, Canada and Venezuela, the U.S. is committed to look at all the people of North and South America as Americans, as our neighbors.

Reagan's program will encourage investments and industry in the developing countries of this area by offering to U.S. businesses certain tariff and tax advantages for goods produced within those countries. It will stimulate industrial development and job creation in the region's developing countries.

The President also emphasized that the U.S. would not tolerate any further Soviet or Cuban expansion or intervention in Central America or the Caribbean.

The Enterprise Zone Initiative is an experimental program based on a Federal partnership with state and local governments which creates a free market environment for the economic development of the economically-depressed areas through tax initiatives, regulatory relief, and other government measures. The President sent an Enterprise Zone bill to Congress in the latter part of March.

Arms Foes Tour U.S.

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by Coretta Scott
Martin Luther
Nonviolent Social

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Miss Strikwerda also spoke at Colum-
bia Seminary, the Georgia Institute of
Technology and Agnes Scott College.
Mr. Deile also spoke at St. Luke's Epis-
copal Church.

Other disarmament rallies were held
Thursday in Des Moines, where the
Iowa House of Representatives passed
a resolution Tuesday calling for a nu-
clear arms freeze, and in Portland,
Ore., Holland, Mich., and Burlington,
Vt. The turnout in those cities was de-
scribed as moderate.

Largest Rally in Philadelphia

The largest turnout for the peace tour
so far was in Philadelphia last Satur-
day, when 15,000 to 20,000 people braved
subfreezing temperatures to partici-
pate in a candlelight procession ending
in a rally on Independence Mall.

At the rally, disarmament speeches
were given by Msgr. Bruce Kent of Eng-
land, general secretary of the Cam-
paign for Nuclear Disarmament; Toni
Liversage, a member of Denmark's No
to Nuclear Weapons organization, and
John Cardinal Krol, the Roman Catho-
lic Archbishop of Philadelphia.

The U.S. European Peace Tour began
in New York City with speeches and
rallies March 21 and 22 at 10 locations in
New York City, including Riverside
Church and the Council on Foreign
Relations. It will end Tuesday after two
days of activities in Washington, includ-
ing meetings with the staffs of the
House and Senate and representatives
of the State Departments's European
and foreign desks and a public meeting



The New York Times/Teresa Zabala

REAGAN OPPOSES MANDATORY RETIREMENT:
President Reagan said he was "making the world safer
for people like us" after signing a proclamation making
May "Older Americans Month" and endorsing the
elimination of mandatory retirement based on age. In

the Rose Garden, he chatted with, from left: Lennie-
Marie Tolliver, Commissioner on Aging for the Adminis-
tration on Aging; Margaret Arnold, vice president of
National Retired Teachers Association; Betty Brake,
executive director of White House Conference on Aging.