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E.O. 12958, Sec. 1.3(b)

By NARA

COOB

8/4/04

~~CONFIDENTIAL~~

To: The Honorable Howard H. Baker
From: Edwin J. Feulner, Jr. *WJF*
Date: April 29, 1987
Subject: PROPOSED OUTLINE OF THE PRESIDENT'S STRATEGIC PLAN

I have imposed a deadline of May 8 for submission of a draft report.

I will be available to discuss the report with the President and the Cabinet at your convenience.

Further distribution of the draft of the President's Strategic Plan will depend on your decisions. I have resisted all press inquiries on the substance of the Report, although I have discussed the process with several major reporters, at their request. (See, for example, *National Journal*, April 25, 1987, p. 1015.)

The draft plan will contain the following elements and themes, which incorporate conversations with the Cabinet members, discussions with the Advisory Group, selected contributions by key conservative leaders, and my conversations on themes and priorities with White House Staff members.

My ideas are organized here by topical outline; the final document will follow the same outline but will be substantially more detailed.

OUTLINE

- I. Executive Summary
- II. Assumptions
 - o We have nine months, not 20, to regain the initiative and establish the policy themes for the remainder of the Reagan Administration.
 - o Active leadership and personal involvement by the President are absolutely essential.
 - o New initiatives must be fully consistent with President Reagan's philosophy and the existing Reagan Agenda.
 - o A major goal is to frame the debate for 1988 and put the Democrats on the defensive, not just make the President look good in the short term.
 - o A second major goal of equal importance is to set and reinforce a solid foundation for the next 10 years' growth of conservative majorities in key constituencies -- a strategic vision for a new governing majority.
 - o Any plan adopted must have energetic implementation, coordinated at a high level within the White House. This leadership must generate "vertical" coordination within the Administration down to the assistant secretary level and "horizontal" coordination with outside groups and coalitions.

III. The Strategic Goal: Continuing the Reagan Revolution into the 21st Century

A. Political Strategy versus a Legislative Strategy

- o We must adopt a 10-year strategic horizon, not a 6-month horizon.
- o We must reject as self-defeating the idea of taking on *only* "winnable" battles.
- o Liberal Democrats must be put on the defensive on major issues and not allowed to repackage old nostrums in new bottles.
- o We must consolidate and institutionalize as many Reagan Administration achievements as possible to stop erosion of hard won past gains and to strengthen the foundation for future progress.

B. Framing the Debate for 1988 and Beyond

- o We must take the "high ground" by identifying with long-term public interests and national security distinguishing us from the Democrats' proclivity to opportunism and demagoguery.
- o Priority must be given to *positive* issues and proposals that advance the Reagan Agenda and appeal to broad public constituencies that have always supported the Reagan Revolution.
- o To the extent possible we must build on Reagan accomplishments and strengths, while simultaneously shoring up weak spots in the Administration. There is a specific opportunity here in the personnel area.
- o We must include issues and goals that may not be "winnable" in the short term but are central to long-term national interests.
- o We must include issues and goals that are of critical importance to key Reagan constituencies and long-term development of conservative majorities--in the Congress as well as in terms of Presidential Electors.

C. Priorities

- o We must limit the domestic agenda to six or eight major initiatives; others can be monitored and "targets of opportunity" can be attacked, but diffusion of the limited resources of the Presidency is to be avoided.
- o Certain "damage control" operations must be mounted but should not be allowed to divert attention from our positive initiatives, which are of paramount importance both programmatically and politically.

IV. Defining the Domestic Policy Agenda

A. Strategic Themes for Taking the Offensive

1. Economic Growth

- o Budget Reform--enforcing G-R-H, pushing the line item veto, and advocating a balanced budget constitutional amendment.

- o Privatization--achieving fundamental shifts of activities and functions to the private sector through housing vouchers, sale of assets, etc.
- o Competitiveness--recapturing the true meaning of competitiveness as the essential ingredient for economic growth through productivity gains. This theme has many applications in policy areas such as free trade, education, labor relations, taxes and subsidies, etc.

2. Traditional Values

- o Welfare Reform--firm up support for the Administration's new proposal and avoid co-optation by our Congressional opponents, even at the cost of a stalemate on the legislative front in preference to losing the issue entirely for the sake of a hollow victory.
- o A Drug-free America--the White House Conference on Prevention of Drug Abuse and other initiatives should be given immediate attention and accelerated in their timetables.
- o Pro-life Legislation--must be supported vigorously by all parts of the Administration and all commitments honored in getting enactment of this measure.
- o Excellence in Education--several initiatives being advocated by Secretary Bennett are low-cost/high-payoff proposals that appeal both to traditional conservative constituencies and minorities acutely concerned about their children's future.

B. "Damage Control" Issues that Must Be Confronted

1. Economic Affairs

- o No New Taxes--Efforts to raise taxes as part of a budget package must be resisted vigorously.
- o Catastrophic Health Care--The Administration is committed to a risky course of action and must defeat all efforts to broaden the proposal and raise its cost.
- o Energy Security--Some hard choices need to be made soon to adopt a policy that will minimize the long-term damage to the domestic energy industry in a manner consistent with free market principles.
- o "Re-regulation"--Our Congressional opponents can be expected to mount re-regulation campaigns on several fronts--in banking, tele-communications, transportation, the environment--and coalitions must be developed to defeat these efforts.
- o Homelessness--This issue has become a cover for liberals to press for whatever spending can be tied to an alleged federal failure. It is time for a counter-attack, targetting cynical local officials who try to pass the buck to Uncle Sam and try to reverse the healthy movement toward a re-invigorated Federalism.

2. Traditional Values

- o Family Welfare--Our Congressional opponents are trying to co-opt the "yuppie family" by the establishment of new federal programs for child care, mandatory parental leave, expansion of federal education aid, etc.
- o Affirmative Action--The opposition will continue to press for expansion of the federal role in "comparable worth" schemes, minority set-aside programs, race-and-sex conscious employment practices, and similar issues.

C. Targets of Opportunity [*Other specifics will be provided.*]

1. Judicial Appointments--A Supreme Court vacancy would move this item to the top of the agenda, but otherwise it is a very important but low-visibility initiative that can be handled through careful planning and coordination among DOJ and White House staff.
2. Enterprise Zones--A new initiative aimed at Mayors and Governors could reap major benefits at little cost.
3. Pornography--An Executive Order prohibiting promotion and sale of pornographic publications on federal installations (as advocated by Senator Armstrong) would gain wide public support.
4. Personnel Selections--Political appointments in the last 18 months of the Administration must be consistent with policy goals and priorities, and standards must be upheld across-the-board. The clearance process should be streamlined. Strong leadership will be necessary by the Office of Presidential Personnel in the White House and strong support for OPP from the President and Chief of Staff will be essential.
5. Superconducting Supercollider--Establish as a *quid pro quo* for states that get SS contracts that they must participate in a new toxic waste disposal initiative.

V. Implementation

- A. Presidential leadership is the key.
- B. White House staff coordination must be vastly improved.
- C. Agency *teamwork* must be demanded and enforced; no "freelancing." Your initiatives toward closer Cabinet coordination are vital steps in this effort.
- D. Congressional participation is essential; Republican leaders must be brought in on the ground level of all initiatives and floor leaders identified for all proposals.
- E. Coordination with broad coalitions of outside groups will be the cornerstone of all successful legislative and long-range political efforts.
- F. Time frames should be established for all major initiatives.

VI. Recommendations: Specific Actions to Be Taken By the President

- A. Setting the Policy Agenda.
- B. Directing Specific Policy Actions.
- C. Establishing Personal Accountability and Timetables.
- D. Meetings with Key Congressional Leaders.
- E. Signals to Promote Morale and Enthusiasm among Political Appointees.

- F. Signing Specific Executive Orders to Show Forward Movement.
- G. Identifying and motivating outside leaders for broad coalitions to mobilize the vast resources available to the President as leader of a powerful campaign on a scale similar to a re-election effort.

VII. Conclusions

Edwin J. Feulner, Jr.
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002
(202) 546-4400

July 16, 1987

Dear Howard,

Thanks for lunch.

Here it is!

A handwritten signature in dark ink, appearing to be 'E.J.F.', is centered on the page below the typed text.

EDWIN J. FEULNER, JR.
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002
202/546-4400

July 16, 1987

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: EDWIN J. FEULNER, JR. *SAF*

SUBJECT: A STRATEGIC PLAN FOR THE DOMESTIC POLICY AGENDA

I am pleased to present for your review and our discussion with the President my proposed plan for Presidential initiatives in the domestic policy arena. This plan has been developed over the past months and incorporates ideas and suggestions from many sources, including the many meetings and conversations with your staff, with Cabinet officers, and with individuals in the private sector. However, I take sole responsibility for its content and am ready to amplify any of its recommendations or refine them further as needed.

As the organization of the report indicates, the recommendations encompass both positive initiatives aimed at advancing critical policy goals, such as welfare reform and budget reform, as well as "defensive" actions designed to neutralize or deflect undesirable proposals coming from the other side. A principal theme of the report is the necessity of taking (and defining) the high ground on key initiatives, of maintaining the initiative and avoiding defensive postures. Purely defensive moves are sometimes necessary but vigorous efforts must be made to keep this to a minimum.

Coordinated follow-through on Presidential decisions is equally important as the decisions themselves. As you know, in the past this was often a problem, and important initiatives were delayed or sidetracked because of poor coordination and inadequate monitoring and feedback. The steps you have already taken have improved the situation markedly, and I urge your continued attention to this implementation dimension.

It has been an honor to serve the President in the capacity of a consultant in preparing this report, and I hope you will find it helpful.

THE PRESIDENT'S STRATEGIC PLAN

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E.O. 12958, Sec. 1.7(a)

~~CONFIDENTIAL~~

BY NARA CBS TOP 8/4/09

THE PRESIDENT'S STRATEGIC PLAN

I. EXECUTIVE SUMMARY

President Reagan must move quickly, boldly, and decisively to consolidate the achievements of the Reagan Revolution and establish the policy themes for 1988 and beyond. This can be done by (a) understanding the strategic political situation and the historic role of the Reagan Presidency, (b) adopting domestic policy themes and issues that mobilize core Reagan constituencies and enable the President to take the offensive, and (c) communicating those themes to the American people through the President, his team, and his core constituencies.

The themes, issues and specific legislative vehicles selected must be promoted in a coordinated plan and implemented through effective teamwork among all the President's staff, his allies on Capitol Hill and supportive public interest coalitions on the outside.

To allow the President to retreat into a largely defensive posture in reaction to events would be a great tragedy. But avoiding this will take more than good intentions. It will also take courage, which means the willingness to take risks and to take on critics and those who are opposed to the Reagan Revolution and have no stake in the Reagan Presidency. The President must first revitalize his core constituency, reestablish his leadership on issues that matter, and get all Cabinet officers and other senior officials fully behind his key initiatives.

This paper outlines eight domestic policy initiatives under two strategic themes, **economic growth** and **traditional values**. These eight domestic policy initiatives, summarized below, go to the core of the Nation's problems and the government's obligations to its citizens and future generations. These policy initiatives include:

Budget Reform - The Administration should send to Congress as soon as possible the new Budget Reform and Accountability Act of 1987 incorporating the line-item veto and a reinforced Gramm-Rudman-Hollings deficit reduction mechanism. This should be coupled with a renewed push for a balanced budget amendment and support for Senator Quayle's enhanced rescission authorities.

Privatization - While Budget Reform limits the supply of cash available to Washington, privatization builds constituencies to reduce the demand for cash. The administration should pursue this strategy by advancing the concept of privatization as a means of empowering people. The most obvious initiative to advance the theme of "empowerment" is the sale of public housing to tenants. The administration also should promote education and housing vouchers and worker ownership through privatization of enterprises such as Amtrak and the Postal Service.

Competitiveness - The President should seize the initiative in this area by using competitiveness as a theme for pushing our agenda on economic issues. He should use two sub-themes: productivity and "the new consumerism." The White House should point out that productivity increases when we promote innovation, cut costs and improve quality,

and consumers are served by policies such as tax cuts, deregulation, and free trade not protectionism. The Administration should: require departments to develop "Job Impact Statements" and "Consumer Impact Statements" in response to protectionist or anti-competitive legislation, appoint an Advisory Business Council on Competitiveness to identify regulations and statutes that stand in the way of improvements in productivity and exports, and recognize exemplary businesses who have broken into new markets and boosted their exports.

Welfare Reform - The Administration must insist that any true welfare reform be based on self-help, self-determination, and local decision making. This bottom-up, self-help approach to welfare through state sponsored demonstrations, using existing federal and state financial resources, is the heart of the Administration's welfare reform strategy and distinguishes it clearly from all other proposed reforms. The Administration must mobilize and channel the growing support for this strategy to an effective demand for legislation with reform-by-demonstration as its central focus. The personal efforts of the President can be employed effectively by: scheduling attendance at several of the 10-15 welfare reform town meetings that will be held in major cities in the next few months, scheduling a "fireside chat" on nationwide TV which would concentrate on self-help and state successes, and honoring at a White House ceremony community and state leaders who have worked for economic independence of the poor.

A Drug-Free America - The scourge of drug use in America should be approached in a similar vein to the welfare question. While stressing the critical importance of family and moral standards in American life, the Administration should emphasize dependency, challenging the drug culture and taking tough but compassionate action to deal with users. The Administration should accelerate and publicize research on which anti-drug programs actually work and then sponsor legislation and promulgate regulations to ensure that federal funds are used only to undertake programs of known effectiveness. Rather than fighting for mandatory drug testing laws, efforts should be concentrated on meeting with industry and union leaders to gain support for regular drug testing to become a condition of employment, particularly in sensitive positions where the lives of others are at risk -- pilots, doctors, bus driver, air traffic controllers, etc. While the main emphasis should be on reducing the demand for drugs, efforts must continue to reduce the illegal importation of drugs.

Pro-Life Legislation - While chances of a pro-life constitutional amendment look bleak, the issue should be pushed both to force the President's opponents to take a stand and to continue the policy debate. Continued active leadership on this issue also convinces vital parts of the Reagan Coalition to cooperate on other major initiatives. The President should include references to his pro-life bill, H. R. 1729, in speeches to diverse groups in the coming months. In addition, an appropriate platform should be identified for a major speech on the issue such as the September convention of Concerned Women for America, the nation's largest grass-roots conservative women's group.

Excellence in Education - Values, standards and choice in education must continue to be strong themes for the remainder of the term. The Administration should: keep up the pressure with calls for higher teacher standards and measurable standards for student performance, foster experiments at the state and local level to test choice initiatives and to encourage state innovation, give credit to Governors for their innovative efforts and commitment to standards, and work with congressional supporters of choice and standards to form an Excellence in Education Caucus to coordinate tactics. The education excellence issue should be tied to competitiveness by forming an Advisory Business Council for Education Excellence to identify shortcomings in the education system. To mobilize support for the Administration's approach, it should work more closely with the significant

black organizations that have built powerful coalitions for policies such as the privatization of public housing along with the principals of minority inner-city private schools who are strong advocates of vouchers.

AIDS - The Administration needs to take control of this crisis by demonstrating its most enduring characteristics -- leadership and the ability to give clear themes to a national effort. Three clear themes should run through its actions: (1) getting the facts out and destroying myths; (2) showing compassion to those who suffer from the disease; and (3) taking firm action to deal with the scourge as "Public Health Enemy No. 1," recognizing that public health interest *must* take precedence over privacy. To coordinate efforts and find answers the Administration should work closely with the Presidential Commission on AIDS. Appointees must share these perceptions of the issues. In addition, the Administration should move swiftly to coordinate and act as an information clearinghouse for efforts to help those afflicted. The Administration must urge routine testing for certain (limited) occupations and in localities where the incidence of the disease is high, and it must urge local authorities to take effective action to halt the spread of AIDS, such as by arresting prostitutes and their clients, closing bath houses and certain bars, and cracking down hard on heroin use. No matter how Americans contracted the disease, the efforts must clearly be motivated by compassion and understanding, and the Administration must recognize and prepare for the fact that treating AIDS victims will pose a considerable financial burden on society.

In addition there are a number of defensive priorities that must be confronted including:

No New Taxes - The President must take a firm stance on taxes and follow through with a veto strategy. Administration resistance to any tax increase is vital if the White House is to achieve such objectives as budget reform, privatization and spending control. With this issue the President has an opportunity to make a major address to a business audience which would present the challenge of a *positive agenda* to create a more competitive economic system through tax reduction, technological innovation and productivity improvements. There must be no compromise on the issue of new taxes.

Medicare and Catastrophic Illness - To hold the line on this issue, conservatives must recognize that Americans want a health care system that provides access to all and prevents people being wiped out by health costs. There must be strong efforts to hold down the potential cost of the Bowen program and to fend off a long-term care component. To regain control of this issue, the White House must switch the lead on the issue to OMB and the White House, yet keep Bowen on the team. The Administration needs to think through its position on state risk pools (for), mandated employer-provided health benefits (tricky, and potentially sensitive), tax deductibility only for plans with a catastrophic component (for), and mandatory coverage for individuals (yes, for), so that it can present a market-based health system that will cover all Americans. In addition, planning must begin now for the next battle in the liberal campaign for national health system. Now is the time to press hard for tax-free accounts to enable workers to save for retirement, long-term care expenses or to buy insurance. Urgent action is needed if the President is not to lose control of this issue. Among the steps that should be taken: The White House must work with governors to develop a general plan for state risk pools for uninsurable Americans, and the Administration should give serious consideration to the idea of making basic plus catastrophic health coverage, or enrollment in a pre-paid plan, a requirement for all working Americans.

Energy Security - With a growing percentage of America's oil usage coming from the Persian Gulf, the economic and military risks of oil import dependence are obvious. Unless the Administration can ensure that profitability is returned to oil and gas exploration, there is a growing danger that pressure to cure the problem through a program of subsidies, price support controls, and other draconian measures will prove increasingly attractive. Risks will not be taken by private firms if corresponding incentives are not available. Fortunately, the Administration has taken steps to deal with this problem through the recently announced Energy Security Package. This package removes barriers to exploration and enhances incentives. Prompt action on this package would be a helpful follow-up for the repeal of the Fuel Use Act.

Deregulation - Democrats can be expected to mount reregulation campaigns for telecommunications, transportation, and the environment. The Administration must counter these efforts by exposing the fallacies of the reregulation arguments and initiating new deregulation proposals. The President could educate the Congress and the public on the benefits of deregulation, reappoint commissioners who support deregulation, announce a veto policy on reregulation, and make positive proposals to ease the problems of deregulated industry. New deregulation initiatives could be pushed in the following areas: additional trucking deregulation, elimination of restraints on "Baby Bells," and antitrust reforms to all U. S. competition in well-defined situations. The President should not get involved at this time in efforts to inhibit so-called hostile takeovers through new laws or regulations in the securities field because of its divisive nature with merits on both sides of the argument. A cautious wait-and-see approach would be more desirable than any minor "tinkering" which may lead to a host of undesirable restrictions on our very efficient capital markets.

Homelessness - This issue is being used as a cover by the President's opponents to press for whatever spending they can argue is obscurely related to an alleged federal failure, and it could be used as a powerful device to reverse the past successes of the Administration and roll back the goal of restoring the principle of federalism. The President should challenge cynical mayors and local officials who have caused the problem and now sleep on grates once a year to show their "compassion." If this battle is lost, it will open the door to enormous levels of new spending.

Federalization of the Family - Liberals have focussed on issues that appeal to the two-earner young affluent and professional family such as, mandatory parental leave, mandated employer health benefits for dependents, and tax incentives for day care. To deal with this, it will be necessary to introduce some guilt ("Why should single people with a Chevy be taxed more so that you can buy your second Volvo?") and focus on the economics of business profitability and business costs. The President should immediately meet with small business leaders and other business association leaders to generate a broad counteroffensive against the mandated benefits proposals now pending in Congress.

Campaign Finance Reform - Liberal Democrats are actively pushing new legislation to establish taxpayer funding of congressional campaigns and set new limits on PAC contributions to candidates. Taxpayer funding of campaigns must be opposed strenuously. The existing requirement for public disclosure by campaign committees and candidates is an effective safeguard against corruption. New limitations would further insulate incumbents from challengers and violate the spirit of First Amendment rights of citizens.

Labor Union Political Activities - In its final months, the Administration must keep the labor unions on the defensive by reviving issues that tend to make the public skeptical of unions' political activities. Opposition must continue against the use of compulsory union dues and fees for partisan political purposes. The Administration should give the

issue a higher profile since this opposition makes good moral and legal sense, in addition to striking a chord with the American people's notions of fairness in politics. The Administration could embarrass labor unions by pressing for an amendment to the Hobbs Act which would explicitly include union actions in the federal prohibitions of the Act which make it a federal crime to obstruct interstate commerce by robbery or extortion. Finally, the Administration could press home its attack on the National Education Association's fierce opposition to competency testing, merit pay, and other devices to improve teacher quality. The Administration should ask the FTC to explore the antitrust aspects of teacher certification and continue to highlight the remarkable successes of inner-city minority private schools, bringing exemplary teachers and principals to Washington to contrast them with the NEA lobby and to attack the certification process.

Implementation plans are presented with specific action plans and timelines. The precise timing of each, of course, must be coordinated with other events. However, the basic elements and sequence of actions are presented, and specific officials within the Executive Office of the President can be assigned responsibility for developing implementation plans for review by the Chief of Staff, the Advisory Council, and the President.

A

II. ASSUMPTIONS

I have made a number of assumptions in this plan:

- o We have six months, not twenty, to regain the initiative and to establish the policy themes for the remainder of the Reagan Administration. The last opportunity to announce new initiatives will be the January 1988 State of the Union message. The earliest opportunity for new initiatives is tomorrow.
- o The active leadership and personal involvement by the President are absolutely essential. This program must be, both in reality and perception, the President's Plan -- not that of his staff, his supporters throughout the country or his allies on Capitol Hill.
- o New initiatives must be fully consistent with President Reagan's philosophy and the existing Reagan Agenda.
- o A major goal is to frame the debate for 1988 and put the Democrats on the defensive. With the Congress now controlled by the opposition, legislative victories will be fewer and more difficult. By stressing broad themes we can regain the rhetorical high ground, recapture the support of the American people and eventually increase our success with specific policy initiatives on the Hill.
- o A second major goal of equal importance is to set and reinforce a solid foundation for the next ten years' growth of conservative majorities in key constituencies -- a strategic plan for a permanent majority party. The Reagan Revolution has fundamentally altered the framework of the political debate. This must be reinforced so that politicians across the spectrum continue to debate issues on Reagan terms, not the terms of FDR or LBJ.
- o Any plan adopted must have energetic implementation, coordinated at a high level within the White House. This leadership must generate "vertical" coordination within the Administration down to the assistant secretary level and "horizontal" coordination with outside groups and coalitions.

B

III. THE STRATEGIC GOAL: CONTINUING THE REAGAN REVOLUTION INTO THE TWENTY-FIRST CENTURY

A. Political Strategy and a Legislative Strategy

- o We must adopt a ten-year strategic horizon, not a six-month horizon. With specific time-lines, actions should be undertaken in each time interval, but they should all be in support of long-term objectives.
- o We must reject as self-defeating the idea of taking on only necessary (i.e., defensive) battles or "must win" issues. Sometimes we must fight a battle even if defeat is likely in order to force record votes and to define the difference in stark terms between Ronald Reagan's vision of America and the vision of his political opponents.
- o Our political opponents must be put on the defensive on major issues and not allowed to repackage old nostrums in new bottles. A skunk still stinks, even if it is dowsed with perfume and called a Siamese cat!
- o We must quickly consolidate and institutionalize as many Reagan Administration achievements as possible to stop erosion of hard won past gains and to strengthen the foundation for future progress. This objective is important not only on its own terms, but also because it sends a strong signal to the President's political appointees that their daily efforts are not in vain and will not be reversed in 1989. Equally important, it sends a message to the bureaucracy that these changes are here to stay.

B. Framing the Debate for 1988 and Beyond

- o We must take the "high ground" by identifying with long-term public interests and national security, distinguishing us from the opposition's proclivity to opportunism and demagoguery.
- o Priority must be given to *positive* issues and proposals that advance the Reagan Agenda and appeal to broad public constituencies that have always supported the Reagan Revolution.
- o To the extent possible we must build on President Reagan's accomplishments and strengths, while simultaneously shoring up weak spots in the Administration. There are specific opportunities here in the personnel area that can send strong signals to all our friends.
- o We must include issues and goals that we may lose in the short term but that are central to long-term national interests.
- o We must include issues and goals that are of critical importance to key Reagan constituencies and long-term development of conservative majorities--in the Congress as well as in terms of 1988 Presidential Electors.

C. **Setting Priorities**

- o We must limit the domestic agenda to six or eight major initiatives; others should be monitored and "targets of opportunity" can be acted upon, but diffusion of the limited resources of the Presidency should be avoided.
- o Certain "defensive priority" operations must be mounted but should not be allowed to divert attention from our positive initiatives, which are of paramount importance both programmatically and politically.

C

IV. DEFINING THE DOMESTIC POLICY AGENDA: STRATEGIC THEMES FOR TAKING THE OFFENSIVE

A. Economic Growth

1. **Budget Reform**--strengthening G-R-H, pushing the line item veto, advocating a balanced budget constitutional amendment, and stressing enhanced rescission authority.

The politics of the budget process drive the budget and the budget drives policy. If the American people are not bothered about the process, it is because the link to the deficit has not been successfully made by Republican advocates of reform.

The White House should mount a strong, frontal attack on the budget process as the key to deficit reduction. Spokesmen should pick some of the most outrageous examples of maneuvering to spend taxpayers' money and use them to focus public outrage over irresponsible spending. The American public must be made aware that the Democrats in Congress have unilaterally abrogated G-R-H. The breakdown of the G-R-H process provides the President with the perfect opportunity to take the initiative on this priority issue.

The Administration should send to Congress as soon as possible its own new **Budget Reform and Accountability Act of 1987** incorporating the line item veto and a reinforced Gramm-Rudman-Hollings deficit reduction mechanism. This should be coupled with a renewed push for a balanced budget amendment and support for Senator Quayle's ("porkbuster") enhanced rescission authorities.

The White House should challenge Congress to put its own house in order. If Republican leaders in the Congress will vigorously support this strategy, the political payoff would be immense. First, by raising the political heat for Congress it could actually provoke reforms that could make a long-term difference, even if they passed after 1988. Second, it would make talk of "Reagan's Deficit" sound very hollow in 1988. Third, it would make it harder for Congress to override spending bill vetoes.

Linked to this must be the strategy of keeping Congress' feet to the fire on domestic spending reductions. Under no circumstances must President Reagan make any concession on tax hikes. Submission of a new Budget Accountability Act will help the Administration to stand firm, since White House officials can argue that lawmakers should not be even talking about new taxes before they restore some sanity to the budget process. Even a hint of a concession on that would open the floodgates. The President should stick hard and fast to the Gramm-Rudman targets. Let the Democrats take the heat for breaking their own budget law.

(For implementation plans, see Appendix at Tab G.)

2. **Privatization** is the complementary strategy to budget reform--budget reform limits the *supply* of cash available to Washington, while privatization builds constituencies to reduce the *demand* for cash. While recognizing the general merits of the strategy, the Administration should also recognize that the local experience (and the experience last year with loan asset sales and public housing) shows that privatization is essentially an indirect strategy to reach conservative goals. Thus, if framed properly, it is possible for the Administration to build up a momentum for privatization that will carry through into the next Administration.

The Administration should pursue this by building on the concept of privatization as a means of *empowering the people*. This approach will win over important constituency groups. Margaret Thatcher has scored dramatic political successes in Britain by making privatization a vehicle for homeownership among the poor, wider stock ownership among blue-collar workers, and employee-ownership of firms. It can work in the U.S. just as successfully.

The most obvious privatization initiative to advance the theme of "empowerment" would be the sale of public housing to tenants. This popular concept would also help to demonstrate that privatization improves the lives of poor Americans. Similarly, the Administration should pursue both education and housing vouchers on the grounds that they give dignity and power to low-income Americans. In addition, the idea of worker-ownership through privatization should be pursued and popularized, using Amtrak and the Postal Service as the main vehicles and the new OPM-sponsored concept of federal employee "buy outs" to bring privatization into the federal workforce.

These and other initiatives should be coordinated in three ways. First, the new Associate Director for Privatization at OMB should be selected as soon as possible and given the authority to require departments to develop and implement privatization plans. In addition, an Office of Private Sector Initiatives, modelled on the Office within UMTA, should be established within each department and agency and an interagency task force established under OMB leadership.

Second, a Privatization Commission should be appointed, modelled on a mix of the Regulatory Relief Task Force and the Rogers Commission on the Challenger accident. The Commission should be chaired by the Vice President and include the AD/OMB as Executive Director. Members should be drawn from key supportive constituencies, including the Congress, governors and mayors, consumers of government services, and business and labor.

This Presidential Commission will be directed to develop recommendations for the President on new laws and programs to improve the quality and efficiency of services via privatization. It should hold high-profile public hearings around the country on the postal service, education, veterans services, roads and transportation, public housing, national parks, and so on concurrent with the budget debate. This will raise the public consciousness about privatization, allay fears and make converts, and build a bipartisan consensus.

Third, a White House Conference on Privatization for March 1988 should be organized to build further support for the concept and for specific privatization proposals based on the Commission's findings.

(For implementation plans, see Appendix at Tab G.)

3. **Competitiveness**--recapturing the true meaning of competitiveness as *the essential ingredient for economic growth through productivity gains*. This theme has many applications in policy areas such as trade, education, labor relations, subsidies, etc.

The fact that the liberals are leaping on to the competitiveness issue shows just how potent it is. They, of course, argue that we become more competitive by reducing some manufacturing costs with government subsidies (pushing up the overhead costs of other U.S. firms) and by handicapping the competition with protectionism. In their hearts, most Americans know that version of competitiveness is a fraud, but it is a seductive package and must be countered with a vigorous initiative that captures the issue for the Administration.

The President should seize the initiative by using competitiveness as a theme for pushing our agenda on economic issues. He should use two sub-themes: *productivity* and "*the new consumerism*." First, point out that we can only become competitive if we concentrate on the hard work of promoting innovation, cutting costs and improving quality. We help innovation through further deregulation and tax reduction* to spur risk-taking. And we tackle labor costs--and stimulate employment--by *not* enacting legislation that raises the price of labor, such as the projected Social Security tax increases, mandated health and leave benefits, and minimum wage hikes

Second, the Administration should go after the "consumer advocates." Where is Ralph Nader when the consumer is being hurt by protectionism? The White House should grab the "consumerist" hat and point out that it is policies such as tax cuts, deregulation and free trade that help American consumers.

The consumerist issue could be enhanced by requiring departments to develop "Job Impact Statements" and "Consumer Impact Statements" in response to protectionist and other anti-competitive legislation on the Hill.

The attention of business leaders must be turned away from protectionism and toward government impediments. One way to do this would be to appoint an Advisory Business Council on Competitiveness. Drawn from the more dynamic and entrepreneurial business leaders (and not simply representatives of business organizations) the charter of the group would be to identify regulations and statutes that stand in the way of improvements in productivity and exports. The group likely would point to such issues as labor regulations, anti-trust and taxes. One area of special attention should be the aeronautics industry, which currently produces a \$10 billion annual trade surplus in commercial transport aircraft. Maintaining our technological lead in aeronautics and aerospace is very important.

Another way would be to give formal recognition to exemplary businesses, who have broken into new markets, boosted their exports, etc. The British have a "Queen's Award to Industry" program, in which honored firms can include a special insignia on their letterhead and advertisements (and they find it good PR to do so). Why not a "Presidential Competitiveness Award" program with a special logo?

(For implementation plans, see Appendix at Tab G.)

*Yes! We should mention further tax reductions as a long-range goal both to differentiate our low tax policy from the high tax policy of our opponents, and to lock in the tax reductions already enacted.

B. Traditional Values

1. **Welfare Reform**--Conditions have never been better for welfare reform that will reduce, rather than foster, dependency. Conservative principles of self-reliance, family responsibility, community involvement, and federalism have come together in the Administration's strategy for reform, enunciated in the December, 1986 report, *Up From Dependency*, and in the President's 1987 State of the Union Address and Message. Legislation to facilitate implementation of this strategy is before the Congress. State governors and community and business leaders nationwide have endorsed the strategy and stand ready to support and implement it.

Two challenges face the Administration: to separate firmly in the minds of the public our self-reliance strategy from the myriad of other reform proposals which sound good in theory but don't work in practice, and to mobilize support for the effective implementation of our strategy before we leave office.

To meet the first challenge we must use the convincing evidence we have accumulated to demonstrate the failures of top-down government social engineering schemes, while at the same time pointing up the efforts of individuals and community groups throughout the country who have succeeded in reducing dependency, often in spite of the welfare system. With this distinction made clear, we must insist that any *true welfare reform* be based on *self-help, self-determination, and local decision making*. Furthermore, we must insist that states and communities be given the broad flexibility to reallocate existing welfare resources and to test their own conceptions of what it takes to deliver welfare effectively. This bottom-up, self-help approach to welfare through state sponsored demonstrations, using existing federal and state financial resources, is the heart of the Administration's welfare reform strategy, and distinguishes it clearly from all other proposed reforms.

To meet the second challenge we must mobilize and channel the growing support for our strategy to an effective demand for legislation that incorporates reform-by demonstration as its central focus. The stage has been set for such a mobilization: more than half the nation's governors support the strategy and are working on demonstration proposals. Hundreds of community and self-help leaders are preparing concept papers for a national reform idea bank of "what works" to reduce dependency, and the business community is primed to assist in bringing welfare recipients into the labor force to offset the "baby bust." The personal efforts of the President, employed effectively, can bring together and motivate these groups.

A series of 10-15 welfare reform town meetings will be held in major cities in the next few months. The President should attend several of them and place phone calls to participants in the others. A "fireside chat" on nationwide TV should concentrate on self-help and state successes. Community and state leaders who have worked for economic independence of the poor should be honored at White House ceremonies.

Finally, we must emphasize the value content as well as the process features of our reform. The ten policy goals we have adopted and proposed in our legislation include work for welfare, making jobs more rewarding than welfare, promotion of economically self-reliant families, greater responsibility and participation for welfare individuals and groups in public assistance decision making, creation of education and job opportunities for self-reliance, individualization of need and benefit determinations (instead of national dependency standards), and better targeting of welfare resources to those really in need.

By making sure that our process of dependency-reducing welfare reform is in place and operating before we leave office, we can insure that the nature and outcomes of welfare will be changed for years to come.

In addition to giving priority to the President's legislative program for welfare reform, the Administration should emphasize the pro-family idea of tough enforcement of child support. This is sound policy, and is very popular in low income communities as well as among women. This thrust would enable the Administration to turn the welfare debate away from the dollars and cents of benefits (where the liberals make conservatives look cold-hearted) towards the vital importance of family stability as a bulwark against poverty.

(For implementation plans, see Appendix at Tab G.)

2. **A Drug-free America**--The White House Conference for a Drug-Free America and the initiatives of the National Drug Policy Board should be highlighted by the President personally.

The scourge of drug use in America should be approached, from a policy perspective, in a similar vein to the welfare question--the emphasis should be on dependency, challenging the drug culture, and taking tough but compassionate action to deal with users. And like the welfare issue, the drug question should be a platform for the Administration to stress the critical importance of family and moral standards in American life.

Several approaches should be adopted. First, the Administration should use the new Conference both to develop tactics in the war on drugs and to strengthen and publicize creative local efforts. The Conference should hold hearings in a factory, to hear about effective company approaches and the human and economic costs of drug use; and in communities which have mounted successful drives against drug use.

In the case of schools, there must be a strong Administration effort to avoid the "professionalization" of anti-drug programs. Evidence indicates that some drug awareness actually encourages wider drug use, and that many "experts" can cost a great deal of money with only marginal results. But clearly, in a political culture that assumes spending money on a problem is the same thing as solving it, the Administration must tread warily--the White House has already run into a buzz saw over federal funding of drug programs. The best course is to accelerate and publicize research on *which anti-drug programs actually work*. The Administration should then sponsor legislation and promulgate regulations to ensure that federal funds are used only to undertake programs of known effectiveness.

Mandatory drug testing will continue to be a difficult issue, pitting the civil rights view against the public health view (as in the AIDS question). The Administration should take the strong position that drug use is a public health scourge that is a danger to society--not in the sense of transmittable disease but because of the damage the drug user causes others. Thus the case of drug testing should focus on those who are in sensitive positions where the lives of others are at risk--pilots, doctors, bus drivers, air traffic controllers, etc.--and the case for more general testing should center on the economic and social costs of the drug habit. Rather than argue for new laws to require testing, the initial approach should be for the Administration to meet with industry and union leaders to gain support for regular drug testing to become a condition of employment. This will be fought fiercely, but it is an issue on which the Administration should win strong public support.

Finally, although the main emphasis should be on reducing the demand for drugs, there must be continued efforts to reduce the illegal importation of drugs. Admittedly, the impact of such efforts is marginal, but they are needed as a symbolic gesture that the U.S. is not prepared to allow drugs to flow into the country without some attempt to stop them. In addition, these efforts bring home the depth of the crisis and the link between drug use and crime. Middle class Americans must begin to associate cocaine and other drugs more with mobsters and contract killings, and less with fashionable cocktail parties. White House leadership can make a difference--as the First Lady's efforts have demonstrated already.

(For implementation plans, see Appendix at Tab G.)

3. Pro-life Legislation--The Administration must not lose the enthusiastic backing of the pro-life constituency by footdragging on this issue. While chances of a pro-life constitutional amendment look bleak, the issue should be pushed both to force the President's opponents to take a stand and to continue the philosophical debate. Continued active leadership on this issue also convinces vital parts of the Reagan Coalition to cooperate on other major initiatives.

The President's pro-life bill, H.R. 1729 (sponsored by Rep. Henry Hyde and over 70 co-sponsors), will put into statute what has been an annual appropriations prohibition against use of federal funds for abortion except in cases where the life of the mother is endangered. Another feature of the bill is the prohibition under Title X of the Public Health Service Act of federal family planning funds to organizations that perform or refer for abortions. The bill also contains "findings" that the Supreme Court erred in *Roe v. Wade* in not recognizing the humanity of the unborn child.

The same proposal has been introduced in the Senate by Senator Humphrey and nine Republican co-sponsors (S.1242).

Although this is considered the President's bill and President Reagan is the first President to send pro-life legislation to the Congress, it needs more visible support from the President to galvanize pro-life groups into action.

The President should include a reference to this bill in speeches to diverse groups in coming months. In addition, an appropriate platform should be identified for a major speech on the issue. One good choice would be the September convention of Concerned Women for America, the nation's largest grass-roots conservative women's group.

Pro-life groups are also keenly aware of the pro-life issues involved in the current version of the Civil Rights Restoration Act (S. 557), widely known as the Grove City bill. In its present form, it is unacceptable to pro-life groups and removal of its pro-abortion language or, if necessary, veto by the President, is a high priority.

(For implementation plans, see Appendix at Tab G.)

4. **Excellence in Education**--Values, standards and choice in education must continue to be strong themes for the remainder of the term. The Administration has so far been reasonably successful in keeping the teacher unions on the defensive on the quality issue, and in preventing concern for more emphasis on education becoming an excuse for more federal spending. The Administration should keep up the pressure with calls for higher teacher standards and measurable standards for student performance. In addition, the Administration should foster experiments at the state and local level to test choice initiatives and to encourage state innovation. Governors should be given credit for their innovative efforts and commitment to standards, and Education Department officials should work with them more closely.

The strategy for education vouchers needs overhaul. One major reason for the failure in Congress is that the Administration has not cultivated support on Capitol Hill and in the business community. Another is that it has not built on the constituency for vouchers among lower-income minorities.

The Administration should work with congressional supporters of choice and standards to form an Excellence in Education Caucus to coordinate tactics. For example, such traditional concerns as the school dropout problem can be tied to the voucher issue: when parents are involved in the choice of schools for their child's education they and the child have a greater stake in attendance. If the voucher proposal is targeted successfully to minority and low-income families, where drop-out rates are highest, the results will generate additional evidence for and public interest in the voucher idea.

In addition, the education excellence issue should be tied firmly to competitiveness by forming--under Secretary Bennett's direction--an Advisory Business Council for Education Excellence (ABCEE) to identify shortcomings in the education system.

The Administration should recast the voucher issue as *a campaign to empower and give choice to low-income Americans*. To mobilize support for the approach it should work more closely with the significant black organizations that have built powerful coalitions for such policies as the privatization of public housing. In particular, the minority inner-city private school, catering to low-income families, should be formally recognized by the Administration as a vital part of American education. In addition, the principals of these schools--who are strong supporters of vouchers--should be brought to Washington to put the media spotlight on their achievements and bring firsthand information to the Congress.

The President should establish his leadership on the voucher issue by asking Secretary Bennett to bring to the Oval Office a dozen principals of minority inner-city private schools that are doing the job our public schools should be doing and who need the help the voucher system would provide. The inner-city school principals would then become advocates for the voucher plan and the President will be seen as the one seeking to empower minorities to solve problems on the local level.

(For implementation plans, see Appendix at Tab G.)

5. AIDS--The Administration can and should demonstrate its most enduring characteristics in the AIDS crisis--leadership and the ability to give clear themes to a national effort. The Administration needs to show that it is taking control of the crisis, and three clear themes should run through its actions:

- o getting the facts out and destroying myths;
- o showing compassion to those who suffer from the disease; and
- o taking firm action to deal with the scourge as "Public Health Enemy No. 1," recognizing that the public health interest must take precedence over privacy--as has always been the case in dealing with epidemics throughout American history.

To coordinate efforts, find answers, and act as the official conscience of the Nation, the Administration should work closely with the Presidential Commission on AIDS. In line with the themes, the strategy should be to get out accurate information to the public as quickly as possible, and not flinch from telling Americans what we do not know about the disease--Americans have the right to know when experts are not sure. False optimism and false security--such as talk about "safe" sex--should be avoided at all costs.

In addition, the Administration should move swiftly to coordinate and act as an information clearinghouse for efforts to help those afflicted. States, churches, hospices and community organizations should be mobilized in a highly-publicized campaign. No matter how Americans contracted the disease, the efforts must clearly be motivated by compassion and understanding, and the Administration must recognize and prepare for the fact that treating AIDS victims will pose a considerable financial burden on society. Indeed, one of the Commission's tasks should be to recommend ways of dealing with that burden.

Finally, and most importantly, the Administration must make the strongest possible case for treating this as a *public health catastrophe, not a civil rights issue*. It must argue that the crisis is so acute that it requires actions that will offend people, just as individuals must compromise on their rights during any war. It must go on to urge routine testing for certain (limited) occupations and in localities where the incidence of the disease is high, and to urge local authorities to take effective action to halt the spread of AIDS, such as by arresting prostitutes and their clients, closing bath houses and certain bars, and cracking down hard on heroin use. Time is short for moral leadership to prevent a national tragedy from becoming a national catastrophe.

(For implementation plans, see Appendix at Tab G.)

V. DEFENSIVE PRIORITIES THAT MUST BE CONFRONTED

1. **No New Taxes**--Efforts to raise taxes as part of a budget package must be resisted vigorously. The liberals are constantly looking for an excuse to raise taxes, in order to take the pressure off spending reductions. The Administration must continue to resist this. The lack of tax hikes as an option is the only reason that the Administration has achieved any success at all in the fight to control the expansion of government. Every time the liberals put forward a new tax hike proposal, they must be aggressively attacked for wanting to take money out of the pockets of Americans before they are prepared to end the waste inherent in the porkbarrel budget process.

An essential part of any strategy to defeat new tax proposals must be an *announced veto strategy*: a forthright promise that (1) the President will veto any appropriations bill which exceeds his budget request significantly and (2) the President will not sign any "omnibus" continuing resolution at the eleventh hour. He must be willing to call the bluff of the Democratic leadership on this issue and must persuade Republican Congressional leaders and sympathetic conservative Democrats to stand with him. This "veto strategy" must be announced now and must be made credible by both tough talk and specific actions.

Administration resistance to any tax increase, no matter how well disguised, is vital if the White House is to achieve such objectives as budget reform, privatization and spending control. On this issue there must be no compromise. The Administration was persuaded to raise taxes in 1982 on the congressional promise that spending would be curbed and the deficit cut. Taxes were increased -- and spending increased also. Congress did not keep its part of the bargain, and the American people need to be reminded of this.

The No New Taxes strategy should be pursued in several ways:

- o Any bill containing a tax increase should be vetoed. In the veto message the President should cite examples of outrageous porkbarrel spending already passed by Congress, and name congressmen who voted for the spending "and now want to take your money to pay for it."
- o Executive branch agency heads must be persuaded to become more forceful in supporting the President's budget and no-tax positions--in congressional testimony, public speeches, interviews, etc.
- o Peter Grace and Jack Anderson should be used more effectively, as should the Grace Caucus on Capitol Hill. Each time there is a proposal to raise taxes, there should be denunciations of waste at congressional hearings.
- o The Tax Pledge should be revived. Taxpayer organizations should be encouraged to approach congressmen and ask for their signatures. All Administration officials making speeches on the road should ask "Has your Congressman signed the Tax Pledge?"
- o The anti-tax groups should be utilized more effectively by the White House, with regular strategy meetings. Groups such as the National Taxpayers Union, the League of Concerned Americans, and Americans for Tax Reform have strong grass roots organizations.

- o The "competitiveness" card should be played to take the offensive on the tax issue. The Administration should work with tax groups, business and public policy organizations highlighting cases where our tax system hampers America's ability to compete. Instances where the Japanese tax code helps their business community should be cited as examples of what the US should be doing. Business groups should be encouraged to develop figures for job losses because of the "tax gap" between the US and Japan, etc., and to press for *tax reductions*, not new subsidies.

This issue is an opportunity for a major Presidential address to a business audience, throwing out the challenge of *a positive agenda* to create a more competitive economic system through tax reduction, technological innovation and productivity improvements.

2. Medicare and Catastrophic Illness--Health care policy needs massive damage control. The Medicare expansion already accepted by the President could end up being his most important domestic policy legacy, since it is potentially the peg upon which to hang a taxpayer-financed national health system. There must be strong efforts to hold down the potential cost of the Bowen program and to fend off a long-term care component. To regain control of this issue, the White House must switch the lead on the issue to OMB and the White House yet keep Bowen on the team.

To hold the line on this issue, conservatives must recognize that Americans want a health care system that provides access to all and prevents people being wiped out by health costs. If conservatives try to oppose every bill and offer no viable alternative to a national health system, America soon will have a national health system.

The Administration needs to think through its position on state risk pools (for), mandated employer-provided health benefits (tricky, and potentially sensitive), tax deductibility only for plans with a catastrophic component (for), mandatory coverage for individuals (yes, for), so that it can present a market-based health system that will cover all Americans. Playing defense exclusively results in only draws and losses--and on this issue the loss could truly be monumental.

In addition, planning must begin now for the next battle in the liberal campaign for a national health system--long term care. Now is the time to press hard for tax-free accounts to enable workers to save for retirement, long term care expenses or to buy insurance. If such legislation is not achieved before the end of the Reagan Administration, it is likely that federally-funded long term care will soon be enacted.

The Administration's medicare proposals have provided liberals with an unexpected opening which they are now exploiting, and the pressure for mandated employer-financed health benefits has opened a "second front" whereby liberals are attempting to force business to pay for national health insurance if they cannot obtain it through federal spending.

Urgent action is needed if the President is not to lose control completely of the issue. Among the steps that should be taken:

- o The White House must work with governors to develop a general plan for state risk pools for uninsurable Americans.

- o Give serious consideration to the idea of making basic plus catastrophic health coverage, or enrollment in a pre-paid plan, a requirement for all working Americans. This should be made a requirement on the individual, not his or her firm. This may be justified on the argument that if, in practice, society is expected to take ultimate responsibility for the health care of Americans, then society can expect and require those with adequate means to make reasonable provision for their own needs. While this would be opposed by some libertarians and many of the self-employed, it is difficult to see any other way of defusing what appears to be irresistible pressure for steps to deal with the problem of underinsurance. Failure to put the onus on individuals will only feed the momentum towards mandatory "free" health care paid largely by employers--and taxpayers.

3. **Energy Security**--Some hard choices need to be made soon to adopt a policy that will minimize the long-term damage to the domestic energy industry in a manner consistent with free market principles.

With a growing percentage of America's oil usage coming from the Persian Gulf, the dangers of oil import dependence are obvious. With the attack on the USS Stark, the economic risk is now accompanied by a military risk as well. This fact further increases the danger that pressure to cure the problem through a program of subsidies, price supports, controls, and other draconian measures will evolve. In the end, the potential to turn the oil industry into another agriculture industry is very real.

The Administration must continue its efforts to ensure that profitability is returned to oil and gas exploration. Risks will not be taken by private firms without corresponding incentives. Yet, over the past decade, the federal government has rapidly removed the rewards, while simultaneously increasing the risk associated with this vital area of economic activity. It has imposed harsh new taxes, restricted access to prime prospects for new oil and gas discoveries, and repealed most of the traditional incentives that have kept America's energy future secure in the past. The effects of these moves are now being felt with a vengeance--U.S. oil production declined 10 percent last year, and will decline even further this year. If additional steps are not taken to reverse this trend, the U.S. could come to depend on imports for 60-70 percent of its oil within three years, and on Persian Basin imports for 35-40 percent of its total oil consumption.

Fortunately, the Administration has taken some steps to deal with the problem--steps embodied in the recently announced Energy Security Package. The underlying purpose of the Administration's new package is the removal of barriers to exploration and the enhancement of incentives. Major elements include:

- o Repeal of the "Windfall Profits Tax."
- o Repeal of the "transfer rule."
- o Easing of access to federal lands.
- o Decontrol of natural gas pricing.

The recent repeal of the Fuel Use Act was helpful and should be followed by prompt action on the Administration's new Energy Security Package.

The recent statements by Secretary Hodel regarding plans to open up some areas of the Alaskan National Wildlife Refuge for oil production are important indications of the Administration's commitment to prudent management of oil resources on federal lands, and this initiative should be carried forward vigorously.

Finally, the President should ask for enactment of a provision that would give the President the right to impose a variety of sanctions ranging from an arms embargo to a compensatory tariff on imports should he determine that a foreign nation is manipulating world oil supplies in order to manipulate the price and harm the United States.

4. **Deregulation*** --Democrats can be expected to mount *reregulation* campaigns on several fronts--in telecommunications, transportation, the environment--and conservative, pro-*deregulation* coalitions must be developed to defeat these efforts.

The only way to defeat the "reregulators" is to mount a two-dimensional campaign: First, expose the fallacies of the reregulation arguments. Second, initiate new deregulation proposals of our own.

To take an example, story after story in the media is conveying the idea that airline deregulation has not worked and that the deregulation of the telephone system was a disaster. These fallacies need to be laid to rest by an Administration effort to quantify and popularize the gains from deregulation. Whenever there are indications that pressure is mounting to reregulate an industry, the Administration must work closely with business groups and public policy organizations to defeat legislation. Airline reregulation is clearly the number one threat at the moment and coordinated action is imperative.

The facts show clearly that deregulation has worked, but the President must take action to deal with the public perception and mobilize coalitions against reregulation. Secondly, he must vigorously push *new deregulation* initiatives.

The President must:

- o Educate the public and Congress on the benefits of deregulation. Examples: foster broad coalitions supporting deregulation modelled on groups organized by DOT; use the Vice-President's Task Force on Regulatory Reform as a platform; require each appropriate department to assemble and disseminate information kits on deregulation; and estimate and publicize job-creation and cost reductions attributable to deregulation.
- o Reappoint commissioners on regulatory agencies who support deregulation. Replace those who do not as their terms expire.
- o Make clear that any legislation imposing reregulation will be vetoed. Require Job Impact Statements and Consumer Impact Statements whenever reregulation is proposed.
- o Make positive proposals to ease the problems of deregulated industries, such as proposing tighter truck safety rules, imposing market-based landing fees at airports, and privatizing part of the air traffic control system.

The President should *not* get involved at this time in efforts to inhibit so called "hostile takeovers" through new laws or regulations in the securities field. This is a very divisive issue with merits on both sides of the argument within the business community and the policy community. It would be a mistake to encourage new legislation in the present atmosphere, where minor "tinkering" to achieve modest reform could too easily lead to a host of undesirable restrictions on our very efficient capital markets. While the SEC or lower-level administration appointees may continue to examine tighter rules on takeovers, the President should withhold any comments and take a cautious, wait-and-see approach.

*Because the author is a member of the Board of Directors of a National Bank, no reference is made to any banking-related activities.

Most importantly, the President and Vice President must give higher visibility and greater impetus to new deregulation initiatives as an important element of our competitiveness strategy. Specifically, deregulation should be pushed in the following areas:

- o Additional trucking deregulation.
- o Elimination of restraints on "Baby Bells."
- o Anti-trust reforms to allow U.S. firms to cooperate in meeting foreign competition in certain well-defined situations.

5. **Homelessness**--The Administration appears to consider homelessness legislation to be no more than a minor political irritant, and so has no strategy for dealing with the issue. This may be a serious mistake.

Homelessness is being used as a cover by the President's opponents to press for whatever spending they can argue is obscurely related to an alleged federal failure. The homelessness issue could thus be used as a powerful device to reverse the past successes of the Administration in reducing the role of the federal government in this area. It is a step backwards from the goal of restoring the principle of federalism.

It is time for the President to counterattack. The President should challenge cynical mayors and local officials who have caused the problem and now sleep on grates once a year to show their "compassion." This battle can be won. If it is lost, it will prove a Trojan Horse for enormous levels of new spending.

6. **"Federalization" of the Family**--The Administration has assumed that the family issue is safely its own. In so doing, it is ignoring a strong and effective campaign by liberals to hijack the issue and use it to cut deeply into a key part of the Reagan constituency--yuppie families. Essentially the liberals are focusing on issues that appeal to the two-earner young, affluent and professional family. Examples: mandatory parental leave, mandated employer health benefits for dependents, tax incentives for day care.

Dealing with this threat will be no easy task. It is going to be necessary to introduce some guilt ("Why should single people with a Chevy be taxed more so that you can buy your second Volvo?") and focus on the economics of business profitability ("and thus your own prospects") and increased business costs. The leading small business associations are particularly anxious to defeat new mandated benefits and can be brought into the arena very effectively.

The President should immediately meet with small business leaders and other business association leaders to generate a broad counteroffensive against the mandated benefits proposals now pending in Congress.

7. Campaign Finance Reform--Liberal Democrats are actively pushing new legislation to establish taxpayer funding of congressional campaigns and set new limits on PAC contributions to candidates. Taxpayer funding of campaigns must be opposed strenuously.

New PAC limitations are unwise because, in reality, PACs have been the vehicles for massive *voluntary* citizen financing of elections and the system is working well. The existing requirement for public disclosure by campaign committees and candidates is an effective safeguard against corruption. New limitations would further insulate incumbents from challengers and violate the spirit of First Amendment rights of citizens.

Additional full disclosure requirements for funding of *all* political activities, advertising, "education campaigns," etc., by non-PAC corporate and union funds would be worthwhile on their own terms, but are not directly related to campaign finance.

8. Labor Union Political Activities--The labor unions see the final months of the Reagan Administration as a period of opportunity in which they can advance their agenda. They must be kept on the defensive by reviving issues that tend to make the public skeptical of unions' political activities. Three issues in particular stand out:

- a.) **Compulsory union dues for political purposes.** The 1984 Republican platform declared the party's opposition to the use of compulsory union dues and fees for partisan political purposes. Not only did this make good moral and legal sense, but highlighted the need to address a loophole in the campaign law. Furthermore, the position struck a chord with the American people's notions of fairness in politics.

The unions have been strongly defending compulsory dues in the courts. Remarkably, Solicitor General Charles Fried recently filed an amicus brief before the Supreme Court siding with organized labor on this issue--totally at odds with the Administration's long-held position--claiming that such political dues are part of an employee's obligation to pay for union exclusive bargaining activities.

- b.) **The Hobbs act.** The 1946 Hobbs act makes it a federal crime to obstruct interstate commerce by robbery or extortion. But a 1973 Supreme Court decision weakened federal penalties against a union engaging in such activities to further "legitimate union activities." Prosecutions are now left to state courts.

The Administration could embarrass the labor unions by pressing for an ammendment to the Act to include union actions explicitly in the federal prohibitions. Hearings should be arranged to document cases of union intimidation.

- c.) **NEA Influence.** The National Education Association has been on the defensive ever since the issue of quality in education was raised during the first term. The union's initial fierce opposition to competency testing, merit pay and other devices to improve teacher quality hurt its standing with the public. Now it is having to accommodate to growing pressure at the state level for such measures.

The Administration needs to press home its attack on the unionization of the teaching profession. Ideally, by 1988 the endorsement of a candidate by the NEA should hurt that candidate among the electorate by its association with anti-excellence positions.

The Administration can keep up the pressure in several ways:

- o Secretary Bennett and other officials should indicate strong support for state efforts to institute merit pay, master teacher programs, career ladders, competency testing and other reforms. Bennett should challenge the NEA to strongly endorse such measures and to engage in a public debate if it refuses to do so--let the union try to explain itself before parents.

- o The Administration should ask the FTC to explore the antitrust aspects of teacher certification, and begin a campaign to question union-inspired state certification as a barrier to quality teachers in the public schools and an example of "education protectionism" which undermines America's ability to compete.
- o The Administration should continue to highlight the remarkable successes of inner-city minority private schools, bringing exemplary teachers and principals to Washington to contrast them with the NEA lobby and to attack the certification process.

E

VI. TARGETS OF OPPORTUNITY

A. Legislative and Intergovernmental

1. **Judicial Appointments**--The recent Supreme Court vacancy has moved this item to the top of the agenda. Lower court appointments can be handled through careful planning and coordination among DOJ and White House staff.

2. **Pornography Legislation**--The Attorney General has on his desk a draft bill on pornography which incorporates proposals derived from The Pornography Commission Report of 1986. The proposals are of limited scope but are important nonetheless. There is a broad coalition of "mainline" religious organizations and denominations ready to support the legislation (The Religious Alliance Against Pornography). The White House should expedite the clearance of this draft legislation and send it to the Hill as soon as possible. Sponsors will not be difficult to find, and opposition will be mainly from the ACLU and groups that oppose all attempts to deal with pornography. This is a battle we can win.

3. **Superconducting Supercollider**--Establish as a *quid pro quo* for states that get SSC contracts that they must participate in the nuclear waste disposal program.

The Administration has committed to funding the construction of a 53-mile circumference, \$4.4 billion particle accelerator. When completed, it will be the most advanced particle accelerator in the world, and will help to open vast new areas of understanding of the basic building blocks of nature.

A controversy has arisen in the scientific community over the construction of the SSC due to its enormous cost. Some scientists argue that the money required to build it would be better spent by funding many small-scale projects. They argue that the Reagan Administration has cut back on funding for general science, and that as a result, concentrating so much funding on one project will result in many other worthwhile programs being abandoned.

While increased spending for *basic* science research is probably warranted, even in times of budget austerity, it is often necessary to make hard choices. The SSC represents such a choice. There are a number of reasons why it was selected. First, it is a virtual textbook example of the type of basic science government should fund. It is extremely long-term in nature (construction is not anticipated to be completed until 1996), and although it is certain to yield benefits far surpassing its cost over time, there is no way to determine in advance just what those benefits will be. Therefore, it is the classic high-risk, long-term, high-potential payoff research that industry is unwilling or unable to undertake, but that government can. In addition, it can yield immediate benefits due to the fact that some twenty-six states are seeking to have the facility located within their jurisdictions. Given this widespread interest at the state level, the possibility exists to have states accept some unpopular program in exchange for having the SSC built within their boundaries.

The best candidate for a *quid pro quo* in exchange for getting the SSC would be the acceptance of the proposed DOE nuclear waste repository site. The disposal of nuclear waste, while not a technical problem, has proved an intractable political problem. Everyone acknowledges the need to dispose of spent fuel and the byproducts of nuclear weapons production, but no one wants the repository in their "back yard". Therefore, the siting of the SSC should be linked to the siting of the nation's nuclear waste repository.

There are several additional reasons to link the two projects. First, the research conducted with the aid of the SSC falls in the discipline of nuclear physics. It may indeed generate some radioactive materials during the course of its operation. Secondly, the construction and operation of the SSC will bring together a team of scientists who are expert in nuclear-related technologies. This same group would also be ideally qualified to monitor the operation of the nuclear waste site. Finally, since the construction and siting of the SSC in a particular jurisdiction will bring enormous financial benefits to that region both in terms of skilled construction jobs, and later in employment for scientists and technical personnel, as well as the infrastructure to support their activities, the locality which receives it will have won enormous gains from a project funded by all of the taxpayers in the nation. It would follow then that the jurisdiction should be willing to accept some of the costs of scientific progress, i.e., nuclear waste disposal, in exchange.

4. Enterprise Zones--The President's enterprise zone initiative has been stalled in Congress for five years. Nevertheless, more than half of the states have designated zones and the employment and investment have been impressive. The Administration should make sure it gets credit, and do so in a way which pushes Congress toward enacting legislation.

The White House should work with Representatives Kemp, Garcia and others to achieve some language allowing for federal designation of 100 existing zones, permitting relaxation of federal regulation, as part of the housing legislation this year. Failing that, the President should issue an Executive Order designating 100 zones as federal zones, cutting ribbons in each state and putting them on a fast track for discretionary regulatory relief, foreign trade zone status and other non-cash benefits.

The White House should also get the message out that state zones are very successful. A presidential speech in a zone would help. HUD has done a good job as an information clearinghouse, but the White House needs to give these efforts a boost by bringing in governors and mayors to boast about their successes and to press for legislation. It is time to turn up the heat on Congress for sidelining one inner city program that clearly works.

5. Human Exploration of Mars--The U.S. Space program is well on the road to recovery from the Challenger accident and work on the first phase of President Reagan's Space Station getting underway, with operations in space to begin in the mid 1990's. If we take full advantage of the Space Station, by the early years of the next century we could have the understanding, experience, and technology necessary to proceed productively with human exploration of the solar system. As a giant first step we could make the Space Station into our launch pad to Mars -- going either directly or by way of an outpost on the moon. This could be considered the civil counterpart to the strategic defense initiative. With such a goal as a centerpiece, the U.S. can mount a program in the 1990's that will reclaim undisputed space leadership from the USSR, which already has a large and growing Space Station in orbit and has announced an ambitious program of unmanned missions to Mars, with manned missions undoubtedly to follow.

At this time, the President could take two significant initiatives:

- o Endorse human exploration of the solar system in the 21st century as the long-term goal of the U.S. and space program. This is consistent with the recommendations of the recent President's Commission on Space and widely held expectations in the public at large.

- o Direct NASA to prepare for OMB and Presidential review by May 31, 1988 a plan for human exploration of Mars -- either directly or via an initial base on the moon -- in the first part of the 21st century. Such a plan would be a concrete legacy of the Reagan Administration attesting to the President's long-range vision of the future and our commitment to retaining the lead in space research as fundamental to American competitiveness.

(For implementation plans, see Appendix at Tab G.)

B. Executive Orders & Administrative Arena

1. **Pornography**-- An Executive Order prohibiting promotion and sale of pornographic publications on federal installations (as advocated by Senator Armstrong) would gain wide public support. A legal challenge is to be expected, but the action itself would yield political gains regardless of the outcome of court tests.

2. **Job Impact Assessment for Federal Regulations**--By Executive Order the President should require that all agencies routinely prepare Job Impact Statements on all proposed economic legislation, to demonstrate the indirect cost and benefits for the nation's competitive standing in the world economy.

3. **Slave Labor Imports**--Instruct OMB to prepare an Executive Order to implement recent legislation prohibiting the importation of products from the Soviet Union and made by slave labor. Congress has spoken on this issue, but the law has not been enforced.

4. **Personnel Selections**--Political appointments in the last months of the Administration must be consistent with policy goals and priorities, and standards must be upheld across-the-board. Strong leadership will be necessary by the Office of Presidential Personnel in the White House and strong support for OPP from the President and Chief of Staff will be essential.

5. **Boosting Morale of Political Appointees** -- The President should direct his staff to prepare a list of concrete steps and specific "perks" that can be implemented within ten days to demonstrate the President's awareness of and appreciation for the daily contributions of his front-line appointees in the executive departments and agencies, down to the deputy assistant secretary level (non-career SES appointees). The list should include such traditional (but underutilized) items as access to Rose Garden ceremonies, more frequent EOB executive briefings, and perks normally reserved for White House staff -- use of the President's boxes at the Kennedy Center, invitations to accompany the President or Vice President on Air Force One, access to formal State Dinners, and a South Lawn Labor Day barbecue for PAS appointees and their families. It's time for the White House staff to open up these perks to those who serve the President loyally and without fanfare or recognition.

6. **Ending Hunger in Sub-Saharan Africa** -- On March 11, the President announced an initiative to focus all U.S. economic policies and programs for Sub-Saharan Africa toward a common goal -- end hunger in that region through economic growth and private sector development. This action offers the only hope the people of Africa have to avoid future famines and mass starvation, in the opinion of international development experts.

The FY 1988 budget contained a new integrated development fund for Africa designed to make our aid efforts much more productive. An executive order soon will be presented to the President to create a new interagency coordinating committee to ensure high visibility and continuity of this initiative for years to come. In June, the United Nations held a session on the economic condition of Africa.

Although there has been almost no press coverage of the initiative (in fact no attempt to seek it), word of the program has spread throughout Africa and U.S. church and voluntary groups.

The risk to this initiative is that it requires revolution in the aid bureaucracies. It can only succeed if we give money to the private sector, not to government agencies; if we demand performance for aid; and if we enlist the support of the American public. Without continued indications of Presidential interest, the inertia of the bureaucracy could quickly turn a bold initiative into business as usual.

The initiative is important in two ways. First, for the Reagan legacy. Future Presidents will face the prospect of ever-more frequent famines in Africa with their accompanying mass starvation and political instability, unless Africa achieves economic stability and begins to grow. Many Africa experts believe that the opportunity to induce Africa to promote market economies is limited to the next one or two years. Secondly, this initiative would put to rest the misimpressions that the President does not care about black Africa or humanitarian needs.

Visible Presidential involvement and greater publicity would have the dual advantage of overcoming the bureaucratic resistance to changing the way we do business in Africa as well as giving the President the credit he deserves. The proposed executive order offers the best near term opportunity to further this initiative.

(For implementation plans, see Appendix at Tab G.)

11

VII. IMPLEMENTATION: GENERAL RECOMMENDATIONS

1. **Presidential leadership** is the key. The President must be involved and the staff must communicate this reality to the public. The President must show through specific actions and decisions that he is fully in command of his Administration and intends to pursue an activist policy agenda for the next eighteen months.
2. White House **staff coordination** must be vastly improved over the levels of the past two years. The March 26 recommendations by Ken Cribb, under the title "Improved Coordination of the Executive Branch," should be implemented fully. Particular attention must be paid in the next sixty days to the coordination of policy priorities with the budget process in the development of OMB's FY 1989 "targets" to be transmitted to executive departments and agencies this summer. The "targets" must reflect the President's policy agenda and policy themes.
3. The Chief of Staff should order the implementation of a new **Domestic Policy Decision Directive (DPDD)** system similar to the National Security Decision Directive system that has been in place for many years. Too many decisions are never really implemented and no one is held accountable for the breakdown. Domestic Policy (which for purposes of the DPDD system includes economic policy) deserves and needs systematic monitoring and follow-up--and the existence of a formal system of accountability will enhance the discipline and thoroughness of domestic policy management.
4. Agency **teamwork** must be demanded and enforced: no "freelancing." Senator Baker's initiatives toward closer Cabinet coordination are vital steps in this effort. Maintaining morale and effective teamwork requires that aberrant officials be called to account and brought back on the reservation--or removed from the team. But the *positive* reasons are more important: all appointees owe their allegiance to Ronald Reagan and we can achieve lasting results only if we act and work as a team.
5. **Congressional participation** is essential; Republican leaders must be brought in on the ground level of all initiatives and floor leaders identified for all proposals. Key congressional supporters should be "stroked" more often and our strongest allies given more visible praise and encouragement. Communication has already improved dramatically under Senator Baker's direction and this must be continued and focused on our priority issues.

Outreach to key conservative Democrats who may be supportive of broad parts of the President's Agenda should be initiated. There are specific House Democrats who would welcome such an overture.
6. Coordination with **broad coalitions** of outside groups will be the cornerstone of all successful legislative and long-range political efforts. Recently reinvigorated outreach efforts should be expanded so that coalitions that were very effective in the first term can be mobilized to join our new initiatives. The President must be available to meet with key groups and coalitions to show mutual respect and support and stimulate increased activity.
7. **Timeframes** should be established for all major initiatives and a specific White House official assigned to report regularly on progress toward the objective.
8. **Project Coordinators** must be assigned to each major initiative. They should have the support of the President, and should be required to report to the Chief of Staff/Deputy Chief of Staff at regular, frequent intervals.

G

APPENDIX: IMPLEMENTATION PLANS AND RESOURCES

The "Implementation Plans" in this section identify specific Presidential decisions and White House initiatives to accomplish the following implementation tasks:

1. **Setting** the Policy Agenda;
2. **Directing** Specific Policy Actions;
3. Establishing Personal Accountability and **Timetables**;
4. Meetings with **Key Congressional Leaders**;
5. Signals to Promote Morale and Enthusiasm among **Political Appointees**;
6. Signing Specific **Executive Orders** to Show Forward Movement; and
7. Identifying and motivating outside leaders of **Broad Coalitions** to mobilize the vast resources available to the President as leader of a powerful campaign on a scale similar to a re-election effort.

The identification of concrete actions and timetables is not meant to "second guess" White House officials charged with various areas of policy management, nor can they be complete in every detail or perfect in every nuance of timing or coordination. They are, instead, intended to suggest a "menu" of actions that move us forward in a coordinated manner.

IMPLEMENTATION PLAN

STRATEGIC THEME: ECONOMIC GROWTH

POLICY OBJECTIVE: BUDGET REFORM AND DEFICIT REDUCTION

| Actions Required | Timeframe (Week of) | Task Coordinator |
|--|------------------------|------------------|
| 1. Establish new WH task force on budget reform w/ June 15 report date for "Budget Reform and Accountability Act of 1987" | Immediate | Miller / OMB |
| 2. Continue to issue strong WH statements on holding to G-R-H targets and opposition to tax increase | Immediate | Crippin / WH |
| 3. Make strong endorsement of Quayle's "enhanced rescission" amendment | Immediate | Ball / WH |
| 4. Stimulate creation of Budget Reform Coalition of business and taxpayer groups | Immediate | Maseng / Cribb |
| 5. Veto all spending bills that exceed the President's request levels | Ongoing | Miller |
| 6. WH task force recommendations on Budget Reform and Accountability Act to EPC/Cabinet | June 30 | Risque |
| 7. WH t.f. proposals to President; strong Presidential statement transmitting bill to the Congress | July 6 | Crippin |
| 8. More frequent speeches/interviews/etc. by Cabinet officers on budget reform & deficit reduction to diverse constituencies | Ongoing | Risque |
| 9. Presidential address to state legislature that has endorsed balanced budget constitutional amendment | ASAP | Donatelli |
| 10. Aggressive public information program w/ Budget Reform Coalition and media | Ongoing | Maseng / et al. |
| 11. Strong emphasis in Jan. '88 State of the Union message on need for B.A.A. (if not passed in '87) | January 1988 | ---- |
| 12. | | |
| 13. | | |

IMPLEMENTATION RESOURCES PROFILE

Issue: Budget Process

WH Liaison: Maseng

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|--|-------------------------|---|
| 1. U.S. Chamber of Commerce | Ron Utt | -Coordinating the "Taxpayer Protection Pledge;" Also, has surveys of members on impact of deficit |
| 2. National Taxpayer's Union | David Keating | -Grass-root work on balanced budget amendment; works against tax hikes |
| 3. Armeys Budget Commandoes | David Hobbes | -Targets pork barrel legislation, attempts to force votes on parochial spending items |
| 4. Senate Grace Caucus | Senator Gordon Humphrey | -Crafts legislation to enact Grace Commission recommendations |
| 5. Citizens for a Sound Economy | Dan Witt | -Publishes position papers on the federal budget; fiscally conservative |
| 6. Citizens Against Government Waste | John Grobowski | -Supports implementation of Grace Commission recommendations |
| 7. American Legislative Exchange Council | Connie Heckman | -Organization of conservative state legislators |
| 8. League of Concerned Americans | Scott Rasmussen | -Grass-root group dedicated to getting the public knowledgeable about, and involved in the federal budget |
| 9. American Enterprise Institute | John Makin | -Conducts scholarly research on the budget process and generates ideas for reform |
| 10. The Heritage Foundation | Stuart Butler | -Timely public policy research papers and effective communications program |

IMPLEMENTATION PLAN

STRATEGIC THEME: ECONOMIC GROWTH

POLICY OBJECTIVE: PRIVATIZATION

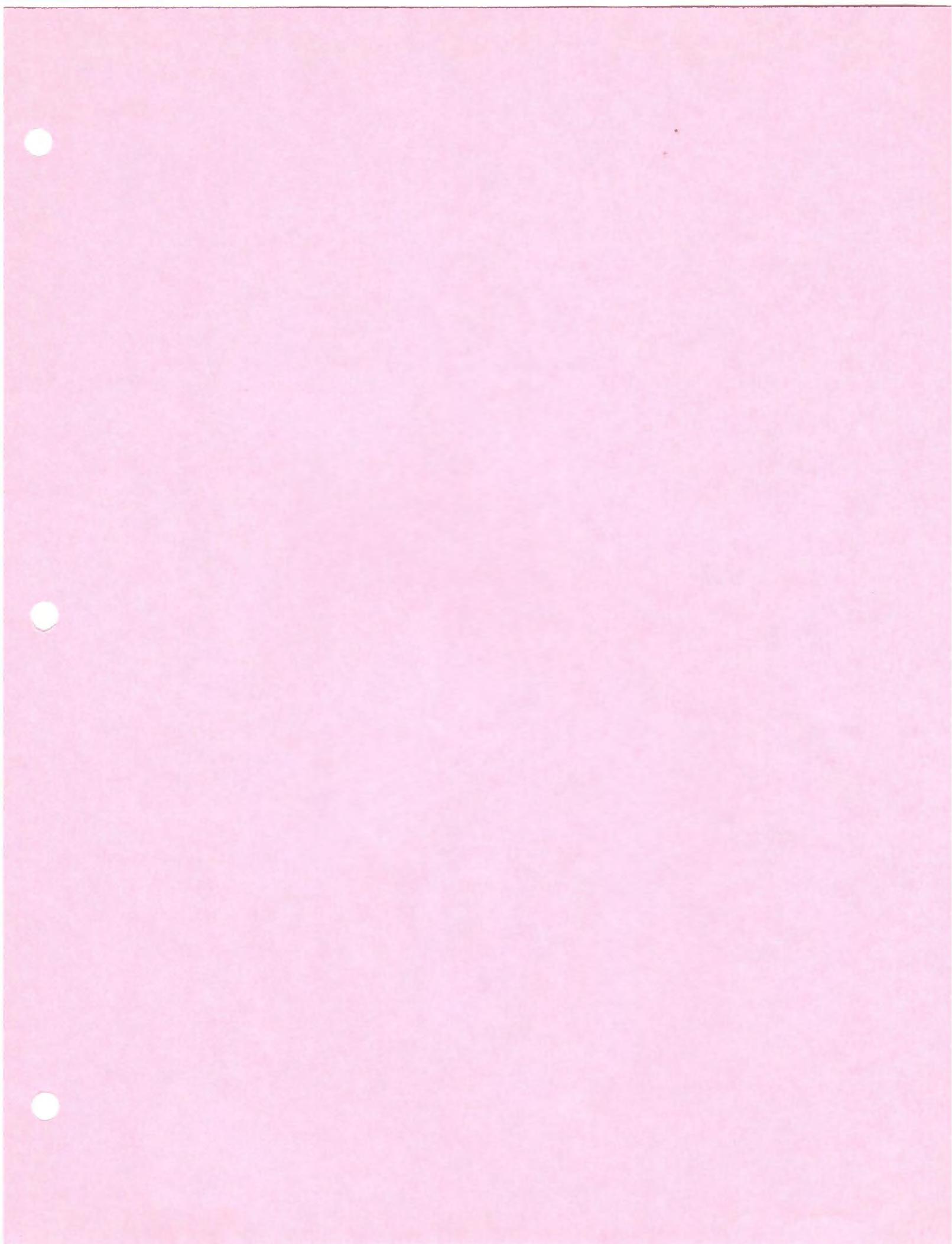
| Actions Required | Timeframe (Week of) | Task Coordinator |
|---|-------------------------------------|------------------|
| 1. President visits Dallas for meeting w/ grass roots activists | ASAP | Griscom |
| 2. President to announce decision to establish a Privatization Commission | June 29 | Miller |
| 3. White House ceremony to introduce Commission members | July 13 | Cribb |
| 4. Radio address on importance of privatization to low income Americans | June 29 | Griscom |
| 5. Planning group formed to organize WH Conference on Privatization | June 29 | Cribb |
| 6. Offices of Private Sector Initiatives established in each department agency reporting to agency head | June 29 | Miller |
| 7. Presidential visits, w/ Commission to exemplary cases of privatization, including Phoenix commercial contracting & St. Louis tenant-managed public housing project | August-September | Griscom |
| 8. Interim report of Commission identifying privatization candidates | October 5 | Miller |
| 9. WH briefings w/ groups affected by Commission plans | October-December | Miller |
| 10. Legislative planning mtgs. w/ Hill supporters of privatization | October-December | Ball |
| 11. Incorporation of Commission findings into President's FY89 budget | November 1987 | Miller |
| 12. Speeches & testimony by Cabinet officers on privatization plans | Ongoing-to peak in February of 1988 | Risque |
| 13. Hold privatization conference | March 1988 | Miller |

IMPLEMENTATION RESOURCES PROFILE

Issue: Privatization

WH Liaison: OMB Associate Director for Privatization

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|---|----------------|---|
| 1. The Heritage Foundation | Stuart Butler | Leading strategist on issue, knowledgeable in international and local privatization. |
| 2. The Reason Foundation | Robert Poole | Maintains information bank. |
| 3. The Adam Smith Institute | Peter Young | International expert. |
| 4. The Privatization Council | David Seader | "Trade association" for accountants interested in privatization. |
| 5. Business Alliance for Government Competitiveness | Frank Sellers | Trade Association for commercial contractors. |
| 6. Citizens for a Sound Economy | Dan Witt | Grass roots privatization lobby for privatization. |
| 7. Competitive Enterprise Institute | Fred Smith | Coalition builders and lobbyists -- especially good on environmental and transport privatization. |
| 8. Chamber of Commerce | Ron Utt | Good for testing business interest. |
| 9. Armeys Budget Commandoes | David Hobbs | Armeys heads House privatization activities. |
| 10. Citizens Against Government Waste | John Grabowski | Promotes: Grace Commission privatization proposals. |



IMPLEMENTATION PLAN

STRATEGIC THEME: ECONOMIC GROWTH

POLICY OBJECTIVE: COMPETITIVENESS

| Actions Required | Timeframe (Week of) | Task Coordinator |
|--|------------------------|------------------|
| 1. Appointment of high level WH official to handle trade legislation with Congress | Immediate | Chief of Staff |
| 2. Support Kemp-Gramm trade bill, establishing free trade areas | Immediate | Chief of Staff |
| 3. Offer at June Economic Summit & in UN that US will negotiate bilateral free trade areas w/ willing countries | June 1 | Yuetter |
| 4. Testimony by Administration emphasizing competitiveness impact of legislation increasing labor & business money | On-going | Ball |
| 5. Building on The 1985 Competitiveness Commission findings, appointment of Business Advisory Council on Competitiveness to identify govt. impediments to productivity improvement | June 29 | Cribb |
| 6. Presidential lunch for all CEA chairmen since Kennedy Administration w/ joint declaration denouncing protectionism | June 29 | Cribb |
| 7. Major address to union defining competitiveness as productivity improvement helping labor | July 6 | Griscom |
| 8. Address attacking protectionism as anti-consumer & lay out pro-consumer Administration positions | July 27 | Griscom |
| 9. Preparation of "Consumer Impact Statements" by USTR and Commerce | Ongoing | OMB |
| 10. Preparation of "Job Impact Statements" by USTR, Commerce and Labor | Ongoing | OMB |
| 11. "Presidential Competitiveness Awards" to firms that show innovation, productivity gains, etc. | August | Cribb |
| 12. Submission of "Competitiveness Charter" legislation with Advisory Council recommendations | January | Cribb |
| 13. | | |

IMPLEMENTATION RESOURCES PROFILE

Issue: COMPETITIVENESS

WH Liaison: MASENG

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|--|----------------------------------|---|
| 1. Competitive Enterprise Institute | Fred Smith Deanna Tanner | Best coalition builders in town |
| 2. Citizens for a Sound Economy | Mary Alexander Richard Fink | |
| 3. Cato Institute | Ed Crane David Boaz | Cato Forums provide good opportunities to get our positions across |
| 4. Republican Research Committee U.S. House of Representatives | Robert Okun | Good for proposals that will sell on the Hill |
| 5. People Restoring an Internationally Competitive Economy (PRICE) Cong. DeLay | Cong. Tom DeLay Jeff Judson | DeLay is taking the lead on this issue |
| 6. Council on Competitiveness | Alan Magazine | |
| 7. Congressional Competitiveness Caucus | Senator Baucus Senator Chafee | |
| 8. Pro Trade Group | Kay Deines | Pro free trade business coalition. Focuses on competitive issues where necessary. Active Hill lobbying. |
| 9. The Heritage Foundation | Ed Hudgins | Best for papers, good PR work, conferences, luncheons, etc. |
| 10. Washington University Center for the Study of American Business (St. Louis) | Murray Weidenbaum | Good for original research, studies |
| 11. George Mason University | Various faculty | Again, good original work |
| 12. Richard McKenzie Clemson University | | A one man source of papers, books, new ideas on the issue |

IMPLEMENTATION PLAN

STRATEGIC THEME: TRADITIONAL VALUES

POLICY OBJECTIVE: WELFARE REFORM

| Actions Required | Timeframe (Week of) | Task Coordinator |
|--|------------------------|-------------------|
| 1. Regular briefings & information packages for key nat'l and local journalists | Ongoing | Hobbs / Griscom |
| 2. Briefing and information packages for friendly public policy groups on Administration plan | Ongoing | Maseng / Hobbs |
| 3. Regular presentations by Administration officials to conferences of welfare organizations | Ongoing | Hobbs./ Risque |
| 4. Coordination of studies/statements of policy groups questioning effectiveness of "gold plated" workfare programs | Ongoing | Hobbs |
| 5. WH briefings for congressmen on welfare proposals | June | Hobbs / Ball |
| 6. Intergovt'l Relations task force to survey state officials regarding bureaucratic & policy barriers in welfare system | June-July | Donatelli / Hobbs |
| 7. Major presidential address to Nat'l Urban Coalition emphasizing strenghts & opportunities in low income communities | August 3 | Griscom |
| 8. Presidential visit to successful community-based welfare project | August 3 | Griscom |
| 9. Presidential visit w/ Governor, to innovative state welfare project | August 24 | Donatelli |
| 10. Report IR task force | August 24 | Donatelli |
| 11. Major presidential address to a state legislature highlighting innovation at state level & barriers of existing system | Summer | Donatelli |
| 12. Coordination of field hearings in states & communities w/ Hill supporters | September | Donatelli |
| 13. WH mtg. for governors supportive of proposals, followed by Hill testimony | September 28 | Donatelli |
| 14. Presidential awards at WH to innovative community-based welfare projects | | |

IMPLEMENTATION RESOURCES PROFILE

Issue: WELFARE REFORM

WH Liaison:

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|--|--------------------------------|--|
| 1. National Center for Neighborhood Enterprise | Robert Woodson | Best "salesman" of Administration position in country, especially among black community. |
| 2. National Association of Neighborhoods | Steve Glaude | Supportive of Administration, provides access to neighborhood groups. |
| 3. National Association of the Southern Poor | Don Anderson | Former poverty warrior now preaching decentralization among rural poor. |
| 4. National Forum Foundation | -- | Research, lobbying group for welfare reform |
| 5. The Rockford Institute | Allan Carlson | Good in research, especially income security. |
| 6. American Legislative Exchange Council | Connie Heckman | Membership group of conservative state legislatures. |
| 7. The Heritage Foundation | Robert Rector Stuart Butler | Analysis on welfare issues. Developing conservative positions. Well-connected with grass roots groups. |
| 8. Institute for Educational Affairs | Leslie Lenkowsky | Good for analysis. |
| 9. American Enterprise Institute | John Weicher Michael Novak | Good for analysis, especially housing issues and values. |
| 10. -- | Charles Murray | Good for analysis. |



IMPLEMENTATION PLAN

STRATEGIC THEME: TRADITIONAL VALUES

POLICY OBJECTIVE: RESTORING EXCELLENCE TO AMERICAN EDUCATION

| Actions Required | Timeframe (Week of) | Task Coordinator |
|---|------------------------|------------------|
| 1. Secretary Bennett to visit several inner city private schools to promote voucher concept | Ongoing | Risque |
| 2. Help organize an Excellence in Education Caucus in Congress & conduct field hearings on what works in Education | ASAP | Bauer / Ball |
| 3. Launch a voucher experiment using Secretary of Education's Discretionary Fund | ASAP | Bauer . |
| 4. Presidential visit, w/ Governor, to state education program, followed by speech highlighting importance of state initiatives to improve teacher quality | September | Donatelli |
| 5. Creation of American Business Council for Education Excellence drawn from business leaders, to identify shortcomings of American education in quest for business competitiveness | July 6 | Bauer |
| 6. Report of the ABCEE | early Fall '87 | Bauer |
| 7. Speeches by Bennett urging state & local action on ABCEE report | Ongoing | Risque |
| 8. Develop new voucher proposal, aimed at low-income parents, w/ assistance from Governors and by inner city private schools | ASAP | Bauer |
| 9. Submission of voucher legislation | ASAP | OMB / Bennett |
| 10. Sponsor a conference in Washington of inner city private school principals to endorse vouchers, followed by press conference and Hill testimony | October | Risque |
| 11. | | |
| 12. | | |
| 13. | | |

IMPLEMENTATION RESOURCES PROFILE

Issue: EDUCATION

WH Liaison:

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|--|-------------------------------|---|
| * 1. National Center for Neighborhood Enterprise | Robert Woodson | Have identified and work with independent inner city schools. |
| * 2. Institute for Independent Education | Joan Ratteray | Same as above. |
| 3. Free Congress Foundation | Michael Schwartz | Working on state vouchers |
| 4. The Institute for Learning | Joe Nathan | Consultant for the National Governor's Associations task force on parental choice (expert on state initiatives) |
| * 5. East Harlem School District | Seymour Fliegel | Public school choice system that's working well. |
| 6. The Jefferson League, Vermont | Jim & Linda Miller | Libertarians pushing for full choice in Vermont. |
| 7. Institute for Liberty & Community | John McClaughry | Strong proponent of vouchers for many years. Special focus - Vermont. |
| 8. U.S. Dept. of Education | Peter Greer Patricia Lines | Working with localities and states that are instituting choice programs. |
| 9. The Heritage Foundation | Eileen Gardner | |
| 10. | | |

* Low-income, minority population



IMPLEMENTATION PLAN

STRATEGIC THEME: TRADITIONAL VALUES

POLICY OBJECTIVE: PRO-LIFE LEGISLATION

| Actions Required | Timeframe (Week of) | Task Coordinator |
|--|------------------------|------------------|
| 1. Mention of H.R. 1729 in one of the President's May radio speeches | JUNE | Griscom |
| 2. President should plan to speak at September meeting of Women Concerned for America | Sept. 24 | Griscom |
| 3. President should invite to Oval Office at the earliest opportunity a half-dozen key pro-life leaders to encourage their efforts | ASAP | Bauer/Griscom |
| 4. President should include brief mention of the bill in speeches to diverse groups, not just religious ones | Ongoing | Griscom |
| 5. President should instruct his legislative staff to give H.R. 1729 needed attention & support it <u>now</u> | Immediate | Ball |
| 6. President should personally telephone key Congressional co-sponsors to praise and encourage their efforts | Immediate | Ball |
| 7. President should make known his opposition to objectionable features of S.557, the "Civil Rights Restoration Act," and threaten use of his veto if necessary. | Immediate | Ball |
| 9. | | |
| 10. | | |
| 11. | | |
| 12. | | |
| 13. | | |

IMPLEMENTATION RESOURCES PROFILE

Issue: PRO-LIFE LEGISLATION

WH Liaison: MASENG & BAUER

| <u>Organization/Coalition</u> | <u>Contact</u> | <u>Comments</u> |
|--|------------------------------|--|
| 1. National Right to Life Committee | David Osteen 626-8800 | The largest network of pro-life state affiliates |
| 2. Christian Action Council | Curt Young 237-2100 | Evangelical Christian coalition |
| 3. Ad Hoc Committee in Defense of Life | Jack Fowler 347-8686 | Effective newsletter operation |
| 4. Concerned Women for America | Elizabeth Kepley 628-3014 | |
| 5. | | |
| 6. | | |
| 7. | | |
| 8. | | |
| 9. | | |
| 10. | | |
| 11. | | |
| 12. | | |

IMPLEMENTATION PLAN

STRATEGIC THEME: TRADITIONAL VALUES

POLICY OBJECTIVE: DRUG-FREE AMERICA

| Actions Required | Timeframe (Week of) | Task Coordinator |
|---|------------------------|------------------|
| 1. Complete the staffing of the WH Conference | Immediate | Bauer |
| 2. Announce plans for field hearings in factories, schools, urban areas to focus on positive programs that work | June 22 | Bauer |
| 3. Ask OPM & federal agency heads to intensify drug awareness and rehabilitation programs | June 22 | Risque |
| 4. Continue the First Lady's strong identification with the issue through selected travel/media opportunities | Ongoing | Griscom |
| 5. President should deliver major addresses on <u>costs</u> of drug abuse in both economic and human terms | July-August | Griscom |
| 6. Develop ambitious, comprehensive plan for maximum media impact of Conference on college & teenage youth | August-September | Griscom |
| 7. Follow up on Conference by forming a permanent Presidential Advisory Commission for a Drug-Free America | September | Bauer |
| 8. Continue to stress interdiction of illegal drugs at our borders & publicize penalties for those caught & convicted | Ongoing | Risque |
| 9. Continue to pressure foreign governments to curtail production and shipment of illegal drugs | Ongoing | Risque |
| 10. | | |
| 11. | | |
| 12. | | |
| 13. | | |

IMPLEMENTATION PLAN

STRATEGIC THEME: TRADITIONAL VALUES

POLICY OBJECTIVE: AIDS COMMISSION

| Actions Required | Timeframe (Week of) | Task Coordinator |
|--|------------------------|------------------|
| 1. Appoint persons to the AIDS Commission who will look at the issue from a public health perspective, rather than a "privacy" perspective | Immediate | Cribb/ Bauer |
| 2. Support the efforts of Secretary Bennett to generate public consensus on need for coherent approach to containment | Ongoing | Risque |
| 3. President should speak out personally on theme of research efforts and compassion for victims | Ongoing | Griscom |
| 4. President should instruct Surgeon General Koop to treat AIDS as the number one health menace and develop containment plan accordingly | Immediate | Risque |
| 5. Once established the Commission should focus on ascertaining facts & developing effective public awareness program | ASAP | Bauer |
| 6. Administration must endorse mandatory testing for certain occupations and population segments | Immediate | Bauer |
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