

Prepared: March 25, 1988

For Discussion on: -----

PRESIDENT'S WEEKLY UPDATE



Howard H. Baker, Jr.

THE WHITE HOUSE

WASHINGTON

March 25, 1988

THE PRESIDENT'S SUMMARY SCHEDULE

The Week of March 28, 1988

Monday, March 28

11:30 am (15 min)	Meeting with CIA Director Webster	Powell
12:45 pm (60 min)	Depart for Visit to Reynolds Metals Plant	Range
5:10 pm	Return to the White House	

Tuesday, March 29

9:30 am (60 min)	Meeting with Republican Congressional Leadership	Kranowitz
11:00 am (15 min)	Briefing for Interview	Board
11:15 am (10 min)	Interview with Gannett Foundation Fellows	Board
12:00 m (60 min)	Lunch with George Will	Ryan
1:45 pm (10 min)	N Presentation of Cancer Courage Award	Range
1:55 pm (5 min)	Signing Ceremony for "Education Day, U.S.A. " Proclamation	Range
2:00 pm (60 min)	NSPG Meeting	Powell
4:00 pm (30 min)	Interview with Edmund Morris	Ryan
4:30 pm (30 min)	Congressional Meeting on Space/ Science and Technology	Kranowitz

Wednesday, March 30

11:00 am (10 min)	Meeting with Supporters of the Superconducting Super Collider Program	Risque
11:45 am (10 min)	Swearing-in of William Ball as Secretary of the Navy	Risque
1:30 pm (30 min)	Meeting with Secretary Shultz	
2:00 pm (15 min)	Briefing for Interview	Ryan
2:15 pm (60 min)	Interview for Documentary	Ryan
6:30 pm	Private Dinner	Tuck

Thursday, March 31

11:30 am (30 min)	Personnel Time	Tuttle
12:00 m (60 min)	Lunch with the Vice President	
1:30 pm (10 min)	Kickoff of the Baldrige Quality Awards Program	Risque
2:00 pm (60 min)	Cabinet Meeting	Risque
3:50 pm (5 min)	Photo with Political Affairs Office Staff	Donatelli
4:00 pm (30 min)	Administrative Time 1. Photo with Pat Ingoglia and Family (Ryan) 2. Photo with John Parmalee of D. C. "School Without Walls" (Blakey) 3. Photo with Representatives of the White House Athletic Center (Fitzwater)	
4:30 pm (30 min)	Haircut	
5:00 pm (30 min)	Taping Session 1. Millenium of Christianity in Kiev Rus' (Powell) 2. "Washington for Jesus Rally" (Range) 3. Annual USU Surgical Associates Day (Hutton) 4. Conference of Distributive Education Clubs (Board) 5. National Operation C.A.R.E. Conference (Board)	Dolan/Board

Friday, April 1

Good Friday

Approx.
10:15 am

Depart for the Ranch

Hooley

Approx.
1:30 pm

Arrive Ranch

N ON Ranch

Saturday, April 2

N Ranch

9:06 pm
(5 min)

Radio Talk

N ON Ranch

Sunday, April 3

Easter Sunday

N Ranch

N ON Ranch

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<p>Proposed & Tentative For Administrative Use Only</p> <p>T Tentative N First Lady ★ Away from White House</p>		<p>1</p> <p>8:25 Depart. Remarks</p> <p>★ 8:30 Depart for Brussels f/ NATO Summit</p> <p>★ 9:45 Arrive Brussels</p> <p>ON BRUSSELS</p>	<p>2</p> <p>★ Brussels</p> <p>ON BRUSSELS</p>	<p>3</p> <p>★ Brussels</p> <p>★ 3:45 Depart for DC</p> <p>★ 6:15 Arrive WH</p> <p>ON WASHINGTON, D.C.</p>	<p>4 Reagan's Anniversary Senate Recess</p> <p>1:30 Photo with Mexican Deleg. to Mexico/USIP Conf.</p> <p>ON WASHINGTON, D.C.</p>	<p>5</p> <p>12:06 Radio Talk</p> <p>ON WASHINGTON, D.C.</p>
<p>6</p> <p>ON WASHINGTON, D.C.</p>	<p>7</p> <p>★ 10:10 Address VFW</p> <p>1:30 Address Media Executives re: Drug Abuse</p> <p>2:00 Mtg. with Wirthlin</p> <p>3:30 Mtg. w/Shultz</p> <p>4:15 Personnel Time</p> <p>4:30 H-Hold</p> <p>N 5:00 Recep f/Media Execs</p> <p>ON WASHINGTON, D.C.</p>	<p>8</p> <p>11:00 Mtg. w/PM Wu Xueqian/China</p> <p>12:00 Lunch w/Laxalt</p> <p>1:15 Photo/U.S. Olympic Team</p> <p>2:00 US Olymp. Team</p> <p>2:15 Cabinet Mtg.</p> <p>3:50 Photo w/US Savings League</p> <p>4:00 Taping Session</p> <p>4:30 Mtg. w/Natl. Jewish Coal.</p> <p>ON WASHINGTON, D.C.</p>	<p>9</p> <p>★ 10:20 Depart. f/Notre Dame Univ. f/tribute to Knute Rockne</p> <p>3:35 Arrive WH</p> <p>ON WASHINGTON, D.C.</p>	<p>10</p> <p>10:00 Brfg. f/Intv.</p> <p>10:30 Intv. Foreign TV Correspond.</p> <p>2:30 NSPG Mtg.</p> <p>3:45 Photo w/Alec Courtelis</p> <p>3:50 Photo w/Ofc. Pol. Dev.</p> <p>4:00 Personnel Time</p> <p>4:30 Admin. Time</p> <p>N 7:10 Dnr. f/RR Pres. Fndn. (B-Tie)</p> <p>ON WASHINGTON, D.C.</p>	<p>11</p> <p>T 11:00 NSC Time</p> <p>1:15 Address Coalition on Trade</p> <p>1:30 Mtg. with Secy. Shultz</p> <p>N★ To Camp David</p> <p>ON CAMP DAVID</p>	<p>12</p> <p>N★ Camp David</p> <p>★ 12:06 Radio Talk</p> <p>ON CAMP DAVID</p>
<p>13</p> <p>N★ Camp David</p> <p>N Aft. Return to WH</p> <p>ON WASHINGTON, D.C.</p>	<p>14 Senate Reconvenes</p> <p>9:50 Mtg w/D.M. Woerner of West Germany</p> <p>★ 10:40 Depart to Address IFPA Recep.</p> <p>11:45 Arrive WH</p> <p>12:00 Issues Lunch</p> <p>2:00 Mtg. w/Carlucci</p> <p>4:00 Hold - Dent</p> <p>ON WASHINGTON, D.C.</p>	<p>15</p> <p>10:00 Bi-Part Cong.</p> <p>11:30 Brfg. f/PM Club</p> <p>1:30 Photo w/Swed-Amer Chamb of Commerce</p> <p>1:45 Photo w/Chmn. Phys Fit Council</p> <p>4:00 Mtg. w/Shultz</p> <p>4:30 Cong Photo Tm</p> <p>★ 7:35 Dep f/Dropby Inner Circle Dnr</p> <p>ON WASHINGTON, D.C.</p>	<p>16</p> <p>11:00 Brfg. f/Visit</p> <p>11:30 Mtg. w/PM Shamir of Israel</p> <p>12:15 Lunch w/PM Shamir</p> <p>1:30 Depart. Stmtts.</p> <p>2:00 Mtg. w/J. Stewart</p> <p>5:00 Cong. Recept.</p> <p>ON WASHINGTON, D.C.</p>	<p>17 St. Patrick's Day</p> <p>10:00 Receive Shamrocks from Irish Amb.</p> <p>★ 12:00 Lunch w/James Kilpatrick</p> <p>★ 1:20 Dep f/Speaker Wright lunch</p> <p>3:50 Photo w/PSI</p> <p>4:00 Personnel Time</p> <p>4:30 Admin. Time</p> <p>ON WASHINGTON, D.C.</p>	<p>18</p> <p>10:55 Receive Rept. Privatization</p> <p>11:00 Brf f/Int</p> <p>11:30 Int w/Fitchett of Paris Herald Tribune</p> <p>12:00 Lunch w/VP</p> <p>1:30 Secy. Shultz</p> <p>2:00 Photo w/Young Rep. Natl Fed</p> <p>ON WASHINGTON, D.C.</p>	<p>19</p> <p>12:06 Radio Talk</p> <p>ON WASHINGTON, D.C.</p>
<p>20</p> <p>ON WASHINGTON, D.C.</p>	<p>21</p> <p>11:50 Photo w/ Advance Office</p> <p>12:00 Issues Lunch</p> <p>1:30 Sign Cere f/Afghan Day</p> <p>3:45 Mtg. w/Deleg. to El Salvador Elections</p> <p>4:00 H-Hold</p> <p>4:30 Taping Session</p> <p>ON WASHINGTON, D.C.</p>	<p>22</p> <p>★ 9:00 Dep. f/Mtg. w/ House GOP</p> <p>11:45 Dropby Brfg. Rep. Elect Off</p> <p>2:00 Photo f/"Def. Daily"</p> <p>4:15 Pres Ardanza Basque</p> <p>4:30 Dipl. Cred. Cere</p> <p>★ 5:35 Dropby Recep. f/Sen. Hecht</p> <p>ON WASHINGTON, D.C.</p>	<p>23</p> <p>10:00 Mtg. w/former Pres. Chun Doo Hwan of Korea</p> <p>11:00 Dropby Brfg. f/Amer Bus.</p> <p>11:15 Brfg. f/Mtg.</p> <p>11:30 Mtg. w/F.M. Shevardnadze</p> <p>11:40 Mtg. w/F.M.</p> <p>12:15 Lunch w/F.M.</p> <p>1:30 Mtg. w/Shultz</p> <p>ON WASHINGTON, D.C.</p>	<p>24</p> <p>9:45 Mtg. w/West German Opp. Ldr. Vogel</p> <p>12:00 Lunch w/VP</p> <p>★ 1:05 Depart f/ Oakton HS, VA</p> <p>3:50 Photo NSC Sen</p> <p>4:00 Personnel Time</p> <p>4:30 Admin. Time</p> <p>ON WASHINGTON, D.C.</p>	<p>25</p> <p>11:00 Brfg f/Visit</p> <p>11:30 Mtg. w/Pres. Balaguer of Dominican Rep</p> <p>12:15 Lunch w/Pres.</p> <p>1:30 Dep Stmtts</p> <p>2:15 Photo re Greek Indep Day</p> <p>2:30 Address Ctr f/Study of Pres</p> <p>2:45 Mtg. Shultz</p> <p>ON WASHINGTON, D.C.</p>	<p>26</p> <p>12:06 Radio Talk</p> <p>N★ 7:00 Dept. for Gridiron Dinner (White-Tie)</p> <p>N 11:55 Arrive WH</p> <p>ON WASHINGTON, D.C.</p>
<p>27 Palm Sunday</p> <p>ON WASHINGTON, D.C.</p>	<p>28</p> <p>11:30 Mtg w/Webster</p> <p>★ 12:45 Depart for Richmond, VA to the Reynolds Metals Plant</p> <p>5:10 Arrive WH</p> <p>ON WASHINGTON, D.C.</p>	<p>29</p> <p>9:30 GOP Cong.</p> <p>11:00 Brfg. f/Int</p> <p>11:15 Int. w/ Gannett</p> <p>12:00 Lunch/Will</p> <p>N 1:45 Cancer Cour.</p> <p>1:55 Sign Cere f/Ed. Day USA</p> <p>2:00 NSPG Mtg.</p> <p>4:00 Intv w/Morris</p> <p>4:30 Cong. Mtg. re Space/Science</p> <p>ON WASHINGTON, D.C.</p>	<p>30</p> <p>11:00 Mtg. w/Supporters of SSC Program</p> <p>11:45 Swear-in Cere. f/Will Ball</p> <p>1:30 Mtg. with Secy Shultz</p> <p>2:15 Intv. f/Documentary</p> <p>Eve. Pvt. Dinner</p> <p>ON WASHINGTON, D.C.</p>	<p>31 Congress Recess</p> <p>11:30 Personnel Time</p> <p>12:00 Lunch with VP</p> <p>1:30 Kickoff Baldrige Qual. Awards Prog</p> <p>2:00 Cabinet Mtg</p> <p>3:50 Photo w/Pol. Affairs Office</p> <p>4:00 Admin. Time</p> <p>4:30 Haircut</p> <p>5:00 Taping Session</p> <p>ON WASHINGTON, D.C.</p>		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<p>Proposed & Tentative For Administrative Use Only</p> <p>T Tentative N First Lady ★ Away from White House</p>					<p>1 Good Friday</p> <p>Approx ★ 10:15 Depart for Ranch</p> <p>Approx ★ 1:30 Arrive Ranch</p> <p>ON RANCH</p>	<p>2 Passover</p> <p>N★ Ranch</p> <p>★ 9:06 Radio Talk</p> <p>ON RANCH</p>
<p>3 Easter Sunday</p> <p>N★ Ranch</p> <p>ON RANCH</p>	<p>4</p> <p>Approx N★ 10:00 Depart for Coto de Casa, CA</p> <p>N★ 11:45 Luncheon f/Ronald Reagan Library Foundation</p> <p>Approx N★ 1:45 Depart for Ranch</p> <p>ON RANCH</p>	<p>5</p> <p>N★ Ranch</p> <p>ON RANCH</p>	<p>6</p> <p>N★ Ranch</p> <p>ON RANCH</p>	<p>7</p> <p>N★ Ranch</p> <p>ON RANCH</p>	<p>8</p> <p>N★ Ranch</p> <p>ON RANCH</p>	<p>9</p> <p>N★ Ranch</p> <p>★ 9:06 Radio Talk</p> <p>ON RANCH</p>
<p>10</p> <p>N★ Ranch</p> <p>Approx N★ 8:45 Depart f/ Las Vegas to Address Natl. Assoc. of Broadcasters</p> <p>Approx N★ 11:30 Depart for DC</p> <p>Approx N★ 6:50 Arrive WH</p> <p>ON WASHINGTON, D.C.</p>	<p>11 Congress Reconvenes</p> <p>12:00 Issues Lunch</p> <p>1:45 Photo w/1988 Natl. Teacher of Yr</p> <p>4:30 H-Hold</p> <p>N 7:30 Dinner f/King & Queen of Sweden (B-Tie)</p> <p>ON WASHINGTON, D.C.</p>	<p>12</p> <p>T 10:30 Bi-Part Cong. Leadership</p> <p>11:30 Mtg. w/ Conservative Leaders</p> <p>T 2:00 NSC Time</p> <p>N 5:30 Reception f/ PBS</p> <p>ON WASHINGTON, D.C.</p>	<p>13</p> <p>11:00 Mtg. w/Young President's Org</p> <p>11:30 Mtg. w/PM Lee Kuan Yew of Singapore</p> <p>12:00 Lunch w/PM Yew</p> <p>Approx ★ 1:30 Address ASNE Convention</p> <p>ON WASHINGTON, D.C.</p>	<p>14</p> <p>10:00 Photo Ciriaco De Mita of Italy</p> <p>11:30 Mtg w/State Chrm of President's Dnr</p> <p>12:00 Lunch with VP</p> <p>T 2:00 Cabinet Time</p> <p>3:50 Photo w/Press Ofc.</p> <p>4:00 Personnel Time</p> <p>4:30 Admin. Time</p> <p>ON WASHINGTON, D.C.</p>	<p>15</p> <p>T 11:00 NSC Time</p> <p>12:00 Lunch f/Vote America</p> <p>1:30 Dropby Brfg. f/Natl Conf. of Lt. Governors</p> <p>1:45 Mtg. w/Secy. Shultz</p> <p>2:15 Taping Session To Camp David</p> <p>TN★</p> <p>ON CAMP DAVID</p>	<p>16</p> <p>TN★ Camp David</p> <p>★ 12:06 Radio Talk</p> <p>ON CAMP DAVID</p>
<p>17</p> <p>TN★ Camp David</p> <p>TN Aft. Return to WH</p> <p>ON WASHINGTON, D.C.</p>	<p>18 Natl. Volunteer Wk. (4/18 - 4/24)</p> <p>11:00 Cere. f/Natl. Vol. Wk.</p> <p>12:00 Lunch w/Western State GOP</p> <p>T 2:00 Cabinet Time</p> <p>4:15 Photo w/First Lady's Office</p> <p>ON WASHINGTON, D.C.</p>	<p>19</p> <p>T 9:30 GOP Cong. Ldrs</p> <p>N★ 11:00 Mem. Serv. for Drug Law Enforce. Ofcra.</p> <p>T 2:00 NSC Time</p> <p>4:30 Photo w/Agric. Lead. Program</p> <p>★ 7:30 Dropby Recep. f/P. Dawkins</p> <p>★ 8:15 Dropby Elec. Ind. Assoc. Dnr.</p> <p>ON WASHINGTON, D.C.</p>	<p>20</p> <p>11:45 Signing Cere. f/Law Day Proc.</p> <p>1:00 Intv. w/G. Hodgson</p> <p>1:30 Mtg. with Secy Shultz</p> <p>ON WASHINGTON, D.C.</p>	<p>21</p> <p>HOLD FOR TRAVEL</p> <p>N★ 7:30 Attend WH Correspondents Dinner (B-Tie)</p> <p>ON WASHINGTON, D.C.</p>	<p>22</p> <p>9:50 Mtg. & Photo w/FM Savetsila of Thailand</p> <p>T 11:00 NSC Time</p> <p>1:15 Dropby Brfg. f/ALEC</p> <p>1:30 Mtg. with Secy. Shultz</p> <p>TN★ To Camp David</p> <p>ON CAMP DAVID</p>	<p>23</p> <p>TN★ Camp David</p> <p>★ 12:06 Radio Talk</p> <p>ON CAMP DAVID</p>
<p>24</p> <p>TN★ Camp David</p> <p>TN Aft Return to WH</p> <p>N 5:00 In Performance at the WH</p> <p>ON WASHINGTON, D.C.</p>	<p>25</p> <p>11:45 Mtg. re Millenium of Christianity</p> <p>12:00 Issues Lunch</p> <p>T 2:00 Cabinet Time</p> <p>4:30 H-Hold</p> <p>N★ 6:00 Dropby Recep. f/Blair House</p> <p>ON WASHINGTON, D.C.</p>	<p>26</p> <p>T 9:30 Bi-Part Cong. Leadership</p> <p>2:00 Receive Nation at Risk Report</p> <p>4:30 Taping Session</p> <p>ON WASHINGTON, D.C.</p>	<p>27</p> <p>9:30 Brfg f/Visit</p> <p>N 10:00 Arv. Cere f/PM Mulroney of Canada</p> <p>10:30 Mtg. with PM Mulroney</p> <p>1:30 Mtg. with Secy Shultz</p> <p>N 7:15 State Dinner (B-Tie)</p> <p>ON WASHINGTON, D.C.</p>	<p>28</p> <p>10:30 Hold</p> <p>T 2:00 Cabinet Time</p> <p>4:00 Personnel Time</p> <p>4:30 Admin. Time</p> <p>N 5:00 Presentation of Cong. Medal to Lady Bird Johnson</p> <p>ON WASHINGTON, D.C.</p>	<p>29 Senate Recess</p> <p>T 11:00 NSC Time</p> <p>1:30 Mtg. with Secy. Shultz</p> <p>TN★ To Camp David</p> <p>ON CAMP DAVID</p>	<p>30</p> <p>TN★ Camp David</p> <p>★ 12:06 Radio Talk</p> <p>ON CAMP DAVID</p>

THE WHITE HOUSE

WASHINGTON

THE WEEK AHEAD

Monday, March 28
through
Sunday, April 3

FOREIGN

Nicaragua

The media will continue to push for a definitive Administration view of the various aspects of the agreement signed by the Nicaraguan freedom fighters and the Sandinistas. In addition, there will be heightened speculation concerning the type of aid package the Administration will favor, with the focus on the possibilities of a lethal component, methods of delivery and the timetable for a vote. We continue to stress our consultations with the freedom fighters concerning their views of the agreement's points and those with the Hill concerning an aid package. We have no preconceived ideas on either count and must await the outcomes of the consultative process.

DOMESTIC

Trade will dominate the domestic news this week as the conferences on the Hill head toward a self-imposed April 1 deadline for finishing their work. While there is doubt that the conferences will complete that work on time, the bigger issues of the trade bill should be discussed this week.

Trade will be highlighted Monday when the President travels to Richmond, Virginia, for a visit to the Reynolds Metal Plant.

Economic Indicators

o Friday, April 1 Unemployment

TOP STORIES OF THE WEEK

Monday, March 28

- Meeting with the Director of Central Intelligence
- Visit to Reynolds Metals Plant

Tuesday, March 29

- Meeting with Republican Congressional Leadership
- Interview with Gannett Foundation Fellows
- Lunch with George Will
- Presentation of Cancer Courage Award
- Signing Ceremony for "Education Day, U.S.A." Proclamation
- NSPG Meeting
- Congressional Meeting on Space/Science and Technology

Wednesday, March 30

- Meeting with Supporters of the Superconducting Super Collider Program
- Swearing-in of William Ball as Secretary of the Navy
- Meeting with Secretary Shultz
- Private Dinner

Thursday, March 31

- Kickoff of the Baldrige Quality Awards Program
- Cabinet Time
- Photo with John Parmalee of D.C. "Schools without Walls"

Friday, April 1

- Departure for California

Saturday, April 2

- Radio Address

Prepared by: The Office of the Press Secretary

THE WHITE HOUSE

WASHINGTON

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE 
SUBJECT: Cabinet Issues -- Weekly Update

I. MEETINGS WITH YOU

There will be a Cabinet meeting on Thursday, March 31, to update your Cabinet on pending issues, including U.S.-Soviet relations, Central America, and possibly trade legislation, before you leave for the ranch. Frank Donatelli will also present a briefing on the Administration's goals for 1988 as they affect and are affected by the political climate.

II. MEETINGS WITHOUT YOU

If the conferees on the trade bill conclude their work, the Economic Policy Council will meet to review the outcome.

III. OTHER ISSUES

Hunger Hype

Advocacy groups are trying to make an issue of hunger in America. Since overall trends, such as declining poverty rates and record employment levels, do not support their position, they are turning to images and hyperbole. For example, last week two of the networks aired movies portraying tragic fictional cases involving hunger. One of the movies depicted a hungry student. In reality, the child would be eligible for a free lunch provided by the Federal school lunch program and even a free hot breakfast if the school was a participant in that program. The movie ignored these programs that serve over 24 million children daily, and subsidize nearly 21 billion meals per year.

This week the Senate Agriculture Committee will travel to a soup kitchen to conduct a hearing on the proposed Emergency Hunger Relief Act of 1988 -- the Department of Agriculture was not invited to testify. The Department would like to make the public aware of the many food assistance programs available to those who need them, and is working to accomplish this.

In addition to the school-based programs, two of the largest food assistance programs are:

Food Stamps -- One in seven Americans received food stamps for at least one month last year. Food stamps go to an average 19.1 million Americans each month, and the program cost the federal government \$11.7 billion last year.

Special Supplemental Food Program for Women, Infants, and Children -- This program provides only highly nutritious foods like milk and eggs. The eligibility criteria is less strict than for food stamps, and this year a family of four with an income of up to \$20,720 can qualify. This program has an average of 3.4 million beneficiaries each month.

THE WHITE HOUSE

WASHINGTON

March 28, 1988

MEMORANDUM FOR THE PRESIDENT

FROM:

ALAN M. KRANOWITZ *AMK*

SUBJECT:

Weekly Issues Update -- Legislative Affairs

I. CONGRESSIONAL MEETINGS

Tomorrow you will meet at 9:30 a.m. with the GOP Leadership in the Cabinet Room. Also, tomorrow you will meet at 4:30 p.m. with several key Senators regarding NASA and other science/technology issues included in the budget.

II. FLOOR ACTION

The Senate will continue debate on S. 79, the High Risk Notification bill. A third cloture petition will mature today. Following action on that measure, other possible items for action include: S. 1009, the Japanese-American Compensation bill, the Glass-Steagall banking bill, legislation dealing with assistance to the Nicaraguan Freedom Fighters, and uranium enrichment.

The House convenes today to consider several bills, under suspension of the rules, including: H.R. 3871 -- International Child Abduction Remedies Act, and S. 2117 -- Age Discrimination Claims Assistance Act. Tomorrow the House will consider H.R. 3396 -- Rehiring Former Air Traffic Controllers. On Wednesday, the House will consider, subject to the rule being granted, H.R. 3932 -- Presidential Transition Effectiveness Act, and H.R. 3933 -- National Historical Publications and Records Commission Act. On Thursday, the House may consider the Conference Report on H.R. 5 -- the School Improvement Act of 1987. The House will not be in Session on Friday. Action is also expected on Tuesday or Wednesday on an assistance package for the Contras.

III. DOMESTIC ISSUES

High Risk Notification, S. 79

Debate on S. 79 began last Wednesday. Two cloture motions failed by large margins. A third cloture petition was filed last Thursday which will mature today. Opponents of the bill continue to feel confident that either the bill will be defeated outright, or at least garner more than 34 votes to make it veto safe.

Uranium Enrichment

A bipartisan group of Senators is applying increasing pressure on Majority Leader Byrd to bring the uranium enrichment bill to the Senate floor. OMB has strong concerns about the cost of the bill. Even greater concern is being expressed about an amendment expected on the Senate floor to establish a fee for the use of imported uranium. This import fee would violate the Canadian Free Trade Agreement.

The bipartisan group of Senators supporting this amendment and the underlying bill, led by Senator Domenici (R-NM), were bolstered by reports last week that the Canadians had established a tariff relief measure on behalf of its apparel industry. The vote on the uranium import fee may turn into a referendum on the CFTA as a result of negative reaction to the Canadian action, with textile state Senators joining with Western Senators to pass the amendment. We are working with another group of Senators to defeat the amendment, but the outlook is cloudy.

Appropriations/Budget

The Senate Budget Committee is expected to begin markup of the FY'89 Budget Resolution this week.

Last Wednesday, the House passed the FY'89 Budget Resolution as reported by the House Budget Committee by a vote of 319-102. The Resolution accepts OMB's economic and technical assumptions, and provides a deficit of \$134.1B.

Canada Free Trade

The Senate Finance Committee has scheduled a second hearing on the Canada Free Trade Agreement. The Administration has been asked to respond to written questions by April 18. Last week, Ambassador Yeutter met with Senators Baucus, Simpson and Domenici to discuss their concerns with the Agreement. Follow-up meetings are anticipated.

Japan-U.S. Agreement Concerning Peaceful Uses of Nuclear Energy

Last week the Senate rejected a resolution of disapproval of the Japan-U.S. Nuclear Agreement Concerning Peaceful Uses of Nuclear Energy, by a vote of 30-53. Absent further Congressional action, the Agreement will take effect when the 90-day clock runs out, now estimated to occur on April 25.

Nuclear Regulatory Commission Authorization

This week the Senate Environment Committee will mark up legislation to authorize the Nuclear Regulatory Commission (NRC). As currently written, the legislation has prompted concerns from the Justice Department over its constitutionality, since it restricts the ability of the President to remove Commission members.

Trade Reform

Conferees on the Trade Reform bill hope to complete action this week. While many improvements have been made, a number of highly objectionable provisions, including plant closing language, transfer of Presidential authority and government procurement, remain unresolved. We have notified appropriate members that a veto may be recommended if these issues are not resolved.

Presidential Transition Act Amendments

Last Tuesday, the House Government Operations Committee ordered reported the Presidential Transition Act (H.R. 3932). The Committee did not increase the amount of funds for transition by the out-going President that the Administration requested. The House will consider H.R. 3932 on Wednesday.

Tomorrow, in the Senate, the Government Affairs Committee will markup its version of the legislation.

School Improvement Act

The House may consider the conference report to accompany H.R. 5, the School Improvement Act, late this week. The conferees, however, must first resolve two outstanding issues on the magnet schools program and accountability of supplemental basic education for the disadvantaged.

Catastrophic Health Insurance

The Conference Committee on H.R. 2470, the Catastrophic Health Insurance bill, last met on March 16. However, House and Senate staffs continue to meet and have reached agreement on non-controversial items. The House submitted a proposal on these minor items to the Senate and is awaiting a Senate reply and further offer. Chairman Dan Rostenkowski (D-IL) announced that the larger issues would be considered during subsequent meetings at the call of the Chair.

Fair Housing Amendments Act of 1988 (H.R. 1158)

The Subcommittee on Civil and Constitutional Rights passed and sent to the full House Judiciary Committee a bill to rewrite Title VIII of the 1968 Civil Rights Act, the Federal fair housing law. The schedule for markup in full Committee has not been set, but there are indications that it may be as early as tomorrow.

OTHER ACTION

-- Last Tuesday, the Senate voted to override your veto of S. 557 (Grove City) by a vote of 73 to 24, and the House concurred by a vote of 292 to 133.

-- The Senate Governmental Affairs Committee held a hearing last Tuesday and has another scheduled for today on legislation to upgrade the VA to Cabinet level. Joe Wright will testify.

-- The House Energy and Commerce Subcommittee on Health and the Environment may continue markup of Title II (ozone restrictions) of the Clean Air Act this week, although no specific schedule has been set.

IV. NATIONAL SECURITY ISSUES

INF Treaty

Last week, the Senate Foreign Relations Committee began markup of the INF Treaty. Several amendments were offered by Senator Helms and Senator Pressler. All were defeated by overwhelming margins. This afternoon, the Committee will take up the treaty interpretation issue which continues to be the most contentious aspect of the whole INF debate. We have indicated our objection to current drafts of treaty interpretation language and will continue to follow this closely with key members. The Committee is expected to report a resolution of ratification Tuesday afternoon.

Nicaraguan Assistance

Senate supporters of additional humanitarian aid for the contras are waiting to see what action, if any, the House will take this week. If the House passes an unacceptable bill, efforts to amend it could be made in the Senate.

V. NOMINATIONS

William L. Ball, III, Secretary of the Navy. Mr. Ball was confirmed last Wednesday by voice vote. His ceremonial swearing-in will take place at 11:45 a.m. on Wednesday.

Susan Wing and Brad Holmes, Federal Communications Commission. Courtesy calls and briefings are underway.

Susan Phillips, Member of the Federal Trade Commission. Courtesy calls and briefings are underway.

John Higgins, Member of the National Labor Relations Board. Mr. Higgins' nomination has been transmitted. Senate Labor and Human Resources Committee has jurisdiction. Courtesy calls have begun.

VI. NOTABLE COMMITTEE ACTION

Monday

The Senate Appropriations Committee and its various subcommittees will hold hearings throughout the week on FY'89 appropriations.

The Senate Foreign Relations Committee will continue markup of the INF Treaty. The Committee may report the Treaty tomorrow.

The Senate Governmental Affairs Committee will continue hearings on the elevation of the Veterans' Administration to Cabinet status.

The House Appropriations Committee and its various subcommittees will hold hearings throughout the week on FY'89 appropriations.

Wednesday

The Senate Environment and Public Works Committee, Hazardous Wastes and Toxic Substances Subcommittee and Environmental Protection Subcommittee, will hold a joint hearing on legislation to protect the stratospheric ozone layer.

THE WHITE HOUSE

WASHINGTON

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: GARY L. BAUER *GLB*
SUBJECT: Issues Update - Quarterly Report on AIDS

Last year you directed the Centers for Disease Control (CDC) to provide an estimate of the prevalence of AIDS infection in the United States to the Domestic Policy Council (DPC) by November 1987, and to submit quarterly reports thereafter on the prevalence and rate of the spread of HIV in the U.S. CDC presented the first such quarterly report to the DPC on March 23, 1988. Highlights of this report follow.

Trends in AIDS

- o 56,200 cumulative cases of AIDS have been reported in the U.S. (23,000 in the last year alone), of whom 31,400 have died.
- o Most adult AIDS cases are homosexuals and drug abusers. Four percent were attributed to heterosexual transmission.
- o During the past year, 416 cases were reported in children under 13 (up 85% from the previous year).

Trends in Prevalence and Incidence of HIV Infection

- o CDC's estimate of the total number of persons infected in the United States is still 1.0 to 1.5 million (the same as the November 1987 estimate).
- o CDC cannot precisely estimate the prevalence and rate of spread of AIDS in the general population, at this time.
- o The highest prevalence of HIV infection is found among homosexual and bisexual men, intravenous drug abusers, heterosexual partners of persons infected with HIV, hemophiliacs, and children born to HIV-infected mothers. In general, males have higher infection rates than females; Black and Hispanic minorities have higher rates than whites and other minorities; and persons between 20 and 45 years old have higher rates than other age groups.

- o The prevalence of HIV infection varies considerably by the group tested and the geographic area.

Status of HIV Surveys

- o Plans for the comprehensive family of surveys: Over 420 surveys will be done in 30 metropolitan areas. Plans are proceeding rapidly.
- o Childbearing women: In New York State, tests in child-bearing women show an overall HIV prevalence of 0.77%; but in New York City, one woman in 61 giving birth carried HIV (over 3% in some parts of the city), 40% of whom pass the infection to their newborns. (This survey helped promote recent changes in New York City's policy to routinely offer HIV counseling and testing at state and city-financed clinics.)
- o Sentinel hospitals: In the first four sentinel hospitals tested (all from the Midwest), overall prevalence was 0.31 percent.
- o Prison surveys: Pursuant to your request, the Federal Bureau of Prisons began testing federal prisoners last June, and found almost 3% infected. CDC and the National Institute of Justice will test inmates in ten state prisons beginning this June.
- o College students: 15 colleges will test about 1,000 blood specimens each beginning this April.
- o National Household Seroprevalence Survey: This survey is scheduled to begin in June 1989 with results available in June 1990. However, difficulties may be anticipated because a high percentage of infected persons are not willing to be tested.

Other Related Developments

- o The first U.S. reported case of AIDS caused by a second AIDS virus, HIV-2, was diagnosed in December 1987. CDC, FDA, and others have tested nearly 23,000 additional persons, including 8,500 blood donors, without finding HIV-2.
- o Heart disease, all cancers and cerebrovascular diseases (including stroke) have caused the deaths of 10 to 50 times as many Americans as AIDS. However, AIDS is the only major category of disease in the United States where mortality is substantially increasing.

THE WHITE HOUSE

WASHINGTON

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: THOMAS C. GRISCOM *J*
SUBJECT: Issues Update - Communications

NEWSPAPER EDITORIAL COMMENT

We examined editorials in 21 papers nationwide over the last week and found substantial comment on the invasion of Honduras and events in the Middle East.

Honduras

We found 24 editorials in national and regional papers since the invasion of Honduras and before the cease-fire agreement which offered a variety of comments on the actions of the Sandinista government.

- o Ten editorials condemned the Sandinistas' invasion for having undercut Central American peace efforts.
- o Nine expressed support* for the U.S. policy of sending troops to Honduras, 12 criticized that policy, and 4 remained neutral.
 - Of those criticizing U.S. involvement, 8 called for support of the Central American peace plan, 3 said the U.S. needed to clarify its policy in the region, and 1 had no recommendations.
 - Of those neutral, 1 called for humanitarian aid to further the peace process, 1 saw the need to clarify U.S. policy, and 2 simply commented on the occurrence.
- o Nine saw the Sandinista aggression as a direct result of Congress's aid cutoff.
- o Four said Congress tried to turn public attention away from Sandinista actions by questioning the Administration's motives, and/or by trying to make excuses for Ortega's aggression.
- o Three condemned recent Sandinista violence toward peaceful non-Contra demonstrators.

* Chattanooga News-Free Press, San Diego Union, Detroit News (2 editorials), Chicago Tribune, Washington Post, Dallas Morning News (2 editorials), and New York Daily News.

Middle East

We found 9 editorials in the last week on the Middle East and Secretary Shultz's peace plan for the region.

- o Five editorials supported the plan and American persistence and tenacity. There was also general praise for Shultz and his calm, forthright diplomacy. Shamir received the most criticism for his "ostrich-like" attitudes, his "sophistry" and his rejection of the U.S. plan.
- o The remaining 4 editorials concentrated on Arab and Israeli intransigence and violent acts, and blamed them both for the current deadlock in diplomacy.
- o Overall:
 - Eight editorials were critical of Israel, either for its handling of the West Bank problem and/or for rejecting the peace plan.
 - Three were critical of the Arabs for their unwillingness to compromise and/or negotiate.
 - Four deplored the violence and "tragedy" of deaths on both sides.
- o Generally, the editorials were more critical of Israel and the Arab nations and PLO than of the U.S. Editorial writers despaired of the situation improving, or of any of the principal participants -- the U.S., Israel, Arabs and PLO -- coming up with a workable, acceptable solution.
- o Of newspapers with conservative editorial pages:
 - Two editorials were against the plan. They cited the failure record of past international peace conferences and the "folly" of including the Soviets and the PLO.
 - Two editorials said the media were unfair to Israel.

THE WHITE HOUSE

WASHINGTON

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK J. DONATELLI (FJD)
SUBJECT: WEEKLY POLITICAL AND INTERGOVERNMENTAL AFFAIRS
DEVELOPMENTS

DELEGATE TRACKING

As of March 23, Associated Press reports the following committed delegates:

Republicans		Democrats *	
Bush	788	Dukakis	528.50
Dole	178	Jackson	510.55
Robertson	17	Gore	360.80
Uncommitted	72	Simon	171.50
		Gephardt	154.00
		Uncommitted	341.65

Needed for nomination	1,139	Needed for nomination	2,082
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*These numbers will change after the Democratic caucuses this Saturday in Michigan.

THE DEMOCRATS MESSAGE: GETTING TOUGH

The Democratic Party is out to shed its image of weakness in the international arena. Stung by decisive Presidential defeats in the last two decades when they were viewed as a party unwilling to stand up for America abroad, their Presidential candidates have begun talking tough about the need for defending America's vital interests.

Their target is not the Soviet Union or leftist regimes in the third world seeking to spread communist subversion. Rather, they want us to get tough with our allies - Europeans on defense and Asians on trade.

On defense, they accuse our European allies of not doing enough for their own defense, relying instead for protection on U.S. forces stationed in Europe. They argue that this increases our military expenditures and our budget deficits, thereby putting us at a competitive disadvantage economically. The answer they say is to get tough on our European allies by forcing them to assume a greater responsibility for their own defense.

On trade, they accuse our Asian allies of unduly restricting our exports. This is absolutely true, but they then go on to infer that these unfair trading practices are responsible for our trade deficit and for unemployment in this country. Therefore our entire economic future is at risk. Their solution is a new policy of "economic nationalism" that recognizes that a coordinated U.S. Government response involving threats of new trade barriers is necessary if American economic security is to be guaranteed.

Such a "get tough" theme has obvious political benefits:

1. It allows the Democrats to utilize tough rhetoric to strengthen their image as protectors of vital American interests. Since their targets are our Allies, not adversaries, no threatened military response is necessary.

2. It is a justification for reductions of our military budget, thereby strengthening their credentials on deficit reduction.

3. It exploits the one negative set of statistics in the Reagan years, the trade deficit, the budget deficit and the highly publicized layoffs in a few industries (steel, autos), to call into question all of the economic progress that has been achieved.

4. It is a justification for a larger federal government role in economic policy. This activism includes not only trade, but also additional government expenditures on domestic programs to make America "competitive" in areas such as education, jobs training, health care and child care. This is big government through the back door.

5. It fans the real fear that, whatever economic successes we have had, our economic future is very much at risk.

It is significant that the public attitudes have shifted in the past 8 years from concern about communist advances abroad and big government at home to a belief that we are doing too much abroad and too little at home.

Our party has yet to develop a response to this sophisticated message. Our best response would seem to be that the American military presence abroad and our free trade approach at home are policies that are in our interest, and are not favors to foreign countries. Indeed, the real result of these proposed Democratic policies of isolationism and protectionism would have catastrophic foreign and economic consequences. We might wish to look for opportunities to further develop this theme.

HECHT FUNDRAISING

Your participation at the fundraising reception for Senator Chic Hecht this past week gave his campaign a needed boost. With some 250 people present, Senator Hecht raised more than \$300,000 and has received pledges of an additional \$100,000-\$150,000. Perhaps even more helpful to the campaign was the extensive media coverage that Senator Hecht received in Nevada.

PRESIDENTIAL PRIMARY FEC REPORTS

	Spent	On Hand	Debts
<hr/>			
<u>GOP</u>			
BUSH	14.1	6.7	.25
DOLE	18.0	.84	.71
ROBERTSON	19.0	7.4	8.4
<hr/>			
<u>DEMOCRATS</u>			
DUKAKIS	11.4	2.9	.57
GORE	6.0	.34	.09
GEPHARDT	5.6	.45	1.0
SIMON	5.3	.76	.83
JACKSON	3.5	.43	.85

all in millions of dollars
numbers reflect activity through February 29

POLL SHOWS INCREASED SUPPORT FOR CONTRAS

The Washington Post/ABC News poll completed last Monday found that 40% of those surveyed favor contra aid, while 56% oppose it. This is the highest level of support since the day after Lt. Col. North finished testifying (43% favored aid then). In addition, when asked if they would favor aid if the Contra's survival depended on it, public support jumped to 56%.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: James C. Muller III

SUBJECT: OMB Issues Update

1. FY 1989 House Budget Resolution (HBR). The HBR was passed this week by a wide margin. Although the House Leadership asserts that the resolution meets the Bipartisan Budget Agreement, our analysis indicates there is a mismatch between budget authority and outlays. During the final tally, the House Budget Committee found that while their outlays were within the levels specified in the Agreement, their total budget authority level was \$4.7 billion over the Agreement. To remedy the situation, the Committee made several non-binding assumptions which -- if carried out -- would constitute a violation of the Bipartisan Budget Agreement. I sent letters to Chairman Bill Gray, ranking member Del Latta, and to all other budget summiteers advising them of our strong concern about the matter.

In terms of details, the HBR provides FY 1989 Defense budget authority and outlay totals that are consistent with the Bipartisan Budget Agreement. In lieu of the 4.3 percent military and 2 percent civilian pay raise proposed in your FY 1989 budget, the HBR provides a 3 percent pay raise for both military and civilian personnel. The HBR would also reduce outyear levels to reflect about 1 percent real budget authority growth, versus the 2 percent requested in your budget. (This should be viewed as a victory since, as you know, real defense budget authority has fallen the last several years.)

Meanwhile, the Senate Budget Committee announced that mark-up of the Senate Budget Resolution will begin on Monday, March 28th.

2. Postal Service "Off Budget". This week, I testified before a joint meeting of two House Post Office and Civil Service Subcommittees on taking the Postal Service "off budget". Twenty

years ago, the unified Federal budget was developed to show precisely how much the government is spending, collecting, and borrowing. The Postal Service interest groups would like to take the Postal Service out of the unified Federal budget to avoid the effects of governmentwide belt-tightening efforts such as those specified by the Bipartisan Budget Agreement and Gramm-Rudman-Hollings. I oppose this move, advocated alternative ways the Postal Service might meet mandated savings (instead of shortening window hours, etc.), and endorsed the Privatization Commission's recommendations to end the Postal monopoly.

3. Military Recruiting and Retention. Recruiting and retention results for the first quarter of FY 1988 will soon be made public. Overall recruiting remains at very high levels, although the Navy and Marine Corps showed a slight decline in recruiting high school graduates. Retention of careerists increased, while first-term enlistments dropped to the lowest level since 1981. Defense may highlight the negative results as an indication of future difficulties to justify their requested 4.3 percent pay raise.
4. Poverty Coming Down. Contrary to the public misperception, which is sometimes fostered by the media, poverty rates for all major population groups are declining. This week, Business Week published my letter (which is attached) correcting their cover story, "America After Reagan", that claimed "poverty is growing, especially among the working poor and children".
5. Presidential Transition. On Wednesday, the House will consider legislation that would increase transition funding for the incoming President and Vice President, while maintaining the current level (\$1 million) for the outgoing President and Vice President. A separate memorandum on this topic will be coming to you later today.
6. Economic Statistic of the Week. The rate of growth in real GNP was exactly 4 percent for 1987 on a 4th quarter over 4th quarter base according to this week's revision to the data. A year ago the consensus private forecast did not expect it to reach even 3 percent.

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REAGANOMICS HAS HELPED THE WORKING POOR

It is disheartening to see BUSINESS WEEK repeat the canard that "poverty is growing, especially among the working poor and children" ("America After Reagan," Cover Story, Feb. 1). In fact, both the number of poor and the poverty rate peaked in 1983 and have fallen in each of the following three years for all classes of the poor—total, working poor, and children. Official statistics are not yet available for 1987, but the strong growth in the economy last year and the large drop in unemployment imply a continuation of the downward trend.

The article compared 1979 poverty statistics only with the higher levels of 1986, leaving readers with the mistaken impression that poverty has been rising steadily. It increased during the first half of this period, when two recessions curbed income growth. Thereafter, continued economic expansion, accompanied by low inflation, benefited all Americans, especially the poor. The percentage of children living in poverty was not 16% "at the start of the Administration." It was 16% in 1979.

James C. Miller III
 Director
 Office of Management & Budget
 Washington

THROWING STONES AT UNNAMED SOURCES

Wall Street, the SEC, and the press: Who's leaking what—and why?" (Media, Mar. 14) questioned the practice of relying on unnamed sources for information that, when published, damages the person or institution that is the subject of the information—without stating the source's motive for disclosing the information. The article then cites an unnamed source to support an allegation that an employee of the Securities & Exchange Commission leaked the information that led to an article appearing in the *The Wall Street Journal* about Robert M. Freeman.

As I told Chris Welles, I am confident that the information cited in the article was not provided by an SEC employee.

Ironic is perhaps too restrained a word to describe the decision to include such a factually unsupported accusation in an article questioning the practice of relying on unnamed sources without disclosing their possible motives.

Welles states that his source "has no connection with the Freeman case." However, a number of other parties have an interest in discrediting the commission and the integrity of its employees and processes by making accusations of SEC "leaks."

I suggest that the editors of BUSINESS WEEK ask Welles whether his source has an interest, or represents an interest, that is involved in other investigations being conducted by the SEC, or otherwise stands to benefit from the publication of an article that falsely accuses the commission staff of impropriety.

Gary Lynch, Director
 Securities & Exchange Commission
 Washington

Editor's Note: The account of the *Wall Street Journal* story's origins was disclosed by an individual who has no interest in discrediting the SEC. Other individuals, some sympathetic to Freeman and some not, provided information that supported our main source.

KOREA'S \$47,000 K-CAR TAXES THE IMAGINATION

Regarding "Can Asia's Four Tigers be tamed?" (International Business, Feb. 15), some additional perspective is needed in respect to South Korea. In a study released last May—when the duty was expected to be 50% instead of the current 40%—the American embassy in Seoul put the retail price of a \$10,000 K-car at \$30,000—not the \$47,000 that you (and Presidential aspirant Richard A. Gephardt) estimate. Because of internal taxes, the embassy also put the retail price of a \$10,000 Korean-made car at \$20,000.

Although import duties are still too high, one may reasonably expect them to continue to drop. A year ago, when Korea first announced it would allow the import of cars, the duty was 100%.

The Korean government has committed itself, since 1982, to a progressive

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THE WHITE HOUSE

WASHINGTON

March 25, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: T. KENNETH CRIBB, JR. *TKC*
Assistant to the President
for Domestic Affairs

SUBJECT: Weekly Update

The Next Power Grab: Fair Housing Legislation

The next so-called "civil rights" agenda item for the liberals in Congress is legislation amending the Fair Housing Act (Title VIII). As with the Grove City legislation, the Administration has supported responsible legislation that would strengthen Federal prohibitions on discrimination on the basis of race, national origin, religion, gender or handicap.

The Departments of Housing and Urban Development and Justice have crafted proposed legislation that would expand the scope of coverage by allowing the Attorney General to file suits against individual acts of discrimination and not just against a "pattern or practice" of discrimination. Additionally, the Administration bill would increase penalties and strengthen protections for handicapped persons by requiring that buildings be equipped to provide "ready access" to the premises.

At the same time, the Administration bill would avoid fundamental flaws in fair housing legislation that has been introduced by liberals in the Senate and in the House of Representatives.

1. No Trial by Jury. The liberal bills would create a complex Federal bureaucracy of Administrative Law Judges (ALJ's) to try fair housing cases brought on behalf of private citizens. There would be no right to have a jury determine which party was at fault and the ALJ's would award punitive damages or civil penalties. In addition to expanding the scope of the Federal bureaucracy, this provision would violate the 7th Amendment guarantee of a jury in civil law suits.
2. New Standard of Discrimination. The bills would prohibit discrimination on the basis of "familial status." Since this term creates a new concept with little or no indication in the legislative record about its meaning, it could create a standardless prohibition. In the hands of activist judges it could be used to prohibit housing developments operating especially for families, singles, or even retirees in certain circumstances.

3. A New Federal Building Code. In provisions aimed at benefitting handicapped persons, the bills would go further than the current "ready access" standard which ensures that housing is available to disabled persons, without imposing unreasonable burdens on landlords. Instead, the bill would require extensive structural modifications to any building with more than six units. These new requirements amount to a Federal building code that is far more onerous than most state codes.
4. Integration Maintenance. The liberal bills would authorize reverse discrimination in order to maintain a racial balance. Recently the Court of Appeals in New York struck down a similar policy in Starrett City, a large housing project that gave preferential treatment to maintain a 60/40 ratio of minorities to whites. If such a provision were enacted into law it would institutionalize a quota system in public housing.

Your Administration will be working hard to see that these problems are addressed as the fair housing legislation is taken up by Congress.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 24, 1988

MEMORANDUM FOR THE PRESIDENT

FROM: BERYL W. SPRINKEL



SUBJECT: Strengthening Opposition to Increased Minimum Wage

In spite of a veto threat, the House Education and Labor Committee approved an increase in the minimum wage from \$3.35 to \$5.05 an hour over the next 4 years. Legislation introduced in the Senate would increase the minimum to \$4.65 an hour and would index it to inflation.

One alternative might be to accept a minimum wage lower than that proposed by Congress; this would reduce the harmful effects. A more attractive possibility, which has been discussed among your Senior Advisors, is a "training wage" -- a lower minimum wage for up to six months on the job. Another useful alternative that has been considered by the Congress is an enhanced Earned Income Tax Credit (EITC). Relating the EITC to family size would require the commitment of Federal dollars (to the working poor), but it would not have the negative side effects of a higher minimum wage.

HARMFUL EFFECTS OF MINIMUM WAGE

The vast majority of economists agree that the minimum wage destroys job opportunities, particularly for the young and unskilled, and increases unemployment. The minimum wage is a price control. It bars the use of productive resources, reducing economic output and competitiveness. The minimum wage reduces human capital accumulation by setting up a barrier to on-the-job training and work experience. Because the minimum wage increases the price of unskilled labor, it favors skilled workers at the expense of the unskilled and encourages the substitution of capital for labor. Because regions of the United States differ in their wage levels and resource endowments, a Federally mandated minimum wage is uneven in its effect, harming certain areas more than others. This is one reason the minimum wage is so strongly supported by members of Congress from areas where business is migrating to lower wage areas of the country. Similarly, the minimum wage harms certain industries more than others.

Erosion in the real value of the minimum wage has contributed to the strong record of job growth during this expansion, particularly to gains for minority teenagers. Since 1982, black teen employment has increased by 8.2 percent per year, compared with 2.7 percent annual job growth overall. The black teen unemployment rate has fallen by an astonishing 16.1 percentage points, compared with 8.0 percentage points for all teenagers and 5.0 percentage points for all civilian workers. Increasing the minimum wage would dampen currently favorable prospects for further job gains. The minimum wage bills under consideration would reduce employment by roughly 600,000.

MINIMAL EFFECTS ON ALLEVIATING POVERTY

Raising the minimum wage is not a good way to increase the earnings of poor households. Some poor workers may make small gains, but others will lose jobs. The typical minimum wage worker is young, not a household head, and lives in a family well above poverty. Minimum wage jobs are typically entry level. Only about 20 percent of minimum wage workers live in households below the poverty line and under 2 percent of full-time, year-round workers are poor.

EARNED INCOME TAX CREDIT

The present EITC provides a maximum refundable tax credit of about \$870 to workers who have dependent children and who earn \$6,200. The credit phases out at earnings of about \$18,500. The amount of the credit does not increase with family size. A proposal to augment the EITC has been introduced by Congressman Petri that would increase the amount of the credit (to \$2500 maximum) and relate it to the number of children, while maintaining the current phaseout level.

The EITC is automatically targeted to low-income workers with dependents and avoids the economic costs and job destruction of the minimum wage. Expanding the EITC would encourage labor force participation, without raising labor costs. Formation or retention of two-parent families may also be encouraged.

BUDGET COSTS

Neither OMB nor CBO has formally attributed Federal costs to increasing the minimum wage, nor estimated the budgetary costs of an augmented EITC. OMB informally has estimated that the proposed minimum wage increase would have a budget cost of at least \$1.4 billion, and CBO informally has estimated that the Petri EITC proposal would cost \$1.5 billion. Other EITC options would cost substantially less.