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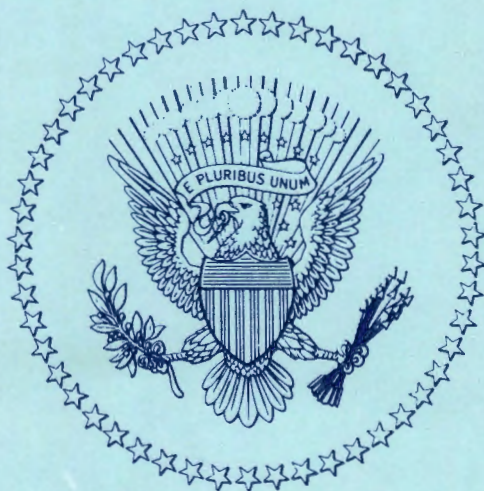
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THE REAGAN PRESIDENCY



A REVIEW OF THE FIRST TWO YEARS
1981 - 1982

THE REAGAN PRESIDENCY

A Review of Accomplishments in 1981 and 1982

A Report Compiled and Edited by the
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THE REAGAN RECORD IN BRIEF

President Reagan came to office convinced that the way to solve America's problems was to build on her basic underlying strengths -- including her economic and military strength. Perhaps the two greatest accomplishments of his first two years have come in laying twin foundations for the revitalization of both.

FOUNDATION FOR ECONOMIC RECOVERY IN PLACE

1. Inflation has been cut almost two-thirds

-- In the two years before President Reagan took office, the consumer price index rose at a rate averaging almost 13%; many economists predicted it would take years to moderate.

-- For the 12 months ending November of 1982, the inflation rate was only 4.6%, the lowest in a decade.

2. Interest rates are down by almost half

-- The prime rate peaked at 21.5% at the end of 1980. Other short and long-term rates were also at record highs.

-- At the end of 1982, the prime was at 11.5%; FHA mortgage rates were 12% (they peaked at 17.5% in 1981); and 90 day Treasury bills were at 8% (their 1980 high was 17%).

3. Taxes and tax rates cut substantially

-- Bracket creep and social security tax hikes pushed federal payroll taxes for the average family up \$750 in 1980. In the previous 15 years, the tax burden on the average family went up fourfold.

-- President Reagan's 3 year program lowers tax rates 25% and indexing will help to keep them down starting in 1985. Even with the 1982 tax bill, Americans will pay \$335 billion less through 1985 than if 1980 tax rates still stood.

4. Federal spending growth down more than one-third

-- Federal spending grew at a record rate of 17% in 1980.

-- In FY82 and FY83, it was cut a third, to about 11%.

-- Overall, federal spending has been \$55 billion lower in the two fiscal years begun since President Reagan took office than if the previous growth rate still stood.

5. Regulatory growth also cut back

- The estimated number of manhours required to comply with federal red-tape hit 1.5 billion in 1980.
- Regulatory relief by the Reagan Administration lowered that number by an estimated 200 million in 1982; over 300 million in the current fiscal year 1983.

6. Needed human services being maintained

- Federal medical, nutrition and housing assistance to the poor is 28% higher in FY83 than it was in FY80.
- Federal programs have been reformed to better target benefits to the needy and end subsidies for those better off. No more school lunch subsidies for the wealthy or student loans for \$100,000 a year families.

7. U.S. more energy independent, gasoline costs down

- In 1982, gasoline prices fell about 10 cents a gallon, the biggest drop in history and the first drop in a decade. (Decontrol critics had predicted prices would soar to \$2.00 a gallon.)
- In 1980, the U.S. imported the energy equivalent of almost 6 million barrels a day and produced domestically only about 86% of total U.S. energy consumption.
- In 1982, we produced 91% of total energy needs, with net imports down to less than 3.5 million barrels a day.

FOUNDATION IN PLACE FOR PEACE THROUGH STRENGTH

8. Real defense growth to reverse long trend

- The President's budget provides for real growth in defense spending to make up for years of neglect and his policies call for comprehensive upgrading of strategic and conventional forces.
- Military re-enlistment rates are up.
- Morale and the quality of new recruits are also up as the All Volunteer military concept proves its workability.

9. Nuclear arms reductions proposed

- A stronger defense posture has allowed the President to propose a comprehensive set of arms reductions and talks with the Soviets have begun on U.S. proposals to:
 - o cut strategic nuclear weapons by one-third;
 - o cut intermediate range nuclear weapons to zero;
 - o cut conventional forces in Europe to mutually lower levels.

10. Prospects for Mid-East peace advanced

- President Reagan's proposals for Mid-East peace, announced on September 1, 1982 launched a fresh start toward a settlement of conflict there that would ensure Israel's security and the legitimate rights of the Palestinians.
- The year ended with historic talks ongoing between Lebanon and Israel (with U.S. participating) on the removal of foreign forces from Lebanon.

THE REAGAN PRESIDENCY AT MID-TERM

The second year of Ronald Reagan's Presidency was a time of testing and transition.

Along with the other countries of the industrialized world, the United States struggled to free itself from the most painful recession in post-war history. By year's end, the underlying problems which had made the recession so severe had begun to respond to the medicine of fiscal restraint. Evidence was accumulating that the economy was poised for recovery.

Acting forcefully and fairly, President Reagan had averted the calamity-in-the-making which greeted him when he took office. By significantly reducing record inflation, taxation, interest rates, excessive spending and regulation, Ronald Reagan kept important promises to the American people.

The President said, "Like FDR, may I say I'm not trying to destroy what is best in our system of humane, free Government. I'm doing everything I can to save it, to slow down the destructive rate of growth in taxes and spending, to prune non-essential programs so that enough resources will be left to meet the requirements of the truly needy."

Behind his persistent push to establish fiscal discipline was the driving force of his vision for America: "The ultimate and overwhelmingly positive goal of my administration," he said, "is to put limits on the power of government, yes, but to do it so that we liberate the powers and the real source of our national genius which will make us great again."

By the end of 1982, grave problems of unemployment remained and a deep recession had driven up federal budget deficits to levels that demanded fresh attack. But the nation's traditional confidence and belief in its greatness were reappearing. Personal savings and investment in stocks and bonds were up sharply; housing had begun a recovery; auto sales were strengthening; and new, computer-based technologies were helping sunrise industries bring promise of stronger growth and more jobs for America.

As the country continued its transition from an industrial to a more service and information-oriented society, the President pointed to our next great challenge and opportunity: to prepare, and in many cases, retrain today's workforce for tomorrow's world.

While moving to revive the economy, the President acted decisively to meet the challenges of foreign policy. He set forth the most comprehensive series of arms reduction proposals ever seriously discussed with the Soviets and the United States entered arms talks in Geneva and Vienna. He pushed forward with programs to strengthen America's defenses. In visits to Europe and Latin America, and in his conversations with visiting leaders, he reassured American allies while alerting adversaries the United States was determined to fulfill its mission as a trustee of freedom, democracy, progress and peace.

The President presented a bold plan to break the stalemate between Israel and her neighbors in the Middle East. The United States also took the lead to restore sovereignty to Lebanon and bring about the evacuation of all foreign troops.

To His Holiness Pope John Paul II, and to people of the world, the President pledged his strongest personal commitment to achieve an historic agreement with the Soviet Union for comprehensive arms reductions.

Nineteen eighty-two was a difficult year for the United States. But it was also a time of transition, progress and hope for a better 1983. As the New Year began, the President said, "Yes, America has been sorely tried. But if we pull together we can draw on a deep reservoir of courage and strength. We Americans have never been quitters -- and we aren't about to quit now. It was faith in God and in ourselves that made us the greatest country on Earth. Together, we will make America great again."

* * * * *

The pages that follow present a review of the first two years of the Reagan Presidency. This is not intended to be a comprehensive look "warts and all." Rather, it is an attempt to summarize the major achievements and initiatives of a Presidency that is now at the mid-point of the first term, aggressively seeking to turn the nation in a new and better direction.

THEN AND NOW: TWO YEARS OF PROGRESS
(1980 vs. 1982)

Inflation

Then -- 12.4% for the year 1980; was 13.3% in 1979.
Now -- 4.6% over 12 months ending November 1982; cut by
2/3s under President Reagan.

Interest Rates

Then -- the prime hit 21.5% at the end of 1980.
Now -- the prime is at 11%, down almost half in 2 years.

Then -- 90 day Treasury bills brought 17% interest.
Now -- interest on T-bills is 8%, also down about half.

Federal Spending Growth

Then -- growth rate was over 17% in 1980.
Now -- spending will grow by less than two-thirds that
rate -- about 11% -- this fiscal year (FY83).

Federal Income Tax (family of four, two workers, median income
of \$24,000)

Then -- under old tax law, typical family would pay \$3514.
Now -- lower rates cut tax to \$3048 -- \$466 less.

Mortgage Rates

Then -- they were climbing; FHA on the way to 17-18% range.
Now -- they're falling; at present 12-13%, monthly cost of
\$50,000 mortgage is \$200 less than at peak rates of
last year.

Housing Starts

Then -- in 3 year slump, starts down about 1/2 million.
Now -- start rate up at year-end; almost 1/2 million
higher than 1981 low.

Energy Security

Then -- Net U.S. energy imports were the equivalent of
almost 6 million barrels per day.
Now -- Net imports are down to just over 3 million.

Gasoline prices

- Then -- Decontrol critics predicted \$2.00 a gallon gas once controls were lifted.
Now -- Price fell about 10 cents a gallon in 1982; first drop in ten years, steepest ever. Real price lower now than just before decontrol.

Regulatory Relief

- Then -- the Federal Register averaged 7251 pages a month.
Now -- it's down a third, to under 4875 pages monthly.
Then -- paperwork took estimated 1.5 billion manhours.
Now -- regulatory relief cuts burden by over 300 million.

Military Re-enlistment Rates

- Then -- rate was 55%, and the military was losing a valuable pool of experienced manpower.
Now -- re-enlistment rate, at 68%, is the highest since 1964 and is evidence of overall improvement in morale.

Nuclear Arms Reductions

- Then -- Senate was rejecting flawed SALT II treaty.
Now -- serious talks with Soviets on mutual cuts, not just limits.

OFFICE OF THE VICE PRESIDENT

Throughout these first two years, Vice President George Bush has been a close and trusted adviser to President Reagan. He has had a more substantial policy and administrative role than any of his predecessors in the office -- just as President Reagan promised.

The Vice President has been involved in the development and implementation of domestic and foreign policy. He has directed Task Forces on Regulatory Relief, on Drugs and Crime in South Florida, and on the deaths of 28 children in Atlanta, Georgia. The President named the Vice President Chairman of the Special Situation Group to monitor crises and other international issues. Also, Vice President Bush travelled extensively on behalf of Republican candidates and Party organizations during the mid-term elections.

Foreign Policy And National Security Affairs

Aside from his full participation in the National Security Council system and private meetings with the President and other Administration officials, a few facts will illustrate the extent of the Vice President's activities in this area: He has visited 28 foreign countries and three U.S. overseas possessions and met with more than 320 ranking foreign leaders in the United States and abroad.

The Vice President was in charge of early U.S. preparations for the important Ottawa Economic Summit in 1981. His trip to Paris in June 1981 was the Administration's first high level contact with the Mitterrand government. During an extended trip to Asia, he met with the Chinese leadership and played a substantial role in achieving agreement on the August 17th Communique on arms sales to Taiwan. His trips to South America set the stage for President Reagan's travels in December 1982 and helped underscore the Administration's commitment to strengthening democracy in the Hemisphere and to economic development through the Caribbean Basin Initiative. The Vice President's trip to Africa was crucial in explaining the Administration's efforts for Namibian independence and its policies toward the continent as a whole.

The Vice President has acted as the President's representative on several important ceremonial occasions. Often these go beyond ceremony. On his trip to Moscow, for President Brezhnev's funeral, the Vice President met with General Secretary Andropov in a frank beginning of the Administration's relationship with the new Soviet leadership.

As head of the Special Situation Group, the Vice President monitored various crises including the declaration of martial law in Poland.

The South Florida Task Force

On January 28, 1982, President Reagan asked Vice President Bush to chair the newly created Cabinet-level South Florida Task Force to address the rampant crime and smuggling that was terrorizing the once tranquil area of South Florida. He noted that South Florida has become "the nation's major terminal for smuggling of illegal drugs into the United States," and that "the federal government has a special responsibility to fill in temporarily and do what it can to reduce and, it is hoped, to eliminate these problems."

The Task Force increased the number of jails, court rooms, judges and prosecutors, increased the presence of the Drug Enforcement Administration, the Coast Guard, the FBI, Customs, Immigration, the Alcohol, Tobacco and Firearms Division and the Internal Revenue Service. It stepped up offshore surveillance, and intensified cooperation with such source countries as Bolivia, Colombia, Peru and with the Bahamas. It cracked down on banks involved with the laundering of drug money.

The Task Force operation has significantly reduced smuggling of narcotics and other controlled substances into South Florida and has disrupted trafficking patterns and strategies. A survey for the first ten months of the program reported 1,826 arrests and the seizure of over 2,000,000 pounds of marijuana and 6,000 pounds of cocaine as well as numerous other illegal drugs and firearms.

Domestic Policy

In February, 1981, the President announced the establishment of a task force, with the Vice President as Chairman to coordinate federal efforts and assist local authorities in the investigation of 28 murdered and missing children in Atlanta, Georgia. The Task Force, through federal agency contributions, raised over \$4 million to increase the community's mental health, crime prevention and investigative capabilities. Additionally, the Task Force provided considerable technical and programmatic assistance to support the investigation.

On September 15, 1981, the President signed an executive order to strengthen historically Black colleges and universities through development of partnerships with the private sector. At the President's request, Vice President Bush is playing a significant role in implementing the executive

order. This ongoing effort has already yielded an increase in federal funding and the planning of joint college and corporate activities.

Task Force on Regulatory Relief

Shortly after taking office, the President named the Vice President Chairman of the Administration's Task Force on Regulatory Relief to oversee the implementation of a third major leg of his Economic Recovery Program. This Task Force took the lead in developing Executive Order 12291, which the President signed on February 17, 1981. It provides for centralized activities under the supervision of the Task Force.

The Task Force continued and expanded its activities during 1982. To date, it has designated 119 regulations for agency review. Final action has been completed on about one-half of these, while reviews are in advanced stages of consideration for more than half of the remaining targeted regulations. Aggregate savings over the next decade already amount to over \$70 billion, with savings of roughly \$10 billion in one-time investment costs and another \$6 billion in annual recurring cost savings. Additional unquantified but substantial savings have resulted from a sharp reduction in the issuance of new regulations since the start of the Reagan Administration, due in part to review procedures and standards applied by the Task Force.

Under the Vice President's leadership the Task Force also has begun to develop proposals for legislation in a number of other areas where broader efforts should be made to reduce the government's intrusion into the private economy, alleviate needless paperwork burdens or reconcile conflicting legislation or regulatory policies.

Political and Legislative Activity

The Vice President travelled more extensively on behalf of his Party and its candidates than any Vice President in history. Over the past two years, he travelled to 46 states, attended 189 political events and raised over \$28.8 million on behalf of Republican candidates and the Republican Party.

As the President of the Senate, Vice President Bush has worked diligently as an advocate of President Reagan's policies in the Congress and he played a key role in assisting the President to obtain Congressional support for major foreign and domestic legislation. Overall, Vice President Bush has logged more than 314,000 miles since taking office.

ECONOMIC POLICY: A FOUNDATION FOR RECOVERY

When President Reagan took office on January 20, 1981, the nation's troubled economy was suffering from problems that were seemingly out of control. For decades, tax and spend, borrow and regulate, had been the prevailing themes of federal fiscal policy and had provided the means for financing an ever-expanding role for the federal government. By 1980, the legacy of past policy excesses -- quite literally -- had become painfully clear.

-- Inflation was soaring. In double-digits for 2 consecutive years, it was viewed by many economists as a problem that was deep-set and would take most of the 1980s to bring back under control.

-- Federal spending was growing at record rates. In 1980, it grew over 17 percent.

-- Taxes were skyrocketing. In the previous 15 years the tax burden on an average family had quadrupled -- and tax receipts were slated nearly to double in just the next five, unless changes were made.

-- Interest rates were the highest since the Civil War. The prime peaked at 21.5 just before the Inaugural.

-- Economic growth had virtually halted at the start of 1979 and restarting it was a prime goal of policies put into place during President Reagan's first two years.

-- Regulations issued by the federal government had become a \$100 billion a year burden on business -- consuming 1.5 billion manhours a year for paper-work compliance and further stifling job-creating growth.

-- All of these problems combined to fix unemployment at persistently high rates. Tragically, but predictably, it soared in the early 80s -- in the aftermath of surges in inflation -- just as it had done twice before in the 70s.

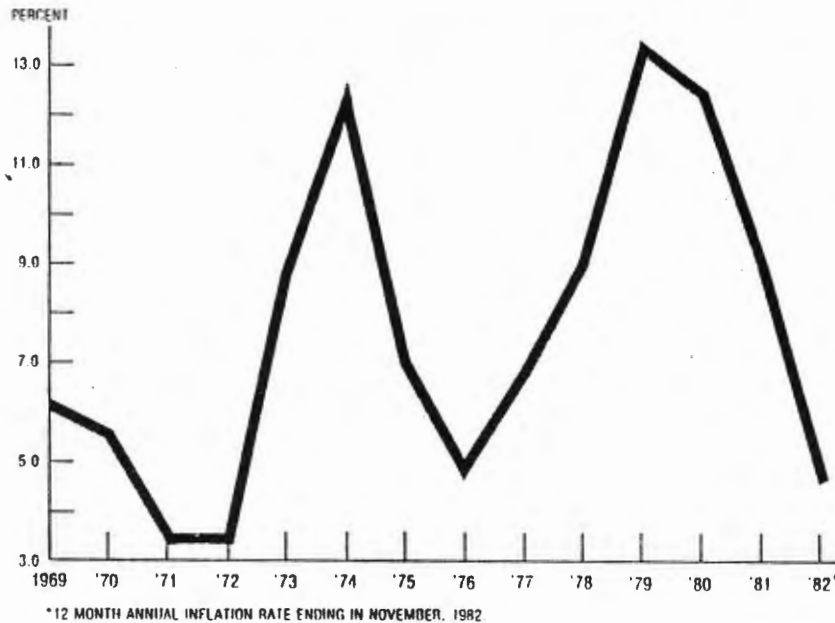
1. The First Priority -- Getting Inflation Under Control

In 1980, the American people agreed overwhelmingly that inflation was public enemy number one and that it had to be solved.

Many experts thought it would take years to do so. The problem had been building since the late '60s (prices more than doubled in the '70s). Inflation was hurting individuals and their families, and it was stifling the economy.

By 1982, inflation rates had been more than cut in half and, throughout that year, they continued to moderate. The consumer price index for the 12 months ending in November 1982 rose only 4.6 percent -- the lowest inflation rate in a decade.

LOWEST INFLATION IN A DECADE



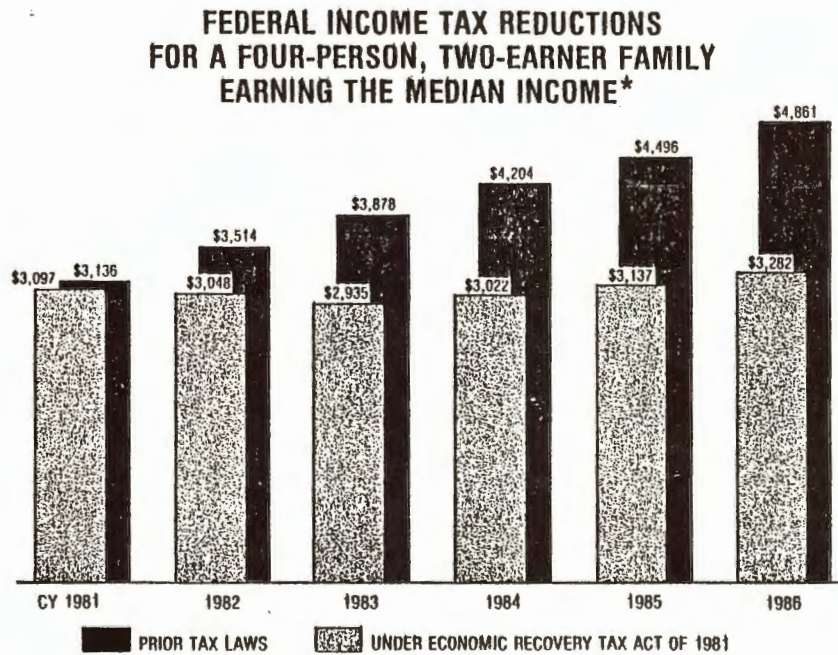
- For American families, lower inflation meant higher purchasing power. A median income family in 1982 (earning about \$24,000) was about \$1,500 better off that year than if inflation had stayed at 1980 rates. (Lower taxes only added to this advantage.)
- For the economy, more stable prices meant that interest rates -- the biggest single obstacle to recovery -- could start coming down. After dropping gradually the first 18 months, they began to fall more rapidly in the summer of 1982 as confidence increased that government restraint and lower inflation might be here to stay.
- For the federal government, lower inflation was a mix of good news and bad news. Costs for some inflation adjusted programs were held down but the unprecedented drop in inflation -- exceeding even the Administration's forecasts

and expectations -- also meant slower revenue growth. So the unprecedented progress against inflation, ironically, contributed to federal deficits. As President Reagan has said many times, Washington was always one of the prime beneficiaries of inflation.

2. The First Step -- Getting Government Under Control

At his Inaugural, President Reagan became chief executive of a government growing at such a rate that spending was slated to surge more than 50% and taxes to virtually double in the years 1981-86.

In 1981, the President proposed a comprehensive plan for reducing the growth of spending and for reducing tax rates to begin reining in the government's appetite. While Congress did not give the President all he asked, in June of 1981 he enjoyed one in a series of historic legislative victories by obtaining passage of the Omnibus Budget Reconciliation Act -- Gramm-Latta II -- which cut spending growth for fiscal 1982 by \$35 billion. The next month, on July 29th, Congress sent the President the Economic Recovery Tax Act of 1981, authorizing a 3 year, 25% reduction in individual tax rates, a subsequent indexing of income tax rates, accelerated cost recovery for business and various other tax cuts and reforms for individuals and business.



*Assumes utilization of all applicable provisions in the tax program.
Source: Treasury Department, 1982

By Fall of 1981, much though not all of the President's program for economic recovery had become law: most of the spending and tax reductions would begin with the start of the new fiscal year on October 1st.

One major tax bill was enacted in 1982, the Tax Equity and Fiscal Responsibility Act, which enjoyed the President's support. It was signed into law on September 3, 1982. This bill improved the fairness of the tax system by eliminating abuses, stepping up tax enforcement and collection activities and doing away with some out-dated tax incentives. Part of a package of tax reforms and spending reductions, the bill increased receipts by \$99 billion through 1985. It left undisturbed the individual rate cuts, and most of the business incentives in the 1981 tax law -- and even with its enactment America's tax bill will be \$335 billion less through 1985 than it would have been at 1980 tax rates.

The 1981 tax bill pared some of the cuts requested by President Reagan and added certain additional tax reductions he had not requested or had planned to hold for a second tax bill. The net result was a total tax reduction somewhat larger than the President sought. The 1982 tax bill restored some of this revenue and President Reagan supported it as called for in the 1982 Congressional Budget Resolution which promised to combine higher revenues with lower outlays in an overall deficit reduction of \$380 billion through fiscal year 1985. The President made it clear he supported the 1982 Congressional Budget Resolution because in it, Congress agreed to find \$3 worth of spending restraint for every \$1 higher revenues.

Congress, however, had a hard time living up to its promises on spending restraint. The President wielded the veto when he could, but that alone could not make up for all that Congress failed to do. He rejected a supplemental appropriations bill in June that exceeded his request by \$2.7 billion and contained an additional \$3 billion provision to bail-out the housing industry. (The President argued the bail-out was unnecessary and the surge in housing activity within the next 6 months bore out his position).

As the 1982 Fall elections neared and Congress prepared to adjourn for the final weeks of the campaign without completing the regular appropriations process (only 3 of 13 bills had been finally passed) the President called for a special "lame-duck" session. It convened at the end of November and did succeed in working with the President to complete the full-year appropriations process for the first time since 1979 and to do so at spending levels consistent with the Budget Resolution. (Congress did not finish the budget for fiscal 1983 until almost 3 months of the new

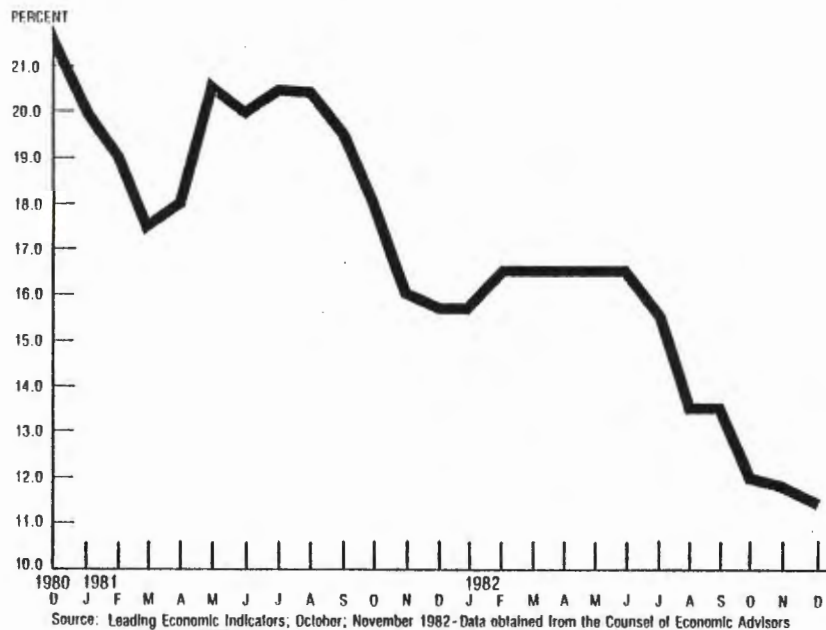
fiscal year had passed and it took a veto threat by the President to head off last minute efforts to add as much as \$5 billion in pork-barrel spending to the budget.)

Throughout the first two years, not surprisingly to the President, his economic recovery program would be criticized and attacked -- but despite efforts to undermine and revise it during 1982, at year's end the program remained largely intact. The federal government had avoided \$55 billion in expenditures and taken \$37.1 billion less in taxes as a result.

3. Starting To Build On The Foundation For Recovery

As 1982 drew to a close, the President's program had been in operation just over a year but evidence was mounting that a long-sick economy was on the mend. Working Americans were better off, and the conditions which had brought job creating growth to a halt for more than four years were being corrected.

PRIME RATE CHARGED BY BANKS



-- Interest rates fell dramatically in the last half of 1982. The prime fell 5 full points, government mortgage rates ended the year 5 1/2 points lower than the year before and many short term rates were down to half the levels of 1980 rates.

- Housing starts, sales and permits surged as a result (the November 1982 start rate was 2/3s higher than the November 1981 rate) as millions more Americans were able again to afford a home of their own -- and a bedrock American industry began to emerge from a four year slump.
- Auto sales brightened too, at year's end, with auto-makers offering finance rates under 12%. Sales edged up in late Fall and surged above the 6 million annual sales rate in November and December.
- Purchasing power for America's working families improved as lower taxes let them keep more of what they earned and lower inflation made their earnings worth more. In fact, a typical family (at \$24,000 median income) had about \$2000 more purchasing power in 1982 than it would have if 1980 tax and inflation rates had stayed in place.

As the second year of the Reagan presidency came to an end, there were other strong indications his program was working, making real progress toward a more promising future for all:

- Personal savings were up, with the savings rate nearly a point and a half higher than in 1980;
- Personal income was rising -- even after inflation it was up 1.4% over these two years -- reversing a decline over the previous two years;
- Retail sales ended 1982 6.6% higher than in 1981;
- Leading economic indicators index was up in 7 of the last 8 months of 1982 -- a strong sign of coming recovery;
- The stock market rebounded; the Dow-Jones average set a record in late 1982 and investors started the new year showing renewed confidence about the economic future.

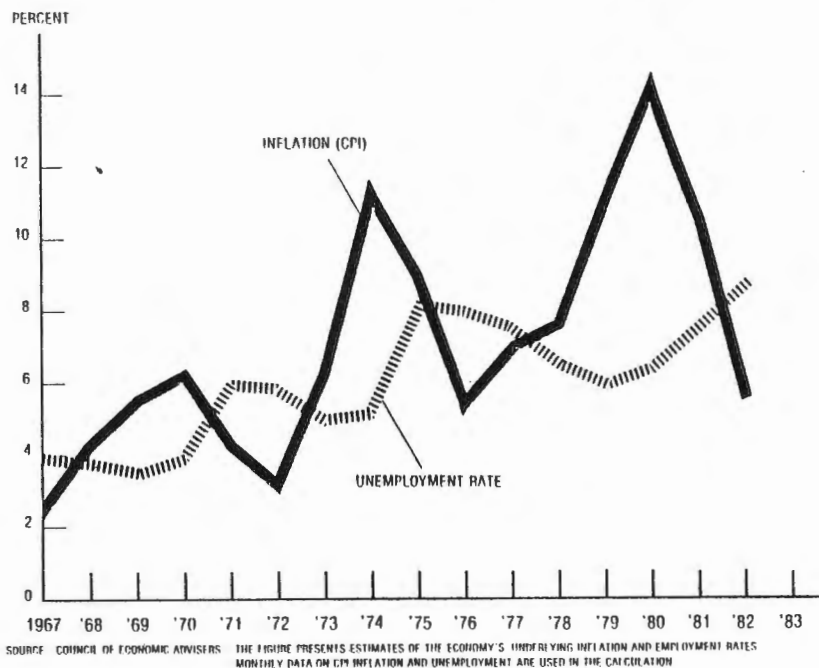
With taxes, spending growth, inflation and interest rates being brought under control, the most important and urgent remaining priority was unemployment. Always, in recent years, inflationary surges have been followed by jumps in unemployment, and the early 1980s proved no exception. The lack of economic growth dating to the start of 1979 only worsened the problem and tragically, the jobless rate rose.

4. Today's Most Urgent Priority -- Getting People Back to Work

By the 1980s, the post-war relationship between high inflation and high unemployment had been well established by experience. Three inflationary surges in the '70s had been followed, predictably, by periods of rising unemployment.

The latest unemployment surge, to double-digits in 1982, like the two previous increases in the '70s, started within months after inflation peaked. The high unemployment of 1982 was as predictable as it was avoidable -- if only earlier policy had kept inflation in check instead of allowing it to rise to double-digits in 1979-80.

INFLATION AND UNEMPLOYMENT RATES



President Reagan is determined to keep inflation down as the only way to get unemployment down to stay. In the past, public policy re-inflated the economy just as unemployment started to improve, stalling the decline in the jobless rate and eventually starting it back up. Despite claims made for economic stimulus and federal "jobs" programs, real growth in a non-inflationary environment remains the only proven route to full employment.

The year 1982 ended with President Reagan as committed as ever to a real and lasting solution. When the lame-duck session of Congress considered a multi-billion dollar "jobs" program and seemed on the verge of its final passage, the President labelled it "pork-barrel" and threatened a veto. He argued it would add much as \$5 billion to the deficit, could not create the 300,000 jobs proponents claimed and, would not take full effect, in any event, until 1985. The higher deficit, he suggested, would only add to the economy's troubles.

In contrast, throughout 1982, President Reagan pursued his general plans for economic recovery as the most important means of achieving full employment. He resisted proposals for temporary "jobs" programs and, instead, actively supported and pushed for additional legislation to ease the plight of the unemployed and help reduce structural unemployment.

- Twice during 1982, unemployment insurance benefits were extended. By the end of the year, people out of work in the hardest hit states were eligible for up to 55 weeks of benefits;
- The failed CETA program was replaced with the Job Training Partnership Act to train more than 1 million people a year in skills needed in a changing private sector job market;
- The President's Export Trading Company legislation -- expected to help create over 300,000 jobs -- became law in the Fall of 1982;
- The President's highway repair initiative, passed in the lame-duck session, would begin creating jobs in 1983, with the total expected to exceed 300,000.
- On March 23, 1982 the President sent to Congress the Enterprise Zone Act which provides for the designation of zones in both rural and urban areas that have been targeted as especially distressed. Through a combination of tax and regulatory incentives, private development -- and the job creation that goes with it -- would be encouraged. The bill, which received widespread bipartisan support, is seen as an excellent means of creating jobs in some of the nation's most depressed areas. President Reagan will push for passage in the 98th Congress.

MAKING GOVERNMENT WORK

"It is not my intention to do away with government. It is rather to make it work -- work with us, not over us; to stand by our side, not ride our back,"

Ronald Reagan
Inaugural Address
January 20, 1981

By 1980, the explosive post-World War II growth of the federal government had taken a devastating toll on the American system of government and on the American way of life. As the government grew, it became more bureaucratic, distant, and unresponsive. Waste, fraud, and plain mismanagement became increasingly common while even the simplest transaction with a federal agency could be a source of confusion and frustration. As the federal government grew, it came to overshadow other institutions -- from state governments and local communities to private organizations and voluntary groups, to churches and even the family.

Ronald Reagan assumed office committed to making government work; to reducing its size; and to correcting the problems brought on by its uncontrolled growth. Despite the sceptics, the President was firm in his conviction. He assembled a team of men and women who shared his belief in the vital importance of the task. "We must remove the government's smothering hand from where it does harm," the President said early in 1981, and "we must seek to revitalize the proper functions of government."

1. Streamlining Government

Slowly but surely, the proof is coming in that less government can lead to better government. A prime example is the elimination of the ineffective CETA program and its replacement with a more efficient, less costly program -- the Job Training Partnership Act of 1982. Operating as a program of block grants to the states, the JTPA will spend 70 cents of every dollar on actual training (contrasted with 18 cents

under the predecessor CETA program). In addition, unlike CETA, the President's program will place participants in skilled, private sector slots -- not dead-end, make-work public sector jobs.

When the President took office, federal regulations were costing Americans upwards of \$100 billion a year. There were 100,000 pages of federal regulations on the books and Americans were spending an estimated 1.5 billion hours each year filling out forms and providing information to Washington. Simple tasks were quickly becoming administrative nightmares, and the economy was carrying a heavy burden. Easing the regulatory load became a central pillar of President Reagan's economic program.

One of the President's first acts upon taking office was the creation, on January 22, 1981, of the Task Force on Regulatory Relief, chaired by Vice President Bush. Working closely with the Office of Management and Budget, the President's Task Force has made significant inroads in reducing government red-tape. During the first 23 months of the Reagan Administration, pages in the Federal Register were down 31%, proposed rules were down 35%, and final rules were down 20% from the levels of 1980.

During the same period, the paperwork burden imposed on Americans by the federal government was reduced by 200 million manhours, with current projections for 1983 indicating an additional 127 million manhour reduction. Adoption of a common claim form for use by Medicare, Medicaid, and third party payors, for instance, has saved 10 million manhours, while simplification of the Internal Revenue Service's Form 1040 will save 31 million manhours, pointing the way to even stronger reforms in the future.

Also, under President Reagan, federal employment has been cut for two consecutive years -- the first time this has been done since World War II.

The President's first official action after being sworn in was aimed at getting control over the growth of the federal workforce. On January 20, 1981, President Reagan signed an Executive Order freezing all federal civilian hiring until such time as a full assessment of federal personnel needs could be made. That assessment came in his March 10, 1982 budget revision which called for permanent reductions of 33,000 in fiscal 1982 alone. Later that year, on September 24, the President proposed an additional 75,000 reduction goal in civilian non-defense personnel through fiscal 1984.

By the end of fiscal 1982, non-defense and non-postal Executive branch employment was reduced by 65,418 full-time equivalent employees -- 87% of the President's 1984 goal.

Executive Branch
Federal Non-Defense/Non-Postal Civilian Permanent Employment
(Total Full-Time Equivalent Slots)

<u>Revised 1982 Budget</u>	<u>FY'82 (actual)</u>	<u>Difference</u>
1,163,100	1,097,682	65,418

In addition, while major progress has been made on personnel reductions, 90% of the reductions have been through attrition. The Administration is committed to treating federal employees with understanding, recognizing that many bureaucratic excesses result more from Congressional legislation than from empire building by civil servants.

2. The Campaign Against Waste and Fraud

President Reagan also came to office promising a hard-hitting, no-nonsense campaign against waste and fraud in federal programs. After two years in office, the Administration has made significant progress toward fulfilling his commitment "to follow every lead, root out every incompetent and prosecute every crook that we found cheating the people of this Nation."

To carry out this commitment, he created the President's Council on Integrity and Efficiency in March of 1981. The Council -- chaired by the Deputy Director of OMB and with membership including the Inspectors General from 18 major departments and agencies, the Deputy Attorney General, the Director of the Office of Personnel Management and the Assistant Director of the FBI's Criminal Investigations Division -- has begun to do a job long needed.

Since its creation the Council has been responsible for:

- 34,621 separate investigations
- 3,869 indictments
- 2,968 convictions
- \$16.9 billion in savings and recoveries
- 574 federal employees fired

Under the Reagan Administration, the federal government for the first time in history, has a comprehensive program to assess and track down waste and fraud. Prior to this Presidency no one really knew how extensive the problems were or how best to correct them. This is now changing. Beyond

rooting out waste and fraud, the Council is also prescribing methods for preventing new abuses. One method already in effect is the use of computer matching of government program beneficiaries. Since this practice was begun, over \$11 million in overpayments has been prevented.

Audit Follow-Up: The Administration has implemented a highly successful program to promptly resolve and implement audit recommendations of the Inspectors General and the General Accounting Office. The result is tighter control over federal spending, tougher policing of government accounts and prompt implementation of audit recommendations. By December 31, 1982, the value of unresolved audits over six months old had been reduced to \$136 million, compared to unresolved audits over 12 months old of \$1.5 billion in January 1981.

Improved Internal Control: Agencies are working to implement the OMB Circular requiring the installation of strong systems of internal control to further inhibit fraud, waste and abuse. In addition, guidelines have been issued to the agencies for reporting the status of their internal controls annually to the President and the Congress as required by the Federal Managers Financial Integrity Act of 1982.

Cash Management: All major agencies have designated senior Cash Management Officers and have submitted plans for improving their cash management practices by:

- speeding up deposits into the U.S. Treasury;
- ensuring more timely payment; and,
- eliminating excess balances held outside the Treasury.

Debt Collection: Approximately \$260 billion is currently owed to the federal government and over \$40 billion of this amount is delinquent or in default.

- In April 1981, President Reagan ordered all agency heads to institute more effective debt collection procedures and ordered the U.S. Attorney's Offices to actively pursue collections from individuals referred by agencies.
- Special efforts by the Administration have resulted in at least \$2.1 billion more in additional collections in 1982 than otherwise would have been collected.
- The Administration also proposed, and Congress passed, in 1982 comprehensive debt collection legislation aimed at revolutionizing federal credit management and debt collection practices. The Administration has begun implementing this legislation to sharpen agencies' debt collection tools.

Publications Review: Wasteful expenditures on government publications and audiovisual materials were an inviting target for elimination and economies. A Presidential directive issued in April 1981 has resulted in:

- termination or consolidation of 2,000 publications, or one out of every six publications previously printed by the government;
- cost reductions for another 2,300 publications;
- reduction of publication costs by 9% in fiscal 1982 over fiscal 1981.

3. Toward Management Efficiencies

Complementing the President's campaign against waste and fraud are his efforts to bring improved management and administrative techniques to the federal government. The efforts of the President's Council on Integrity and Efficiency and the Inspectors General put in perspective for the first time how serious the problems of mismanagement within the government have become.

Reform 88: Launched on September 22, 1982, Reform 88 is a long-term project to effect permanent improvements in the management and administrative systems of the federal government. The Reform 88 group is comprised of a staff project office within the Office of Management and Budget and a Steering Committee composed of departmental Assistant Secretaries for Management, and Inspectors General. It is both overseen and represented at the Cabinet level by the newly formed Cabinet Council on Management and Administration chaired by Presidential Counsellor Edwin Meese III. Reform 88 provides the Executive Branch, for the first time, with a comprehensive and coordinated program to bring about needed changes.

Already Reform 88 has implemented short-term improvements in management techniques expected to save taxpayers \$13.7 billion in fiscal 1983 alone. Other Reform 88 accomplishments include:

- A review of OMB regulations which resulted in a 25% reduction in budget guidelines in time for the 1984 budget cycle, with another 15-25% reduction in OMB management regulations anticipated.
- A review of procurement regulations is expected to result in the elimination of 8,000 out of 20,000 pages of primary regulations and the elimination of 50% of the more than 60,000 pages of secondary regulations.

- Comprehensive study of major administrative systems within departments has identified 677 different systems. The Reform 88 goal is to install model, compatible management systems, government-wide.

President's Private Sector Survey on Cost Control: Formed by President Reagan on February 18, 1982, the PPSSCC represents both another step in his effort to end mismanagement and his commitment to reach outside government to seek expertise, advice and answers to some of the nation's problems. The Survey is chaired by J. Peter Grace and comprised of experts and staff from the private sector. The Survey is financed almost entirely by the private sector at a cost to the government not expected to exceed \$100,000.

Patterned after President Reagan's highly successful efforts as Governor of California, the survey will make objective, third party assessments of the workings of all major federal departments and agencies. The President's mandate to Survey participants was to "roll up their sleeves and search out waste and inefficiency wherever it's to be found in the federal establishment."

The Survey, which was organized into 36 task forces, will report directly to the President in early 1983. Already, it has had a positive impact on the workings of government. A recent General Accounting Office report to Congress said of the Survey: "Most agency contacts viewed the task forces as positive attempts to identify cost savings Many said that (the) task force's presence forced them to improve operations." It will be the responsibility of the new Cabinet Council on Management and Administration to act on its findings and implement its recommendations.

4. Cabinet Government

Under President Reagan, Cabinet government has become much more of a working reality. The President was determined to use his Cabinet Officers not just as department managers but as a consultative body. To that end, on February 26, 1981, the President formally constituted the Cabinet Council system with the creation of the first five Cabinet Councils. They are the Cabinet Councils:

- on Economic Affairs, chaired by the Secretary of the Treasury;
- on Commerce and Trade, chaired by the Secretary of Commerce;
- on Human Resources, chaired by the Secretary of Health and Human Services;

- on Food and Agriculture, chaired by the Secretary of Agriculture; and,
- on Natural Resources and the Environment, chaired by the Secretary of the Interior.

During 1982, two additional Cabinet Councils were established:

- The Cabinet Council on Legal Policy, established on January 29, 1982, chaired by the Attorney General; and,
- The Cabinet Council on Management and Administration, established on September 22, 1982, and chaired by Presidential Counsellor Edwin Meese III.

There were also two pre-existing Cabinet level groups when Mr. Reagan came into office -- the National Security Council and the Trade Policy Committee. Recommendations from all of these Cabinet groups flow into the decision-making process of the White House Office and facilitate the President's ability to manage information, make decisions and govern.

Over the course of the first two years the Cabinet Councils met a total of 318 times, 51 times with the President in attendance. Also, the full Cabinet held 56 meetings, 50 of them with the President.

5. Relations With Congress

Setting out early to ensure a close relationship with Congress, the President met with leaders of both the Republican-controlled Senate and the Democratic-controlled House of Representatives within two weeks of taking office. They met not only in the White House, but at the Capitol -- the home of Congress. In just the first six months of 1981, President Reagan met with Members 125 times, and frequent meetings were the rule throughout the first two years. For instance, the President held 63 meetings with over 300 Members just during the twelve day period preceding passage in the summer of the Tax Equity and Fiscal Responsibility Act of 1982.

While the President got less than all he wanted from the 97th Congress, a philosophical coalition emerged in the House and the Senate which was in basic agreement with the fundamental thrust of Reagan policy. The coalition gave him the majorities needed for tax cuts, spending restraint, and for much of what he sought on other domestic, defense and foreign policy issues.

Despite several historic legislative victories and an enviable overall record of success with the 97th Congress, there were frustrations. The President was particularly troubled by the slow progress of appropriations for fiscal 1983. In 1982, as Congress prepared to adjourn on October 1 without completing action on 10 of the 13 appropriations for the fiscal year starting that same day, the President urged Congress to return in November for a "lame-duck" session. They did just that, convening on November 29th for a three week session that succeeded -- for the first time since 1979 -- in completing action on appropriations for the full fiscal year. While much of it was covered by a Continuing Resolution, the lame-duck did pass 4 additional regular appropriations bills (only 3 had been passed by the October recess) and kept overall spending levels within those called for in the Budget Resolution the President had supported.

At the start of the 97th Congress, many had expected impasse between Congress and the President and between the Houses of Congress themselves -- each controlled by a different political party. The President's record of success on key legislation considerably exceeded those early expectations and proved Congress and the President could work together to enact a program with popular support.

Key votes in 1981

- The Gramm-Latta budget resolution, setting spending targets for fiscal '82;
- Gramm-Latta II, the Omnibus Budget Reconciliation Act;
- The tax legislation cutting individual rates by 25 percent and providing other incentives for savings and investment;
- The AWACS sale to Saudi Arabia;
- The Defense Appropriations Bill;
- Foreign Assistance Appropriations, the first such bill to be passed in three years; and,
- The Continuing Resolution, setting spending levels for fiscal '82.

Key votes in 1982

- The 1983 Budget Resolution setting spending targets for fiscal 1983;
- The Omnibus Reconciliation Act of 1982;
- The Continuing Resolution for 1983, meeting spending targets set out in the original budget resolution;
- The Tax Equity and Fiscal Responsibility Act of 1982;
- The Jobs Training Partnership Act of 1982;
- The Export Trading Companies Act of 1982;
- The Depository Institutions Act of 1982;
- Extension of the Voting Rights Act;
- The Surface Transportation Assistance Act of 1982; and

- The Atomic Energy Act Amendments of 1982 (providing for nuclear waste disposal after many years of failed attempts to enact legislation).

6. Restoring a Federal Balance

Of all the institutions of American life that suffered from the excessive growth of the federal government, perhaps none lost more than state and local governments. Federal programs and federal regulations continually diminished the roles and responsibilities of states and localities. Often, federal policy bypassed the states entirely, making localities more dependent upon Washington than their own state Capitals. As power shifted to Washington, local voices often went unheard and local concerns and needs were lost in a maze of national programs and program requirements. Federal programs were often inflexible, poorly serving local needs, and imposing heavy paper-work costs on state and local governments.

President Reagan came to Washington convinced of the need to reverse these trends and to view the states once again as political partners.

"It is my intention," President Reagan stated during his Inaugural Address, "to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the federal government and those reserved to the states or to the people. All of us need to be reminded that the federal government did not create the states; the states created the federal government."

Early in his Administration, President Reagan began to fulfill his commitment to federalism.

Three of the four key components of the President's Economic Recovery Package -- budget cuts, regulatory relief, and tax cuts -- reflect the President's federalism perspective.

- The budget cuts reflect a reordering of budgetary priorities so that the national budget is addressed at truly national needs.
- The regulatory relief effort has made great strides in reducing the regulatory manacles which bind the hands of state and local officials.
- Tax cuts provide a greater tax base for state and local governments by reducing oppressive levels of federal taxation.

Block Grants: As part of the Economic Recovery Program of 1981 the Omnibus Budget Reconciliation Act, signed into law on August 13, 1981, established nine new block grants. These consolidated 57 narrow and restrictive categorical programs into broader programmatic areas. Eight of the programs became effective during fiscal year 1982, and one took effect on the first of fiscal year 1983. The result was greater flexibility for state and local officials to target funds to specific needs most urgent in their locales. Block grants also provide for greater accountability because decisions are made by officials closer to the people. At the same time they save administrative overhead and allow for more innovation. For example, the new block grants meant a reduction of 667 pages of federal regulations to only 20 pages. The new block grants consolidated or streamlined programs of:

- o Maternal and Child Health Care
- o Preventive Health and Health Services
- o Alcohol, Drug Abuse and Mental Health Services
- o Primary Care
- o Social Services
- o Low-Income Home Energy Assistance
- o Community Services
- o Community Development for Small Cities
- o Education

The White House Office of Intergovernmental Affairs and the Office of Management and Budget, in cooperation with appropriate Departments, held a series of regional briefings as part of a major effort to assure a smooth transition to, and effective implementation of, these block grants.

-- In part, because of these efforts, the transition to state administration of the block grants has been very smooth. Most states and territories accepted block grants at the earliest date possible (October 1, 1981), and the states and territories are currently administering all or most of them. Recent studies conducted by the GAO and others conclude the states are effectively carrying out the programs with no major problems.

-- Several additional block grants were proposed by the President in 1982, and a Job Training Partnership Act was signed into law on October 13, 1982 replacing the Comprehensive Employment and Training Act (CETA). The new program will take effect on October 1, 1983. The White House and OMB are working closely with the Department of Labor and the states, local governments and private sector to assure continued successful application of the principles of federalism to this program.

Regulatory Relief: One high priority of the President's overall regulatory relief efforts was examining federal regulations that affect state and local governments. Of the 119 regulatory reviews targeted by the President's Task Force by the summer of 1982, 35 were related to state and local governments. Over 15 other major regulatory reviews affecting state and local governments were begun by agency initiative.

- Twenty-five of the reviews were completed. Cost savings of over \$5 billion, substantial reductions in paperwork and red tape, and greater state and local government flexibility have resulted. Efforts continue to eliminate and simplify requirements in the remaining targeted regulations.

Federalism Initiative: With the announcement of the President's federalism initiative in his 1982 State of the Union Address, federalism was moved to the forefront of public debate. This reversed a fifty year trend in which the relentless gravitation of power to Washington was accepted as practically inevitable and irreversible.

- The President characterized his 1982 Federalism Initiative as a conceptual framework and said that legislation would only be sent to the Congress after thorough consultation with state and local officials. Throughout the year, the President and White House staff met with development teams representing the nation's governors, state legislators, county, city, and township officials to fashion a federalism program which would have broad-based support by elected officials at all levels of government. As a result of that year-long consultative effort, legislation will be submitted to Congress in early 1983 to move toward a permanent sorting out of responsibilities.

An Ongoing Effort To Advance Federalism: In addition to the development of the major federalism initiative, several other steps have been taken to advance the overall effort to restore a federal balance among the levels of government in the United States.

- For the first time in many years, the Executive Branch has actively participated in the Advisory Commission on Intergovernmental Relations (ACIR).
- Each Cabinet member and agency head has designated a senior departmental official to handle intergovernmental affairs. These individuals consult with state and local officials and monitor programs to assure their positive effect on the state and local sector.
- President Reagan himself has pursued an active outreach effort meeting with numerous state and local officials

both in the White House and across the country. During his first two years, the President has also addressed the National Conference of State Legislators, the National League of Cities, the National Association of Counties, and five joint sessions of state legislatures.

- President Reagan signed Executive Order 12372, Intergovernmental Review of Federal Programs, which allows states and localities to have a say on decisions on federal aid and direct development. Wherever possible federal agencies are required to make efforts to accommodate the concerns of state and local officials. The Order also encourages the simplification of state planning and of requirements imposed by federal law and allows for the substitution of state developed plans for federally required plans where statutes and regulations allow.

DOMESTIC POLICY

Meeting Human Needs Strengthening the Private Sector

President Reagan's objective has been to restrain the growth of government in order to restore growth in the private sector. The challenge has been to do it in a way that continues services to those who need them, reduces or cuts them off for others, and improves efficiency throughout government so that all Americans, taxpayers and program beneficiaries alike, get maximum value from the money spent by government.

Two years is too short a time to fully achieve that goal but it's been long enough to make progress and to prove the goal is a realistic one:

- o Needed human services are being maintained;
- o Many programs which once aided the non-needy -- some subsidized middle and higher income Americans -- have been reformed;
- o Billions have been saved through a battle against waste, fraud and abuse of federal programs; and
- o Mountains of regulatory red-tape have been moved out of the way of state and local governments and of business.

Meeting Human Needs

- o Federal medical, nutrition and housing assistance to the poor is 28% higher in fiscal 1983 than it was in fiscal 1980 (measured in nominal terms).
- o In fiscal 1983, spending by the Department of HHS alone will be 36% of the total budget and HHS will spend \$50 billion more than the Pentagon. Total social spending under President Reagan's budget plans for the next five years will approach \$2 trillion.
- o Total human needs spending in 1983 by the federal government will support such services as the following:
 - 95 million meals per day, about 1-in-7 of all meals served;
 - medical assistance for 99% of the nation's elderly;
 - housing assistance for more than 10 million Americans;
 - food stamps for more than 20 million low-income people;
 - higher education assistance for almost 5 million students;

- unemployment compensation for 5-6 million job-seekers;
- job training for 1 million young and poor people.
- o The fiscal 1982 budget provided \$11.3 billion in food assistance to almost 21 million low-income persons at an average household benefit of \$103 per month.
- o All told, nearly 15 percent of all meals served in the U.S. are subsidized by the federal government. Families of four earning under \$12,000 yearly can receive food stamps; those earning under \$17,400 can receive reduced price school lunches and are also eligible for the Special Supplemental Food Program for Women, Infants and Children.
- o As of December 10, 143 million pounds of cheese and over 12 million pounds of butter had been distributed through the Reagan-initiated surplus dairy distribution program. The program has been extended through December 1983.
- o HHS spending on its social programs increased \$24.1 billion in 1982 with cash and medical assistance for the poor up \$800 million. In 1983, HHS spending will be over 36 percent of the federal budget.

1. Better Targeting of Services

Before a joint session of Congress shortly after he took office, President Reagan emphasized his commitment to the nation's needy: "We will continue to fulfill the obligations that spring from our national conscience. Those who, through no fault of their own, must depend on the rest of us...can rest assured," he said.

President Reagan's policies reflect that commitment. However, when he took office, he was faced with the challenge of controlling escalating costs while continuing to provide aid to those in true need. Without action, the problem would only get worse and costs continue to rise beyond the budget's ability to meet them. In 1981, the year President Reagan took office, entitlements spending comprised about 48 percent, nearly half, of all federal spending. In the last decade alone, food stamp outlays had risen more than 1400 percent and housing assistance outlays more than 1300 percent.

President Reagan came into office committed to maintaining needed government services for people who had nowhere to turn but to government for help. He was equally committed to his belief that these services could be provided better and more efficiently. And he believed the skyrocketing costs of providing them could be restrained.

The President's commitment to maintaining needed services at lower future costs required that programs to provide them be managed better and, in many cases, that eligibility formulas for distributing them be better targeted. Too many federal benefit dollars were going to the non-needy through fraud and waste; too many more were going, quite legally, to middle and even upper-income Americans because eligibility was too broadly drawn. 5300 Social Security checks a month to the deceased, student loan subsidies to \$100,000 a year families, school lunch subsidies for the affluent -- these and other examples flew in the face of Congressional intent and exceeded the bounds of the American people's generosity. In the President's view, they had to be changed.

President Reagan feels strongly that every benefit dollar wasted -- or sent to the non-needy, the greedy or those eligible just because the formulas are too loosely drawn -- is a dollar not available to the needy in benefits.

To avoid this, major changes in the laws governing program eligibility have been worked out with Congress. Many abuses are now a thing of the past. More remains to be done, but progress has been made in ending many middle and upper class subsidies. For example:

- o Regular student loan eligibility for students from affluent, even wealthy families has been eliminated.
- o School lunch subsidies have been retargeted so that almost all funding now goes to children from families earning 130% of the poverty level or less -- not to the children of the affluent suburbs.

2. Responding to the Nation's Health Concerns

In a press conference in 1981, President Reagan brought the problems of three-year-old Katie Beckett -- and others like her -- to the attention of the nation. Inflexible Medicaid regulations forced Katie to stay in a hospital -- though adequate and more personal care was available at home -- because payments for home care were not allowed though costs would be lower. Because of Administration action, Katie was home by Christmas of that year and by early 1982, HHS had streamlined the waiver procedures so that states could more fully utilize home and community care. So far, two-thirds of the states have applied for these waivers.

The Katie Beckett case typifies President Reagan's overall goal for health care policy: to provide readily available, compassionate care while curtailing rapidly escalating costs. His Administration is achieving this goal by stimulating private innovation at the local level, promoting

health care competition, encouraging innovative alternatives to institutional care and reducing unnecessary regulatory burdens, waste and fraud. For example:

- To help curb skyrocketing medical costs, the President has instituted regulations to restrain physician and hospital costs as well as eliminate excessive and duplicative payments. Resulting savings will be \$1 billion in fiscal 1983 and more than \$5 billion over the next three years.
- To increase state and community involvement in health care, 22 individual health programs were consolidated into four block grants to states, achieving greater flexibility in the use of funds, more efficient use of tax dollars and more cost effective service to recipients.
- Regulatory reforms have strengthened the nation's drug approval process. Eventually approval time will be cut by 20 percent and paperwork by 70 percent. Already, the Food and Drug Administration has set a record for the number of new drugs approved for use -- more than 40 approvals during the last two years, compared with only 12 in 1980.

Such measures have helped to fulfill the President's commitment to the nation's health and research needs by stretching taxpayer dollars to deliver services more efficiently. And, under President Reagan, research spending has continued to grow. For example, basic health research funding was increased by \$144 million for fiscal 1981 and an additional \$72 million for fiscal 1982.

As a result, health-related activities continue at record pace. For example, in 1982, many childhood diseases were brought almost entirely under control. Immunization levels reached new highs and the incidence of measles, rubella, tetanus, polio and mumps hit all-time lows. The Administration launched major nationwide campaigns concerning teenage alcohol abuse and Reyes syndrome and responded within hours to the Chicago drug package tampering tragedy. It also supervised several of the largest food recalls in history. In January 1983, President Reagan signed into law the Orphan Drug bill that will help to stimulate private research on a number of diseases that kill or cripple thousands of Americans.

3. Housing

In proclaiming National Housing Week in October 1982, President Reagan noted: "...[H]ome ownership is a cherished tradition that binds families, builds financial security, and strengthens communities and economic growth." Yet when

President Reagan took office, the housing industry was fast approaching chaos and home ownership costs were soaring out of reach for millions of Americans. From 1977 to 1980, the average monthly payment for a mortgage loan had nearly doubled.

Today, under the Reagan Administration, the housing sector gradually is regaining its health:

- FHA activity in November 1981 hit a 48-year peak and 1982 FHA interest rates were down to 12 percent -- from the nearly 19 percent effective rate in September 1981, one month before the President's economic program went into effect. As a result, about 6 million more families became eligible for FHA-insured mortgages.
- At the end of 1980, housing starts were in the middle of a three-year slump and down about one-half million from the year before. Two years later, the start rate was rising, not falling, and ended 1982 at almost one-half million above the 1981 low.

While lower interest rates are the key to affordable housing, the Administration has also expanded and deregulated funding sources:

- Traditional funding sources have been expanded through regulatory reforms that give more flexibility to the savings and loan industry and encourage greater pension fund investment in mortgages.
- Innovative funding instruments such as Shared Equity Mortgages, Graduated Payment Mortgages, and Negotiated Interest Rates are also now allowed with FHA loans.

In June 1981, President Reagan announced the creation of the National Commission on Housing to develop recommendations for housing policy in the 1980s, and a final report was submitted in April 1982. By the end of 1982, 60 percent of its recommendations had been fully or partially implemented or were available for action by state and local governments.

While homeownership is a reality for many Americans, others must depend upon government assistance to meet their housing needs. Under the Reagan Administration, housing programs for the poor have been reoriented to provide assistance to those in true need and to improve and upgrade existing public and rental housing units. As a result:

- Housing programs have been retargeted to those families with incomes below 50 percent of the median. Currently 3.5 million households are receiving housing assistance

-- a 9 percent increase over the 3.2 million served at the end of the previous Administration.

- President Reagan believes that better use should be made of existing housing stock and has proposed no new construction of costly public housing projects except for the elderly and handicapped. Instead, current proposals focus on subsidizing rents and improving existing housing. Since high housing costs, rather than a housing shortage is the greatest problem in housing the poor, the Administration has proposed a program to provide rent subsidies to the poor. In addition, legislation has been proposed to provide grants to states and localities to preserve and rehabilitate rental properties for low-income families.

The Administration has a strong commitment to fair housing and has implemented several important programs to eliminate discrimination in housing:

- To increase local voluntary initiatives, the number of Community Housing Resource Boards has increased to 578 as of June 1982 -- up 52 percent from 1980. Also, an Administration agreement with the National Association of Realtors has resulted in 1,175 realtor associations participating in a program to promote equal housing opportunity -- an increase of 46 percent from 1980.
- During the past two years, more than \$7 million has been provided to state and local governments for fair housing enforcement. As a result, the number of agencies participating has increased from 38 to 69 since 1981.

4. An Educational System Closer to the People

In January of 1980, Presidential candidate Ronald Reagan observed that only through efforts by parents, teachers and local school boards has American education achieved its eminence and strength. "It is time we put education back on the right track," he said. To accomplish this goal, President Reagan has taken steps both to deregulate education and to restore a federalist balance to education policy:

- Through the Education Consolidation and Improvement Act of 1981, President Reagan returned power to the states and localities in administering funds for children. In addition, the Act consolidated some 30 educational authorities into a single block grant -- eliminating more than 300 pages of regulations as well as inefficient and costly administrative overhead.

- Improved management practices have better targeted federal funds and returned monies due the Treasury to government coffers. For example, the Administration has tightened guidelines for recipients of student grants and loans. Families with gross adjusted incomes of over \$30,000 now have to demonstrate their need for the loans. In addition, a nationwide campaign was launched to collect defaulted student loans -- resulting in the collection of almost \$100 million in 1982 and the identification of an estimated \$3.5 billion to be recovered.
- Aware of the declining quality of teaching instruction and student performance, the Administration has created the National Commission on Excellence in Education. Its findings are expected to result in a new national thrust to improve overall education quality.

Tuition tax credits remain a vital element of the President's plan for improving the quality and degree of parental control in education. On June 22, 1982, President Reagan submitted legislation to Congress which would give lower and middle income parents the option which wealthier parents have always had: the choice between private and public education for their children.

5. Major Initiatives to Combat Crime and Drug Abuse

As a candidate, Ronald Reagan noted that America's criminal justice system was failing because of "lenient judges, inadequate punishment and unnecessarily slow and cumbersome court proceedings." In the first two years of his Administration, the President launched major initiatives to combat crime and develop more effective law enforcement.

Early in 1981, President Reagan oversaw the establishment of the Justice Department Task Force on Violent Crime to address the nation's single worst crime problem. The President has already implemented many of its recommendations and others were put before Congress. Among the President's initiatives:

- To assure adequate prison facilities: a clearinghouse to help states and localities obtain surplus federal property for use as corrections facilities.
- To keep the guilty off the streets: legislative changes were proposed in bail procedures, the exclusionary rule, and habeas corpus writs.
- To assure better state and federal coordination: law enforcement coordinating committees throughout the country to address urgent crime problems region-by-region.

To address the needs of victims, President Reagan created the Task Force on Victims of Crime on April 23, 1982. The following October, he signed into law the Victim and Witness Protection Act which offers protection and restitution to victims as well as freedom from intimidation for witnesses.

Early in his Administration, President Reagan launched a major campaign against drug abuse and drug trafficking. Under the personal leadership of the President, the broad coordinated federal effort attacks drug abuse problems on all fronts; including international initiatives to eliminate illegal drugs as close to their source as possible, law enforcement efforts to stop drug trafficking and profiting in illegal drugs, and health-related activities to provide education, treatment and research to prevent and cure the effects of drug abuse.

To combat narcotics trafficking and organized crime, President Reagan instituted several historic programs:

- A joint effort between the FBI and the Drug Enforcement Administration so far has resulted in more than 1100 new drug investigations.
- One of the most innovative examples of his drug enforcement initiatives is the South Florida Task Force, established on January 28, 1982 and headed by the Vice President with state and local cooperation. Its activities have resulted in nearly 2,000 arrests and the confiscation of 2 million pounds of marijuana and 6,000 pounds of cocaine.
- On October 14, 1982, President Reagan announced additional initiatives in this area. Among them: 12 task forces in key areas throughout the nation similar to the South Florida Task Force; a 15-member national panel to investigate organized crime; a cooperative project with the nation's governors to help bring about criminal justice reforms; and a national center for state and local law enforcement training.

Federal agencies, state and local governments, many corporations, and individuals from all segments of society are responding enthusiastically to the President's call for help in combatting drug abuse. The widespread action in prohibiting drug paraphernalia and stopping drunk driving reflects this interest. Some key accomplishments of the President's campaign are:

- In March 1981, President Reagan established the Commission on Drunk Driving.
- The Department of Health and Human Services is sponsoring a national campaign directed at alcohol use by our young people.

- Service clubs, like the International Association of Lions Clubs, have begun drug abuse awareness efforts to educate their communities.

On October 2, 1982, President Reagan said, "The mood toward drugs is changing in this country and the momentum is with us. We're making no excuses for drugs, hard, soft or otherwise. Drugs are bad and we're going after them."

6. Immigration

When President Reagan took office, he was faced with a crisis caused by long-term neglect of the nation's immigration laws. In 1981, it was widely estimated that 3.5 million to 6 million people were in the nation illegally. In 1980 alone, an estimated 500,000 to one million illegal aliens may have entered the country. To combat illegal immigration, President Reagan instituted a two-phase program: legislation to sharply reduce the number of illegal aliens entering the U.S. and new enforcement programs to apprehend more illegal aliens at the borders and those employed in the interior:

- The Administration-supported Immigration Reform and Control Act, put before the 97th Congress would establish penalties for knowingly hiring illegal aliens; streamline the processing of asylum claims; and legalize the status of law-abiding aliens who have lived in the U.S. for a number of years.
- Additional resources at the Immigration and Naturalization Service have increased enforcement activity. For example, more than 12,400 alien smugglers were apprehended in 1982 as a result of this crackdown.

7. Record Enforcement of Civil Rights Laws

President Reagan has been firm in protecting civil liberties since he assumed office. He supported and signed into law the longest extension of the Voting Rights Act since its enactment. Enforcement of the Act is also at record levels. Justice has reviewed more than 9,000 electoral changes to determine compliance -- an all-time high. At the President's direction, activities by federal enforcement agencies are at record levels:

- The Justice Department has investigated and prosecuted criminal violators of civil rights laws in record numbers. In the first two years of the Reagan Administration, Justice filed 62 new cases charging criminal violations and conducted trials in 52 cases, numbers greater than those in any previous Administration.

- EEOC's record is also impressive. In 1981, the pace of its activity increased. Progress continued in 1982. Although the number of charges received that year dropped by 7%, the number of cases closed fell less than 4% and the numbers of persons benefitted through charge settlements went up 36% and total dollar benefits went up 10%.
- Despite general budgetary restraint, the budget for civil rights enforcement has grown. In fiscal 1983 there is a 24 percent increase for the Civil Rights Division at Justice and a 15 percent increase for the EEOC over 1980 actual expenditures.
- Enforcement levels of fair housing laws also are at record levels. For example, the number of fair housing complaints closed by HUD and equivalent state and local agencies increased about 14 percent between fiscal 1980 and the first three-quarters of fiscal 1982.

8. Progress for Minority Americans

President Reagan believes that a strong economy, accompanied by tough anti-discrimination enforcement, returns the greatest good to minority Americans. It returns a benefit greater than that provided by massive federal spending which has only weakened the economy -- creating more hardship for low-income minority Americans.

The President entered office in the midst of an economic catastrophe from which the nation is just now beginning to recover. Years of massive spending had created double-digit inflation and slowed productivity, yet mushrooming social programs had made little progress in eradicating poverty and dependence on government, and in fact, contributed to economic hardship for many Americans.

In the 1960s, an era of fewer and smaller federal programs but larger economic growth, the number of families in poverty was reduced by nearly 50 percent. In the 1970s, social programs grew ten-fold, yet economic growth slowed and only five percent escaped poverty. As the programs proliferated, bureaucratic waste and mismanagement followed -- and much of the federal money intended for the minority poor never reached them.

Never wavering from his commitment to basic social needs, President Reagan has cut the growth rate of many of these programs, better targeted funds toward the truly needy, and made major progress in eliminating fraud and bureaucratic waste.

In addition to tax and regulatory reform, the President has taken other specific steps designed to directly benefit minority business.

- In 1981, the Small Business Administration's 8(a) program was revised to better target funds for minority small business ventures. The Commerce Department's Minority Business Development Agency (MBDA) was reorganized to provide a \$33 million national network of over 100 local Minority Business Development Centers. The Centers will share information and resources to help promote and stimulate growth among new and existing minority businesses and reduce their failure rates.
- On December 17, 1982, President Reagan announced additional steps to promote minority business development and a plan to assist in the creation and expansion of more than 120,000 new and existing minority businesses in the next 10 years. The President also has established a goal of procuring an estimated \$15 billion in goods and services from minority businesses from 1983-85. Approximately \$1.5 billion in credit assistance and \$300 million in management and technical help will also be made available.

President Reagan has also moved to strengthen Black colleges and universities:

- He is seeking an increase of \$10.5 million this year for Black colleges under the Federal Title III program funds, a jump of almost eight percent, and also signed an Executive Order which strengthened the federal commitment to historically Black colleges, while seeking new ways for the private sector also to increase its support.
- An example of his strong commitment to black colleges was the critically needed financial aid he authorized for Meharry Medical College. This money, totaling \$29 million dollars, and his order to expand the affiliation between the school and the VA helped to save the medical college which has trained more than 40 percent of all Black physicians.
- Under his direction, federal agencies also have directed funds toward black colleges for instruction in their specific areas. On September 10, 1982, for example, the Department of Housing and Urban Development announced that it directed \$450,000 in grants to 11 black colleges for technical assistance to their communities regarding Community Development Block Grants and Urban Development Action Grants.

President Reagan has also dealt with issues of particular interest to Hispanic Americans. He has improved U.S. rela-

tions with our Latin neighbors through the Caribbean Basin Initiative and closer communication with the Mexican government. He formulated a special task force to ease the economic problems of Puerto Rico and proposed radio broadcasts to Cuba. Domestic initiatives include: the development of an immigration policy and support of the 10-year extension of the bilingual election provisions of the Voting Rights Act.

Early in his Administration, President Reagan designated key members of his staff to act as liaison with the Black and Hispanic communities. In addition, he has relied heavily on the expertise of Black and Hispanic Americans by appointing them to high-level policy positions throughout his Administration:

-- As of January 1983, President Reagan had placed Blacks in more than 150 top executive policymaking positions -- of which 29 require Senate confirmation. He chose Samuel Pierce to serve in his Cabinet as Secretary of HUD and appointed the first Black to serve as Chairman of the U.S. Civil Rights Commission. Blacks also hold the positions of Assistant Secretary in Commerce and Education, as well as Director of Minerals Management Service in Interior and Administrator of Urban Mass Transportation, Department of Transportation.

-- The President has appointed more than 100 Hispanic Americans to high level government positions -- 35 of these are full-time Presidential appointments requiring Senate confirmation. For example, Hispanic Americans serve as General Counsel of HHS, Deputy Administrator and Assistant Administrator of EPA and Assistant Secretary of HUD and Interior, and Deputy Administrator of the VA.

9. Promoting Equal Rights and Opportunities for Women

As a candidate, Ronald Reagan pledged to advance and promote equal rights and opportunities for women. As President, he has honored that commitment through a concerted effort to correct discriminatory laws and regulations; the successful recruitment of women to serve in high level federal positions; and the institution of economic policies which correct past inequities as well as promote economic opportunity.

President Reagan strongly supports equal rights for women and is committed to ensuring them under existing Constitutional guarantees. To assure full equality, the President has launched two initiatives aimed at correcting discriminatory laws and regulations at state and federal levels:

-- The President's Task Force on Legal Equity for Women was created on December 21, 1981, to identify federal laws and

regulations that discriminate against women. The Federal Equity Act designed to correct such discriminatory language in the U.S. Code was introduced in Congress at the Administration's request.

- Through the 50 States Project, the President communicates with the governors and state legislators to encourage states to correct laws which discriminate against women.
- All 50 Governors have designated a representative from their office to coordinate efforts with the White House. In 1982, surveys were sent to the states to ascertain their activities in identifying and correcting state laws which discriminate on the basis of sex. These profiles on the "Status of the States" are currently being compiled for dissemination back to Governors.

In addition, the White House Coordinating Council on Women, announced on August 27, 1982, is assuring that women's rights and opportunities continue to receive special attention at Administration policy-making levels.

In his first two years in office, President Reagan selected more women to serve in top full-time policy positions than any other President in history during a comparable time period. There have been 92 women selected for Presidential appointments by President Reagan, compared to the previous Administration's 76 such appointments. All told, the President has selected 650 women for high-level, policy-making positions: 138 for Senior Executive Service positions, 136 for Schedule C jobs GS-15 and above, and nearly 300 for part-time Presidential advisory boards.

His appointments include Associate Justice Sandra Day O'Connor, the first woman to serve on the Supreme Court and Ambassador Jeane Kirkpatrick, the first woman with Cabinet rank to represent the U.S. in the United Nations. Helene Von Damm is the first woman to serve as Director of Presidential Personnel.

In addition, in January 1983, President Reagan nominated Elizabeth Dole to serve as Secretary of Transportation and Margaret Heckler to be Secretary of Health and Human Resources. When they are confirmed, the President will have three women in his Cabinet, a record.

In the Reagan Administration, women also serve as directors of four major federal agencies: the Environmental Protection Agency, the Peace Corps, the Consumer Product Safety Commission, and the U.S. Postal Rate Commission.

President Reagan's economic program corrects three past inequities which have directly affected many women: the marriage penalty, IRA limitations and inheritance taxes.

- Eliminating 99.7 percent of estates from inheritance taxes is of particular help to widows, many of whom in the past have had to sell the family business or farm to meet tax demands when their husbands die.
- A reduction in the marriage penalty aids two-earner families, since a couple earning \$30,000 (\$15,000 each) will save about \$300 in 1983 alone.
- Raising IRA limitations allows homemakers as much as \$500 more in their IRA accounts.

In addition, the President has instituted other economic policies which impact favorably on women:

- To aid the working mother, the tax credit for child-care expenses has been raised and tax incentives offered for employers to include prepaid day care in their employee benefit packages.
- On September 8, 1982, President Reagan signed into law the Uniformed Services Spouses' Protection Act. It allows state courts to divide military retirement benefits in divorce settlements, recognizing the special concerns of military wives.
- Because of the decrease in inflation since 1980, a woman today working full-time at the median wage of \$11,000 a year will realize an annual increase of nearly \$700 in purchasing power over 1980.

10. Security for the Nation's Elderly

In September of 1980, candidate Ronald Reagan noted that the number one concern of older Americans is economic security. This concern had become a quickly growing problem during the late 1970s as inflation sent the cost of basic necessities such as food, fuel, utilities, and medical expenses soaring. In addition, the nation's Social Security system was badly in need of reform, parts of it facing bankruptcy as early as mid-1983.

Two years into office, President Reagan has made major progress in restoring economic security for the nation's elderly. Inflation -- now at its lowest rate in ten years -- is being brought under control, thus easing the financial burden for those on fixed incomes. Oil decontrol has helped to stabilize energy costs, and with the prime rate now down by about half, interest rates are fast approaching reasonable levels again. Tax cuts and reforms have eased income tax burdens and virtually eliminated inheritance taxes. Most importantly, the nation is on the way to full, long-term

economic recovery -- meaning financial stability for senior citizens.

For those older Americans who wish to continue working, Ronald Reagan has proposed the complete elimination of mandatory retirement -- the first President in history to do so. The proposal is now under study in Congress. In addition, the Administration has issued a new "Suspension of Benefits" rule which allows many retirees to work 40 hours per month without their pension benefits being reduced.

While reductions in federal spending have played a major part in the President's program for economic recovery, he has never wavered in his commitment to maintaining services for the needy, many of whom are elderly.

- Federal support for the elderly is averaging \$7,850 per year per individual for fiscal 1983 and will increase 125 percent as fast as overall spending over the next five years.
- While the elderly comprise about 11 to 12 percent of the total population, they will receive 28 percent of federal budget outlays in fiscal 1983.
- With leadership from President Reagan, the Congress voted in 1981 to reauthorize the Older Americans Act. The Act supports a variety of locally-based services including support for homemakers, home health care, transportation, meals and counseling.
- The Administration has instituted several innovative programs designed to aid the elderly without adding unnecessary expense at the federal level. For example, Carrier Alert, a program to aid elderly persons in distress, is a joint project with the National Association of Letter Carriers, the American Red Cross, and the United Way.

Millions of senior citizens dependent on specific government programs are continuing to receive adequate assistance:

- Social Security: The Old Age Survivors and Disability Insurance provides monthly cash payments up to \$729 to 28.8 million people who are 62 or older.
- Health Programs: Medicare, Medicaid, and other health programs are providing over \$4,200 per elderly couple.
- Housing Assistance: Rent and loan interest subsidies are provided to 2.25 million elderly households through HUD subsidized housing programs.

- Nutrition Programs: Federal, state and local governments serve 600,000 meals per day to the elderly through service centers and meals on wheels.
- Social Services: Over \$1 billion in nutrition, community, homemaker and protective services as well as low-income energy assistance is being provided through Social Services (Title XX), Older American Act programs and Energy Assistance.

To a group of senior citizens concerned about Social Security in the Fall of 1980, President Reagan stated: "I will defend the integrity of the Social Security system ... That system will be strong and reliable and protected under a Reagan Administration."

Since in office, President Reagan has presided over two consecutive cost-of-living increases to Social Security recipients -- an 11.2 percent increase in July 1981 and a 7.4 percent increase in July 1982 (reflecting lower inflation). As a result, the average retirement benefit has risen \$72 a month since President Reagan took office.

Despite strong opposition from opponents, and a heated election year debate over the issue, President Reagan has acted decisively in searching out solutions to the financial problems faced by the nation's Social Security system:

- In May 1981, the President proposed a comprehensive set of reforms which would have protected the elderly already receiving benefits while also lowering the long-term costs of the system. Unfortunately, the proposals became more of a political football than a beginning of serious discussion.
- The following September he withdrew the proposals. In their place, and in an effort to remove the issue from partisan politics, President Reagan made three basic proposals -- all favored by Congress: temporary interfund borrowing to keep the system solvent in the short-run; restoration of the minimum benefit for low-income beneficiaries; formation of the Bipartisan Commission on Social Security Reform to recommend realistic, long-term reforms.

On January 15, 1983, the Social Security Commission reached an agreement which will preserve the system's financial integrity and ensure that benefits are not cut below current levels. This bipartisan compromise received the endorsement of the President and the Congressional leadership. At the start of 1983, it awaits consideration by the 98th Congress.

11. Handicapped

In October 1981, President Reagan proclaimed National Employ the Handicapped Week, stating: "We need to make the 1980s years in which disabled individuals achieve the greatest possible access to our society, maximum independence and full opportunity to develop and use their capabilities."

With these goals in mind, the Reagan Administration has directed a number of programs to serve the handicapped and disabled.

- Through Social Security, the President's fiscal 1983 budget is providing \$18 billion to 4.2 million disabled workers and their dependents -- an increase of about \$6 billion over 1982. In addition, SSI is providing about \$8 billion to 3.4 million middle aged, blind, and disabled individuals -- an increase of \$1 billion over the previous year.
- Medicare and Medicaid are providing \$12.1 billion for medical services to 5 million disabled individuals in fiscal 1983.
- This year, HUD is providing more than \$40 million in loans for construction of housing for handicapped individuals.
- To aid the developmentally disabled, HHS awarded 19 new grants totalling \$1.5 million in efforts toward de-institutionalization. In addition, two grants -- totalling \$200,000 -- were made to improve outreach services to minorities with developmental disabilities.
- More than \$1.1 billion is allocated this year for the specific education needs of 4.2 million handicapped children. In addition, more than 37,700 handicapped children are being served through Head Start.
- The Model State Adoption Act was issued in 1981 to encourage and facilitate the adoption of children with special needs. States can choose to follow in part or whole the model legislation, which provides for financial assistance to families who adopt children with special needs.
- Overall, \$1 billion is being allocated for vocational rehabilitation programs run mainly by the states.
- Under President Reagan, vocational rehabilitation assistance for service-connected disabled Vietnam

veterans has grown 14 percent over the past two years, with employment receiving major emphasis. Overall benefits to veterans disabled in military service have increased by \$1.9 billion -- 25% above the 1980 level.

12. Responding to the Special Needs of Veterans

President Reagan chose to end his inaugural address by reading a quote from the diary found on a soldier who died heroically in WWI: "I will work...sacrifice...as if the issue of the whole struggle depended on me alone."

The President recognizes the many sacrifices veterans have made for the nation. Often they require special services that only the federal government can provide, and President Reagan's policies have borne out his commitment to meeting these special needs of the nation's veterans:

- Expanded health services for aging veterans. Long-term and geriatric VA health care are being expanded to meet the needs of World War II and Korean War veterans.
- Vietnam veterans are receiving special attention through expansion of the store-front readjustment counseling program, extension of vocational training and job placement assistance, and targeting research toward delayed stress reaction.
- Responding to the Agent Orange dilemma, the Administration provided nearly 100,000 free medical examinations to Vietnam veterans and is conducting over 50 separate studies in an all-out research effort.
- Veterans housing needs have been aided by the development of a new graduated payment mortgage plan and the decline in VA interest rates from over 17 percent to 12 percent in the last 14 months. In addition, deregulatory action has aided older veterans in obtaining housing in retirement communities and has opened up state and local housing assistance programs.
- To greater aid disabled veterans, the Administration has increased benefits by \$1.9 billion overall, a 25 percent increase over 1980.
- Under President Reagan, the VA has made major strides in improving health care while restraining costs. During the past two years, the VA has cared for more veterans than ever before.

13. Jobs and Safety for the Nation's Workforce

In the past two years, the President has put in place a program designed to restore productivity to the nation's business and industrial sector. Its components, such as tax reforms to spur savings and investment and regulatory relief to ease financial and administrative burdens on business, are designed to encourage business expansion, and thus create new jobs. A better climate for business development is being created, as evidenced by lower inflation and interest rates.

While unemployment figures remain unacceptably high, lagging behind other positive indicators, full-scale recovery is on the horizon. It is important to remember that the present recession followed on the coattails of a dramatic surge in inflation during the late 70s. With inflation at its lowest point in ten years, the stage is set for a gradual but sustained drop in the unemployment rate. In addition, the President has taken specific actions to help the unemployed and create new jobs:

- To provide continued assistance for those currently out of work, the President has twice approved extension of unemployment benefits with those in the hardest hit states eligible for up to 55 weeks.
- The Job Training Partnership Act (JTP), signed into law by President Reagan in October 1982, will train up to one million workers per year. Unlike the old CETA program, JTP is designed for skilled, private sector job placement and spends almost 70 cents out of every dollar on training, contrasted to less than 18 cents under CETA.
- The President's Export Trading Company legislation, also signed into law in October 1982, will create several hundred thousand jobs.
- The Highway and Bridge Repair Program bill, passed by Congress in December 1982, is expected to create 320,000 new jobs in construction and related industries.
- The President's proposed Enterprise Zone legislation is designed to revitalize distressed urban areas, offering incentives for the creation of labor-intensive businesses and special tax credits for the hiring of disadvantaged workers.
- In 1981, the Trade Adjustment Assistance program was significantly shifted to emphasize job retraining rather than income maintenance. The changes will speed up the labor force re-entry of workers who lose their jobs due to foreign imports and will result in savings of nearly \$1.5 billion over the next three years.

Regulatory reform has played a major role in the President's approach to a productive, yet safe, workplace. In the Labor Department alone, reform of its major regulatory agencies has resulted in a savings to industry of over \$2.6 billion yearly plus a \$2.2 billion initial one-time savings. Efforts to date have resulted in a reduction of over 5 million burden hours of previously required reporting.

- OSHA reporting requirements have been reduced in 500,000 low-hazard firms and resources are being better targeted to firms with health and safety problems.
- Proposed new Office of Contract Compliance regulations will maintain basic affirmative action requirements while streamlining the process and reducing excessive reporting burdens, particularly on small business.
- In mining, regulation and procedures are being revised to give new emphasis to education and training and to further improve the efficiency of mine safety inspections. In addition, the Administration, working closely with organized labor and the coal industry, obtained legislative reforms in the Black Lung Trust Fund, which was in serious financial trouble, to ensure its long-term solvency.

14. A Safe, Protected Environment at Less Cost

President Reagan believes that the keys to a sound environmental policy are balance and commonsense. While growth should not be blindly sought at the environment's expense, neither should national policy needlessly stifle economic growth and job opportunities. The President is pursuing this concept through a two-fold approach: 1) regulatory and management reform with an eye to streamlining the process; 2) a full partnership with states -- involving federal coordination, leadership, and technical support and state responsibility for day-to-day management of environmental programs. Among the Administration's environmental initiatives:

- The Reagan Administration is delivering more environmental protection at less cost. EPA's productivity is higher than ever, while the 1983 operating budget is 23 percent below the 1981 operating level. For example, EPA has now published 19 toxic removal rules for the water program, compared to the previous Administration's one such rule.
- The Administration is aggressively managing hazardous waste. Through private settlements, state cooperation, and direct federal action, remedial work is underway at 100 abandoned hazardous waste sites.

- States are managing more environmental programs than ever. Work delegated to states has increased by 70 percent since the President took office.
- Environmental compliance is increasing. In the last nine months alone municipal wastewater compliance increased from 79 percent to 87 percent.
- Industry has received essential relief without jeopardy to the environment. Air compliance deadlines have been extended to allow modernization in the distressed steel industry. The Auto Relief Package, when fully in place, will save the auto industry about \$3 billion. Air "bubble" rules are saving over \$1 billion annually.
- To help restore the nation's national parks and wildlife refuges, the Administration created the five-year, \$1 billion Park Restoration and Improvement Program and moved to rehabilitate deteriorating facilities at national refuges. In addition, the Administration has successfully urged Congress to include 188 Atlantic and Gulf Coast areas in the Coastal Barrier Resources Act and is working with a state/ private sector task force to encourage similar protection for wetlands.

Strengthening the Private Sector

In an address before Congress shortly after he took office, President Reagan stated: "We must remember a simple truth. The creativity and ambition of the American people are the vital forces of economic growth." This belief has formed the basis of the President's domestic policy -- that only with an active, healthy private sector can the nation achieve permanent, long-term economic growth.

President Reagan believes the strength of the private sector derives not only from the health of the nation's economy, but also from the character and generosity of the American people. He set out to strengthen the first -- through his economic program -- and to tap the latter, through his Private Sector Initiative effort.

1. Private Sector Initiatives

During the campaign, family, neighborhood, workplace, emerged as key words in Ronald Reagan's political vocabulary and in his plans for reorienting domestic policy. Over the last two years, the private sector initiatives project was developed to help put those words into action.

In June of 1981, the President asked the American Enterprise Institute to conduct a study focusing on how the traditional institutions in the private sector (family, neighborhoods, unions, churches and voluntary associations of all sorts) can help people in need. Next, the President created a new office in the White House, the Office of Private Sector Initiatives, to coordinate Administration activities.

To involve the private sector more closely in carrying out the PSI strategy, the President announced a one-year nationwide effort on September 24, 1981. It was called the President's Task Force on Private Sector Initiatives, chaired by William Verity, and it was charged to:

- develop, support and promote private sector involvement in meeting human needs.
- recommend action by the President to foster public and private partnerships and reduce dependence on government.

During 1982, the Task Force served as a catalyst for creation of many new public/private partnerships:

- hundreds of national organizations met with President Reagan and the Task Force and put Private Sector Initiatives at the top of their agendas.

- the President and his Cabinet worked together to review departmental procedures and regulations that might work as impediments to private sector initiatives.
- over 70 television stations from around the country developed programming which highlights how communities in other parts of the country solved problems without government funding. T.V. sponsored job matching programs are springing up all over the country.
- the Task Force compiled a data bank of 2,500 examples of how individuals and communities have solved social problems. These examples were made available to others around the country and will be expanded by a coalition of private sector organizations over the next few years.
- forty-two governors organized efforts to develop private sector initiative activity in their states.

During the Task Force's one year life, over 30 separate PSI-related events were held with the President, thousands of letters which recognized exemplary programs were written and sent, many speeches were given highlighting PSI examples and several cities with new or expanded partnerships were visited by the President.

There were many "firsts" inspired by the President's emphasis on PSI. For example, the first annual White House Awards for Voluntarism were established and 20 winners visited Washington last April.

- The government entered into many new partnerships with the private sector. Two programs, the Small Business Revitalization Program and the expanded health fair, with the National Health Care Screening Council for Voluntary Organizations, were created. The SBR program will create 300,000 new jobs over 4 years and the Health Fairs will serve two times as many people this year as last year.
- Despite the recession, individual and corporate philanthropy is increasing, and more volunteers than ever are contributing to their communities.

At the Task Force's final meeting on December 8, 1982, the President told the members, "Private Sector Initiatives are here to stay in the Reagan Administration." The nationwide network of business, unions, religious groups, national organizations, non-profits, education leaders and federal, state and local government officials established over the last two years will be expanded.

A Commitment to Public Outreach: The President's commitment to keeping in close contact with the various groups that make up American society is illustrated by the ongoing work of the White House Office of Public Liaison.

During the first two years the President and his staff have actively met with hundreds of individuals and groups to maintain an ongoing exchange of ideas. Meeting under the Office of Public Liaison for various groups include:

-- with the President	75
-- with Cabinet/Senior White House Officials	187
-- other meetings, briefings	1,048

2. A Free-Market Climate for Agriculture

Agriculture is one of the nation's largest and most productive industries, accounting for 20 percent of the GNP and 23 million jobs. The President believes that agriculture will remain strong only if government policies encourage a sound economy and allow the farmer to work in a free-market climate.

While the President's program for economic recovery will benefit all Americans, many of its provisions will be of particular assistance to farmers -- i.e., allowing faster write-offs for farm machinery, buildings and eligible livestock.

To encourage free-market development, the President signed a four-year farm bill in December 1981, which gives farmers economic protection through basic loan and price protection and also provides programs for farmers to adjust supply voluntarily without government controls. In addition, the President in early 1983 began the "Payment-In-Kind (PIK) program -- the so-called "crop-swap" -- to give producers the voluntary option of idling certain acreage in return for a share of the huge U.S. grain surplus. This will help the nation's farmers and reduce large surplus stocks of grain which threaten farm price stability.

On April 24, 1981, President Reagan ended the counter-productive Soviet Grain embargo imposed by the previous Administration. The embargo not only allowed some of the nation's competitors to gain a larger share of the grain market but also put the U.S. reputation as a reliable supplier in jeopardy. President Reagan also supported the extension of the current U.S./U.S.S.R grain agreement through the end of fiscal 1983.

The Department of Agriculture also has developed a comprehensive plan for export expansion designed to combat

unfair trade practices. A three-year, \$1.5 billion "blended-credit" program was announced on October 20. Blended credit sales were approved for seven countries, for import of more than two million tons of U.S. agricultural products. In addition, government-industry sales teams were sent to 23 countries to promote the export of U.S. products.

3. Addressing Commerce and Trade in a Complex World

The Reagan Administration has developed and implemented commerce and trade policies that address U.S. needs in an increasingly complex and interdependent world. These policies take into account the immediate goals of a liberalized world trading system and the needs of an American economy that must flourish within it. For example:

- On October 21, 1982, President Reagan reached agreement with the European community on steel exports to the U.S. The agreement restricts the export of subsidized European steel to the United States and will help restore fairness to the competition between U.S. and foreign producers.
- Under the leadership of the United States and working from an agenda largely developed by the Reagan Administration, progress was made in promoting freer world trade at the GATT Ministerial Meeting held in November 1982. Even in an environment of global economic problems, the U.S. delegation succeeded in developing a consensus on many issues such as safeguards, agricultural subsidies, dispute settlement mechanisms, and services. Further, the GATT Members agreed to "resist protectionist pressure" and to "refrain from taking or maintaining" any GATT inconsistent practices. This United States proposal represents a significant strengthening of international trade rules.
- The Administration has also established trade in services as a substantive issue for international discussion for the first time. At U.S. suggestion, the OECD Ministers and Trade Ministers agreed to examine the issues in this area, looking toward future negotiations. Through bilateral consultations, the Administration has been able to resolve a number of trade problems in services, such as improved treatment of U.S. data processing, shipping, and insurance in Japan.
- During the first two years of the Reagan Administration the Office of the United States Trade Representative accepted 17 petitions for review of unfair trade practices by other nations. In the five years preceding this Administration, a total of only 21 petitions had been accepted for review.

- In 1982, the United States extended for the second time its agreement with the Soviet Union for a one-year grain sales agreement. The lifting of a grain embargo had a positive impact on U.S.-Soviet trade in general during 1981 and 1982.
- The Administration's Trade Negotiator initiated a major international program to develop Bilateral Investment Treaties with other countries to encourage trade-related investment between the U.S. and contracting parties and provide fair treatment and protection for U.S. industries. Agreements with Egypt and with Panama have been concluded and several others are under negotiation.
- Export controls have been strengthened through the revitalization of the Coordinating Committee on export controls (COCOM) and export revisions concerning such countries as Libya, Iraq and South Africa. As a result, export laws are more in line with U.S. foreign policy and there is better control over high technology exports with minimum effects on the business community.
- Intensive efforts have been made to focus Japanese attention on bilateral trade problems. Talks with the Japanese have yielded four major announcements by Japan of trade liberalizing actions it will take with respect to the United States, including 323 additional tariff reductions, and a full review of Japan's import testing and certification procedures. In addition, mindful of the adverse effects auto imports might have on a recovery by the U.S. automobile industry, Japan imposed voluntary restraints on its auto exports to the United States for three years.
- Several hundred thousand jobs -- and an increase of about \$11 billion in exports -- will result from passage of President Reagan's Export Trading Company Act, signed into law on October 8, 1982. A new emphasis by the U.S. Commercial Service on individualized export marketing assistance to small and medium-sized firms has helped create almost 70,000 new jobs in the past two years.

The Reagan Administration has applied sound business practices within the Commerce Department itself and has achieved cost savings and management improvements. For example, the export license backlog has been reduced from 2,200 to almost zero and sound financial management has been restored to Commerce's Economic Development Administration -- including the reduction of obligated undispersed funds by \$410 million.

4. Banking

As in so many other areas, over-regulation had become a problem for the nation's financial institutions in recent years. The Garn-St.Germain Depository Institutions Act of 1982, supported by the President, moved the financial services market much closer to the Administration's goal of deregulation. It gave federally-chartered thrift institutions limited power to engage in commercial lending and directed the DIDC to authorize a new account that would enable banks and thrifts to compete with money market funds. It also included a number of provisions to aid the troubled thrift industry without creating a drain on the federal budget. Among those provisions is one that confirms the authority of federal banking regulators to merge a failing thrift institution with an out-of-state thrift or commercial bank.

The DIDC approved the new money market deposit account provided for by the Garn-St.Germain Act. It also took the important step of eliminating the interest ceiling on NOW accounts with minimum balances of \$2,500. These deregulatory steps will enable banks and thrifts to compete more effectively with money market funds and will thereby benefit consumers.

5. Consumers

President Reagan believes that an informed consumer is vital to the long-term healthy growth of the nation's economic system -- yet government over-regulation has in some cases hampered this growth. While regulation is necessary to protect such vital areas as food, health and safety, too much unnecessary regulation simply adds to the costs to business and consumers alike without commensurate benefits.

The President's main approach to finding relief for consumers is his Program for Economic Recovery which has eased the burden of inflation and over-regulation. In addition, consumer offices are in place in the White House and in 42 government agencies. These offices comprise the Consumer Affairs Council which meets regularly to improve representation, information and complaint handling. Specific activities of the Reagan Administration in the area of consumer affairs include:

- Close cooperation with private and public organizations to develop a national coalition for consumer education, to integrate consumer and economic education and to prepare for National Consumers Week held each year.
- A Constituent Resources Exhibit to aid Congressional staffers in handling complaints from their districts.

- Administration-sponsored conferences for health care consumers, the aged and the disabled to enable them to better share in the mainstream activities of the average consumer.
- The establishment of third-party mechanisms in the funeral and airline industries to resolve legitimate consumer complaints.

6. Incentives for Small Business Growth

Small business creates four out of every five new jobs, employs more than half the work force, provides a livelihood for some 100 million Americans and gives the nation new technology. Thus, the nation's small business community is a major element in the President's economic revitalization effort.

In addition to the economic recovery program, President Reagan has supported and signed several bills of particular importance to small business. The Export Trading Company Act, mentioned above, will assist small export firms to expand their exports and the Small Business Innovation Development Act will give small business a greater share of federal funds for research and development. Prompt Payment legislation will require the government to pay its bills promptly or pay interest penalties, thus correcting a past practice where the government was borrowing interest-free and creating cash-flow problems.

Through such innovative approaches as the "Minnesota Plan" the President has increased the availability of capital to help small businesses obtain critically needed long-term financing. In addition, the President's Task Force on Regulatory Reform has identified the 20 regulations most burdensome to small business and has begun a review of the impact of EEOC regulations on small concerns.

Also, the Small Business Administration has improved its organization and management through such organizational changes as shifting more responsibility to local/regional offices. Other management improvements have produced budgetary savings -- and staff reductions of 400 persons -- yet no services to small businesses were eliminated and in many instances services were improved. For example, total contract awards to small business increased \$12.8 billion and prime contracts increased nearly \$8 billion.

7. A Safe, Efficient Transportation System

During the past two years, President Reagan has upgraded the national transportation system by confronting federal

responsibilities and placing renewed emphasis on the roles of the private sector and state and local government. He has pursued the policy that those who benefit from the transportation system should help pay for it. Through improved management, regulatory reform, and especially greater reliance on user fees, the President has made the transportation network safer and more economically efficient.

To reconstruct the nation's neglected ground transportation infrastructure, President Reagan championed the Surface Transportation Assistance Act of 1982 -- a capital investment program financed totally by highway user fees. The law increases funds available to state and local government to complete and maintain the Interstate highway system, repair principal rural and urban highways and bridges, and rehabilitate mass transit systems. Similarly in aviation, the President launched an air facilities capital modernization program, paid for by an increase in airway user fees.

The President has achieved significant cost savings to taxpayers, consumers, and industry alike by moving the federal government out of those transportation areas that should be in the hands of the private sector or state and local government. The passage of the Bus Regulatory Reform Act of 1982 accelerated interstate commerce deregulation. In the motor vehicle industry, the Administration has targeted 34 federal regulations for reform. The President has stuck to his plans to sunset the Civil Aeronautics Board by 1985 and his initiation of the Northeast Rail Service Act of 1981 will result in the sale of Conrail freight service to the private sector and the transfer of Conrail commuter lines to local agencies.

Safety remains a high priority in the Reagan Administration. Despite the illegal air traffic controllers' strike in 1981, the nation's air traffic system has continued to operate at the safest levels in history. The President's aviation modernization program will also make long term improvements to the air traffic control system. In the vital area of highway safety, the President has launched a nationwide program to curtail drunk driving and an intensive campaign to increase seat belt use.

8. Progress Toward Energy Security

Through his National Energy Policy Plan, announced in July 1981, President Reagan established energy policy as part of overall economic and international policy. Key elements of his energy policy are reliance on the marketplace to determine production and consumption, regulatory reform to allow energy efficiency, long-term research and development of energy related technologies, and the strengthening of U.S. energy security.

Under President Reagan, the nation is making steady progress toward energy independence: total domestic energy production levels are up more than 8 percent over 1979 levels, and over 90 percent of the amount of energy consumed in the U.S. is produced in the U.S. -- up from 77 percent in 1977.

In keeping with his philosophy that energy policy should be tied to economic policy, in May 1982, the President submitted to Congress his Federal Energy Reorganization Plan which provides for the merger of DOE and the Department of Commerce.

The President's regulatory reform measures have greatly eased the reporting burden on the private sector. Through the end of fiscal 1982, more than 6.3 million man-hours have been saved by streamlining and reducing energy regulations -- a 30 percent reduction.

Oil Decontrol Has Worked: Upon signing the Executive Order decontrolling oil in January 1981, President Reagan stated: "...[It] is a positive first step towards a balanced energy program...one designed to promote prudent conservation and vigorous domestic production."

Today, nearly two years after oil decontrol, the nation has made great progress in oil independence, production, and the stabilization of prices.

- At the end of 1982, the average gasoline price was actually lower than before decontrol. During 1982, in fact, the price of gasoline actually fell about 10 cents a gallon -- the first drop in a decade and the largest drop in history. Decontrol critics who had predicted it would lead almost immediately to \$2.00 a gallon gas were proven dramatically wrong.
- Domestic drilling and exploration soared to record levels in 1981 and in 1982, successful exploratory oil wells completed were 17 percent ahead of the 1981 record pace.
- Net imports have fallen from 6.4 million barrels a day in 1980 to 5.4 million in 1981 and 4.4 million in 1982, dropping as low as 3.4 million in December of that year.
- As a result of the elimination of oil price controls more than 200 sections of the Code of Federal Regulations have been eliminated.

Building a Stockpile of Energy Reserves: President Reagan recognizes that because of the nation's vulnerability to

energy supply disruptions, certain emergency preparations -- such as rapid filling of the Strategic Petroleum Reserve (SPR) -- remain a primary government responsibility. Under the Reagan Administration:

-- At the end of 1982, 293 million barrels were stored in the Strategic Petroleum Reserve -- more than 2 1/2 times the amount stored between 1977 and January 1981 and equal to about 1 year's worth of U.S. imports from Arab OPEC countries.

-- In 1981, the Administration concluded an agreement with Mexico's PEMEX which will supply 108 million barrels of oil for SPR through August 1986. In 1982, an additional almost 40 million barrels were added to this agreement.

Energy resources play an important part in the nation's national security and defense needs. Among its defense-related energy activities, the Administration has met nuclear production goals for strategic and tactical systems and is improving safeguards and security systems.

Harnessing the Nation's Resources: Before the Ottawa Economic Summit in July 1981, President Reagan stated: "...[W]e will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels." Two years in office have yielded real progress in utilizing the nation's energy resources:

-- To develop the nation's nuclear power capability, the Administration has supported efforts to streamline nuclear regulation and licensing, and strongly supported a bill now signed into law, to establish a comprehensive nuclear waste management program. In addition, the President has eliminated the ban imposed by the previous Administration on reprocessing of spent fuel and is encouraging private sector involvement in reprocessing.

-- To encourage coal production and use, the President issued his Coal Export Policy Statement which established a major initiative to increase coal exports by strengthening domestic production and establishing the U.S. as a reliable supplier.

-- Early in 1982, the Administration announced a new 5-year Outer Continental Shelf (OCS) oil and gas leasing program which offers almost a billion acres for potential energy exploration and development. In contrast, only 40 million acres -- 4 percent of the OCS -- have been offered during the past 30 years.

9. Science and Technology

In science and technological fields, the Reagan Administration is emphasizing broad national goals of economic revitalization, enhanced public health and well-being, and strengthened defense. A major element of this policy has been a clearer distinction between federal and private sector roles in paying for and conducting research and development -- for example, federal involvement in the development of long-term energy resources, with short-term development left to the private sector. Among the Reagan Administration initiatives:

- The National Space Policy, announced in July 1982, which affirms U.S. determination to maintain leadership in space and expand international cooperation.
- The study of new technologies -- for example, advanced computer research and development -- to assure that federal policies are in line with national goals for industrial competitiveness.
- Increased international cooperation with Western Europe and Japan for shared research in such areas as nuclear fusion.

REASSERTING U.S. LEADERSHIP

In pursuing President Reagan's goals of international peace, security and economic growth, the Administration set a new direction in U.S. foreign policy aimed at eliminating a decade's accumulation of doubts about U.S. staying power, constancy, and readiness to support our friends. This new direction calls for a more vigorous defense of U.S. ideals and interests and a steadier and firmer approach to foreign policy problems. It has created new opportunities and conditions for broad foreign policy success in the future.

President Reagan has directed U.S. foreign policy in a way that can recapture U.S. credibility in world affairs and restore American military strength. U.S. readiness to defend our political interests, and those of our Allies and friends, has been demonstrated in the face of steady growth of Soviet power. The Reagan Administration has undertaken major initiatives to deal with serious international economic problems and to resolve dangerous regional crises in the Mideast, Africa, South and Central America and the Caribbean.

Under President Reagan's leadership, it is the United States which has been the party of peace. In his first two years in office, American diplomacy has:

- developed the most far-reaching arms reduction proposals ever seriously discussed with the Soviets;
- been actively involved in peace-making in the Mideast;
- worked with our allies and the Frontline States for peace in southern Africa;
- worked with Britain and Argentina to resolve the Falklands/ Malvinas dispute;
- encouraged and promoted the trend toward democracy in Latin America and the Caribbean;
- led the world in contributions to humanitarian and other peace efforts;
- cooperated with Moslem countries and the vast majority of the world's states to seek a peaceful end to the Soviet invasion of Afghanistan, and similarly, with a broad international consensus, to end the Soviet-sponsored invasion of Kampuchea;
- joined with other free peoples calling for reconciliation in Poland;
- organized the first Conference on Free Elections with participants from 34 democracies throughout the world;

- offered through multilateral and bilateral efforts to help less developed countries in their current economic difficulties;
- worked to strengthen the International Atomic Energy Agency and other non-proliferation institutions while taking steps to lessen the motivation that might lead a country to acquire nuclear weapons.

The President expressed his commitment to democracy and freedom in a speech to the British Parliament in June 1982:

If the rest of this century is to witness the gradual growth of freedom and democratic ideals, we must take action to assist the campaign for democracy ... to foster the infrastructure of democracy, the system of free press, unions, political parties, universities, which allows a people to choose their own way, to develop their own culture, to reconcile their own differences through peaceful means.

In furthering that commitment, the Administration moved forward vigorously, through the Conferences on Free Elections and Democratization of Communist Societies, and through the strengthening of our ability to broadcast the truth, to mobilize other governments and peoples everywhere on behalf of democracy and freedom. The President's trip to South and Central America in 1982 was another vivid personal demonstration of his desire to advance the cause of democracy.

Specifically, the Reagan Administration's foreign policy initiatives in the first two years include:

- In the Middle East, the war in Lebanon was stopped and PLO forces withdrew from the beleaguered city of Beirut. The U.S. is now taking the lead in achieving the withdrawal of all foreign forces from Lebanon. The President's September 1 initiative has brought new life to the broader Arab-Israeli peace process. It addresses the vital and related goals of ensuring Israeli security and the legitimate rights of the Palestinian people.
- The President's proposals in the Arms Control area are aimed at achieving substantial and verifiable reductions to equal force levels for comparable conventional and nuclear forces. He has received strong backing from the allies for these far-sighted proposals. Negotiations are underway in Geneva on strategic and intermediate-range nuclear force reductions and in Vienna on conventional force reductions. The President's ability to put forth such bold and comprehensive arms control proposals would have been impossible without the Congressional backing he received for his defense modernization program.

- Both before and during the post-Brezhnev transition, the Administration communicated to the Soviet leadership a clear, consistent message that concrete Soviet actions are required to resolve outstanding issues and to improve relations. President Reagan has personally stated U.S. readiness to respond positively to such Soviet moves. The Administration has focused on three critical subjects: the steady, massive Soviet arms build-up, Soviet exploitation of regional crises, and suppression of human rights within the Soviet Union.

- The Atlantic Alliance has been strengthened, despite severe economic difficulties. We and our Allies are following up on the Bonn NATO Summit Declaration on Alliance defense and are moving to reinforce NATO's deterrence capability. Consultations with America's Allies have been thorough, leading to greater consensus on East-West issues and concerted Allied insistence on an end to repression in Poland.

- In Latin America, the President's active leadership has helped restore friendly relations and confidence and promoted democracy throughout the hemisphere. The U.S. has acted, in concert with area democracies, to counter outside intimidation in Central America. The President's imaginative Caribbean Basin Initiative would stimulate economic and social development for the poorest, most vulnerable of our neighbors.

- In East Asia, the U.S. has strengthened ties to Japan through extensive consultation on a wide range of issues including trade and defense; reaffirmed maintenance of U.S. troop strength in Korea; and given its full support to ASEAN's efforts to end Vietnam's occupation of Kampuchea. Through the Joint Communique with the Peoples Republic of China, the United States created a framework which facilitates development of our relations with China while enabling us to fulfill our commitments to the security and welfare of the people on Taiwan.

- In Africa, the Reagan Administration has achieved major progress toward an agreement to bring independence to Namibia and long-run security, freedom and development to Southern Africa. The U.S. continues, as well, to be the largest contributor to alleviating the massive refugee problems in Africa. We have taken a firm stand against Libyan support for international terrorism and its subversive activities against neighboring states and we have taken a significant, if unpublicized, role as peace-maker in resolving regional conflicts.

- In International Economic Relations, the depth and duration of the global economic recession has put intense pressure on the international trading system. President Reagan has emphasized that U.S. domestic and foreign economic policies must serve the common goals of non-inflationary growth and international well-being. Domestic accomplishments, in particular reduced inflation and declining interest rates, are first steps toward these ends. Internationally, at the GATT Ministerial, the major trading nations reaffirmed their commitment to a free international trading system, while initiating a number of important work programs. Progress has been made toward new arrangements to increase IMF resources and facilitate adjustment to a more stable financial system. We also have reached agreement with our Allies on a process for placing East-West economic relations on a sounder long-term basis.

- The Reagan Administration is deeply committed to a Human Rights policy that reflects this nation's historic attachment to individual rights and political liberty. President Reagan has underscored America's commitment to work through quiet diplomacy and to speak out publicly where necessary to heighten international consciousness about human rights concerns. At the CSCE Madrid Meeting, we and our Allies have called attention to human rights abuses in the Soviet Union and Eastern Europe and have advanced proposals to strengthen provisions of the CSCE Final Act regarding human rights. The Conferences on Free Elections and Democratization in Communist Societies emphasized how human rights flourish in democratic nations and began to draw together a network of men and women who will work to advance these rights.

- In the United Nations, real progress has been made toward Reagan Administration goals and objectives, which are: representing American views, values and interest; cooperating with others to promote peaceful resolution of conflicts and discourage the use of force; and encouraging efficiency and economy in U.N. operations. Overall, the steady deterioration of the U.S. position at the U.N. has been halted, even reversed.

- In the area of Nuclear Non-Proliferation, the U.S. has concentrated on more effectively pursuing our goal of preventing the spread of nuclear weapons based on our reliability as a partner in peaceful nuclear development; strengthening international nuclear export controls, safeguards and practices; and helping others to meet their security needs through non-nuclear means.

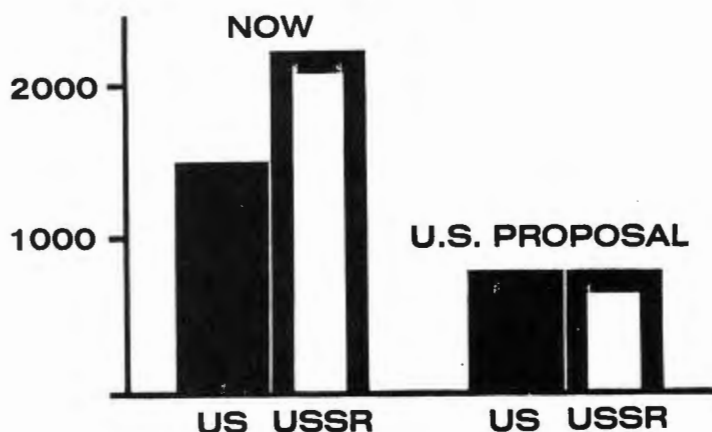
Major Initiatives

1. Arms Control

The Reagan Administration is now actively engaged in a series of arms control negotiations with the Soviets aimed at achieving substantial and verifiable reductions to equal force levels. As the President has said, "a serious foundation for progress has been laid."

The Administration initiated START negotiations with the Soviets aimed at achieving substantial reductions in strategic nuclear weapons, particularly in ballistic missiles, the most destabilizing systems. The first phase would limit both sides to 5000 ballistic missile warheads -- no more than one-half to be land-based -- and 850 deployed ballistic missiles. The second phase would involve further reductions in the overall destructive power of each side's arsenal to equal levels, including a mutual ceiling on ballistic missile throw-weight.

STRATEGIC BALLISTIC MISSILES



Negotiations have also started which are aimed at the reduction and limitation of intermediate range nuclear forces (INF). In November of 1981, the President proposed that the United States forego deployment of longer-range INF ground-launched cruise missiles (GLCM) and Pershing II missiles, in return for the Soviet Union's elimination of its SS-20, SS-4 and SS-5 missiles -- the "zero-zero" solution, which would eliminate an entire class of weapons.

The U.S. is also currently engaged in negotiating an agreement for Mutual and Balanced Force Reductions (MBFR) in Europe. The United States and its western Allies have proposed substantial reductions to equal and verifiable levels.

In presenting his defense modernization program, the President emphasized that only a demonstrated willingness and determination to revitalize our forces and restore the balance would provide the Soviets with the necessary incentive to negotiate serious force-reductions.

President Reagan has also proposed far-reaching confidence-building measures designed to reduce the danger of nuclear war by accident or miscalculation.

The Reagan Administration has brought to light Soviet and Soviet-inspired use of chemical and toxin weapons in Afghanistan and Southeast Asia and has called for a halt to their use and for a strengthening of existing international agreements on these weapons. The U.S., with other countries in the Committee on Disarmament in Geneva, is actively seeking a complete and verifiable ban on the development, production and stock-piling of chemical weapons.

2. Middle East/Southwest Asia

The U.S. was instrumental in establishing a Multinational Force and Observers for the Sinai in the context of helping Israel and Egypt work out the details permitting completion of the Israeli withdrawal from Egyptian territory and full implementation of the Egypt-Israel peace treaty.

Primarily due to the efforts of the President and Ambassador Philip Habib, the United States helped stop the war in Lebanon and achieve the withdrawal of PLO forces from Beirut. Working closely with Lebanon and other states involved, the President has emphasized the urgency of achieving a withdrawal of all foreign forces from Lebanon.

In September, 1982, the President launched an historic initiative to reinvigorate the Middle East peace process in a way that can ensure the security of Israel and provides for the legitimate rights of the Palestinian people. The highly constructive visit by a delegation representing the Arab League was illustrative of the positive movement which has taken place in the direction the President outlined. The President appointed Ambassador Philip Habib his special representative to follow through on the initiative.

America is taking steps to bolster the security of critically important states like Egypt and the Sudan that are

threatened by the Soviets and their radical clients. The Administration has also cooperated with the strategically important Gulf States in improving their capacity for self-defense. In the case of Pakistan, the Administration has opened up a completely new relationship with a beleaguered and strategically vital country that has played an extremely impressive role in helping the refugees from the Soviet invasion of Afghanistan.

The U.S. is increasing the pace of military exercises in the area to facilitate the projection and operation of U.S. forces in case of an external threat to the region. The flexibility of U.S. forces was superbly demonstrated as units were quickly moved from contingency exercises in the Mediterranean to Lebanon. The speed with which the Marines were able to return to Beirut after their withdrawal further demonstrated U.S. capabilities in this important region.

3. Europe/Atlantic Alliance

America's ability to consult with our Allies with candor and effectiveness has been greatly improved. At the Bonn Summit, during the President's successful European trip, the U.S. reached agreement with the NATO Allies on steps to improve conventional defense. NATO's continuing vitality was demonstrated by Spanish entry into the Alliance. America has continued to affirm the common commitment to a strong Alliance defense and deterrent capability and, at the same time, to a vigorous effort to achieve significant and verifiable arms reduction agreements affecting conventional, chemical and nuclear weapons. The Allies have given strong backing to the President's arms reduction proposals and his speeches on the subject during his European trip were widely praised.

With the Allies, the U.S. developed a program of economic, diplomatic and political responses to Poland's Soviet-supported martial law -- including deferral of rescheduling on Poland's external debt; prohibition of new official credit; and pursuit of the Polish question in the UN Human Rights Commission, the CSCE Review conference, and the International Labor Organization. These measures showed that business as usual with Moscow was not possible during the Soviet-sponsored repression.

In the economic field, through frank consultation with our Allies, America reached agreement that economic relations with the Soviet Union must be conducted with security issues in mind. Agreeing on the need for a more comprehensive approach to East-West economic relations based on shared security interests, the U.S. and the Allies have begun to develop unified approaches to energy, credits, and technology transfer.

America and the Allies are addressing regional security issues beyond the borders of NATO. Of special importance is the U.S.-French-Italian participation and cooperation in the Multinational Force for Lebanon.

Active U.S. diplomacy in Eastern Europe has been based on the principle of differentiation, so as to encourage liberalization and foreign policy independence. We have again renewed Most Favored Nation status for both Hungary and Romania, while making human rights a key item on our bilateral agenda.

President Reagan's trips to Canada (1981) and Europe, reinforced the awareness of Americans of the achievements and common democratic values which the industrialized democracies share. The President's numerous meetings in Washington with visiting European and Japanese heads of state and his participation in the Conference on Free Elections also focused on these mutually shared values.

The President's visit in June 1982, reaffirmed America's commitment to Berlin as budgetary increases for Radio Free Europe and Radio Liberty reaffirm our commitment to broadcasting the truth to people hungry for it.

We have, during the post-Brezhnev transition, communicated to the Soviet leadership a clear and consistent message about the requirements for improved East-West relations. They must be based on responsibility and respect for the legitimate interests of both sides. At all levels, including the President himself, the Administration has spelled out American views on three critical subjects: the Soviet arms buildup, exploitation of instability in key regions, and human rights violations.

4. Latin America

The President's visits with the Chiefs of State of Brazil, Colombia, Costa Rica, Honduras, El Salvador and Guatemala, coupled with his consultations in Washington and abroad with a large number of hemispheric Presidents, underlined the importance the U.S. attaches to strong relations with Latin America. In his meetings, the President stressed his commitment to the maintenance of peace and security and the promotion of democracy, human rights, and economic recovery. Particular success has been achieved in improving relations with Brazil, emerging as one of the world's most powerful economies.

In the Falklands/Malvinas crisis, U.S. diplomacy underlined the need to avoid first use of force, and in mediation

efforts and in the UN, the United States demonstrated a commitment to peaceful resolution of the question.

In Central America, the United States has joined with other area democratic countries in supporting a comprehensive effort to reduce tensions. President Reagan reconfirmed during his visit to Central America his Administration's strong commitment to support friendly governments who oppose guerilla efforts to impose Marxist-Leninist solutions through force. Free elections have been held in El Salvador, Costa Rica and Honduras. The U.S. is working actively to promote democratization and human rights in other countries of the region.

For the poor, vulnerable countries of the Caribbean Basin, the President's Caribbean Basin Initiative is already providing \$350 million in emergency assistance. High priority has been placed on the passage of the rest of the CBI to stimulate self-sustaining growth through one-way free trade benefits and other incentives.

We have continued close ties, and high-level collaboration and consultation with our neighbor Mexico. President Reagan met with President Lopez Portillo four times during his own first year in office and has already held a pre-inaugural meeting with the new Mexican President de la Madrid. The U.S. and Mexico reached mutually beneficial bilateral arrangements to help ease Mexico's financial recovery.

5. East Asia

The Reagan Administration has taken significant initiatives toward China and has dealt successfully with problem areas in U.S.-China relations, while preserving the quality of the relationship between the people of Taiwan and the people of the United States.

The United States strengthened its bilateral relations with all five countries of ASEAN, one of the most dynamic regions in the world. Leaders of three ASEAN countries, Indonesia, the Philippines, and Singapore, made visits to the United States to engage in high level dialogue with the President.

America has continued to support ASEAN in opposing Vietnam's occupation of Kampuchea, and in its efforts to bring about an equitable settlement leading to a truly neutral and independent Kampuchea. Voting in the United Nations General Assembly earlier this year indicated overwhelming international support for this policy.

The United States again demonstrated a willingness and ability in 1982 to work closely with Thailand and the members of ASEAN in dealing with the continuing problem of refugee outflow and resettlement from Southeast Asia. The Administration's quiet encouragement has been instrumental in the Thai government's decision to crack down on narcotics trafficking organizations along the Thai-Burma border. The President also affirmed his abiding commitment to gain a full accounting of Americans still missing in Southeast Asia, and we are encouraged that some progress has been made in Laos on this issue.

The Reagan Administration has worked closely with Japan and Republic of Korea to improve and expand cooperative security efforts in Northeast Asia. The U.S. welcomes Japan's decision to acquire a defense capability sufficient to protect sea lanes out to 1,000 miles and will enhance the ability to counter the growing Soviet military presence in the region by deploying two new advanced fighter squadrons to Japan.

Throughout these first two years, the Administration has continued to upgrade both the frequency and level of consultations with Japan on a wide variety of economic and political issues.

6. Africa

The Administration has continued its active engagement in the effort to bring independence to Namibia on a basis that contributes to the long-run security, freedom and development of Southern Africa. There has been considerable progress toward a settlement. The U.S. and her European partners in the UN Contact Group have established a realistic basis for success.

America firmly opposed Libyan support for international terrorism and its subversive activities against neighboring states. Various measures have been taken, including those designed to eliminate U.S. dependence on Libyan oil supplies and reduce the American presence in Libya.

U.S. supported efforts by the Organization for African Unity to bring peace to Chad. This helped to facilitate the withdrawal of Libyan forces from that country.

Working bilaterally, and with other aid donors and financial institutions, the U.S. sought ways to help African states weather the current global economic crisis, while laying the groundwork for renewed development.

7. International Economic Relations

Putting America's own domestic economic house in order is an important key to improving the international economic system. Reduced U.S. inflation and declining U.S. interest rates are key accomplishments in this area. The United States is now working with the Allies to promote non-inflationary growth.

The GATT Ministerial reaffirmed America's commitment to a free international trading system. A number of work programs holding promise for improving the system will be undertaken.

The Reagan Administration has reached an agreement with the European Community on steel trade which defused a major irritant in U.S.-European trade relations.

The Secretary and other senior Treasury officials have worked with our allies in other major industrial countries to reach a more positive and cooperative approach to common economic problems -- both in regular bilateral contacts, and in international meetings such as those of the IMF Interim Committee, the OECD Ministerial, and the Economic Summits at Ottawa and Versailles. They have helped to foster a greater international understanding of the basic, long-term thrust of American economic policy, and have reinforced the common commitment to lay the foundations for a sustainable, non-inflationary recovery.

Most importantly, at U.S. initiative, the Versailles Summit agreed on a new process of multilateral surveillance over basic economic policies -- a major step leading to more uniformly sound economic policies and thereby to sustainable world economic recovery and greater stability in the international monetary system. Also, at U.S. initiative, the Summit countries are studying the effects of past official intervention in foreign exchange markets. The study is scheduled to be completed early in 1983.

The last several years saw an unprecedented expansion in the indebtedness of major international borrowers, particularly those in less developed countries. In the current global economic slowdown, many of these borrowers have had growing difficulty in managing the burden of their debts, and concerns have arisen that widespread insolvency of major borrowers could seriously affect the international financial system. This difficult situation is being managed constructively through international efforts centering on the adjustment and financing functions of the International Monetary Fund.

As part of those efforts, the United States government has helped to arrange short-term financial assistance to countries with debt problems such as Mexico and initiated negotiations for an early and adequate increase in the resources of the International Monetary Fund.

8. Human Rights

The President has underscored America's commitment to seeking improvement in individual conditions through quiet diplomacy and to speak out publicly where necessary to heighten international awareness of human rights concerns. Both have been done, bilaterally with a wide range of governments, and multilaterally at the CSCE Review Meeting in Madrid and in United Nations Organizations.

President Reagan continues to be deeply committed to a human rights policy that reflects this nation's historic traditions. The "positive track" of human rights policy -- long-term work for the encouragement of democracy -- has been emphasized through the Conferences on Democratization of Communist Countries, Free Elections, and the beginning of the Democracy Program Study.

9. The U.S. at the UN

Under the President's direction, the U.S. has taken the UN seriously, and let others know we hear what they say, to behave responsibly and to expect responsible behavior from others. Our UN mission has sought to defend the United States against all unfair attacks; to defend U.S. interests; to oppose crippling regulation; to make the case for freedom, law and democracy as the pathway to development; and to insist on fair, even-handed treatment of all nations inside UN bodies.

As a result of this policy, there have been fewer attacks on the U.S., and criticism has been more muted. Moderates have become more active inside the Non-Aligned Movement in the OAU, and among the Arab and Islamic groups, resisting demands of radical extremists. More have spoken up to request evenhanded treatment of the U.S. and the U.S.S.R.

The strengthened capacity of the United States to defend its own and western interests inside the UN has been demonstrated in many events:

- in the vote on Puerto Rico;
- in the rebuff of Cuba's attempt to raise the Pacific Trust Territories;

- in preventing Israel's exclusion from the General Assembly and the International Telecommunications Union thereby protecting the principle of universality on which the United Nations is based;
- in adoption by the UN Human Rights Commission of the first resolution that made an Eastern European country (Poland) the object of a human rights investigation;
- in the improvement in the treatment of human rights in Latin American nations who have long been judged by harsher standards than the nations of Africa, the Middle East, Eastern Europe or Asia;
- in strong U.S. advocacy of substantially greater understanding of the use by the Soviets and Soviet proxies of chemical weapons and of Soviet exploitation of the peace movement, reflected in three General Assembly actions concerning chemical warfare, and peace movements; and;
- for the first time in years -- in keeping before the UN the Soviet and Soviet Bloc record of conquest, imperialism and intervention, psychiatric abuse and other human rights violations, massive military build-ups, and economic failure.

The Administration has encouraged a focus on conflict resolution and discouraged use of the Security Council to secure short-range political advantage. U.S. success, which has grown steadily, must often be measured by resolutions not adopted, by inflamed rhetoric not uttered, and by initiatives not taken -- for example, heading off unbalanced, one-sided, Soviet-inspired resolutions and condemnations that would have created obstacles to the search for ceasefire and resumption of the broader peace process in the Mideast.

While securing needed authorization for UNIFIL renewal, thereby supporting the active U.S. role in seeking a settlement in Lebanon -- and with negotiations proceeding toward an acceptable Namibian settlement, the U.S. Mission worked to preclude UN actions that might reflect extremist impatience and lead to intransigence from either side.

During the 1982 General Assembly, the U.S. undertook aggressive moves to bring the UN's burgeoning bureaucracy and budget under control and mobilized growing support among major donors for greater budgetary restraint.

10. Nuclear Non-Proliferation

President Reagan has reinforced nuclear non-proliferation as a fundamental U.S. policy objective and directed implementation of a multifaceted policy framework to pursue the goal of preventing the spread of nuclear weapons more effectively. Major elements of the framework are:

- Working with other countries and the International Atomic Energy Agency to strengthen international export controls, international safeguards, and export practices;
- Strengthening the international non-proliferation frameworks, particularly the Non-Proliferation Treaty (under which 116 countries have already renounced the acquisition of nuclear explosives), the Treaty for the Prohibition of Nuclear Weapons in Latin America and the International Atomic Energy Agency;
- Enhancing cooperation with other countries on nuclear supplier issues to help our efforts to inhibit the spread of sensitive nuclear equipment, material or technology, particularly where the danger of proliferation demands;
- Increasing focus on efforts to reduce motivations that can lead a country to seek nuclear weapons. For example, our closer ties to Pakistan provide a means to help reduce that country's sense of insecurity;
- Reestablishing the reputation of the United States as a reliable partner for peaceful nuclear cooperation under effective safeguards. This action is essential to securing effective cooperation with allies and other partners in dealing with proliferation problems and risks.

NATIONAL DEFENSE: REBUILDING THE FOUNDATION

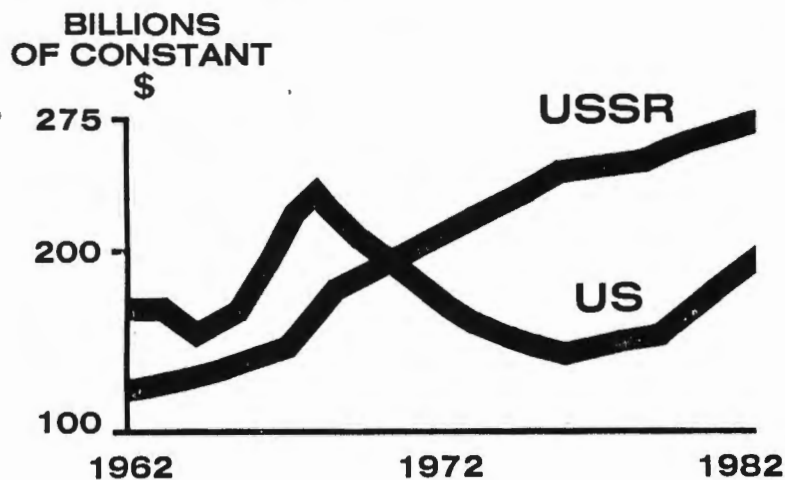
Of those responsibilities assigned to the President of the United States, the most fundamental is providing for the national defense -- keeping the American people safe and at peace. As President Reagan said recently, "I consider this to be a sacred trust."

In pursuing peace, the Reagan Administration has followed two policies simultaneously -- deterrence and arms control. The first policy seeks to maintain the capability to convince a potential adversary that he has nothing to gain by attacking us; the second seeks to obtain significant, verifiable and mutual reduction of arms. For those policies to succeed, America's defenses first had to be restored. This continues to be among the foremost challenges facing the Reagan Administration.

1. Shifting the Military Balance

By 1980 the traditional U.S.-Soviet military balance had shifted. When President Reagan took office, U.S. armed forces were not capable of carrying out all of the traditional missions assigned to them. Two concurrent developments had brought this about:

DEFENSE SPENDING

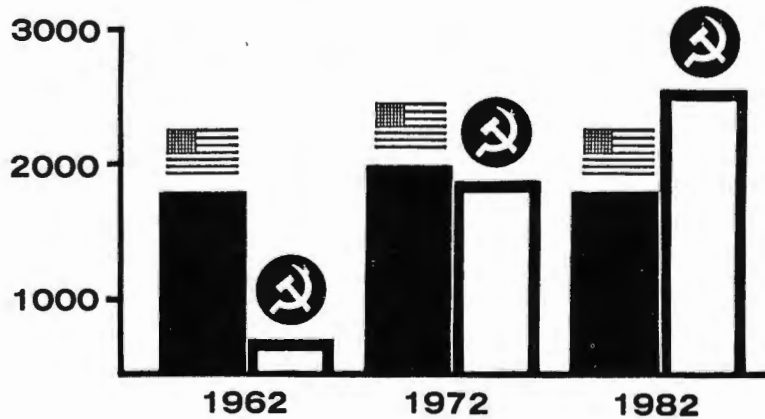


- First, U.S. military capabilities had been allowed to erode significantly because of a decade of inadequate defense budgets. Defense spending actually declined in real terms during most of the 1970s.

-- Second, the Soviet Union's military capabilities had improved significantly in both size and quality as a result of a twenty-year military build-up -- fueled by annual increases in defense spending.

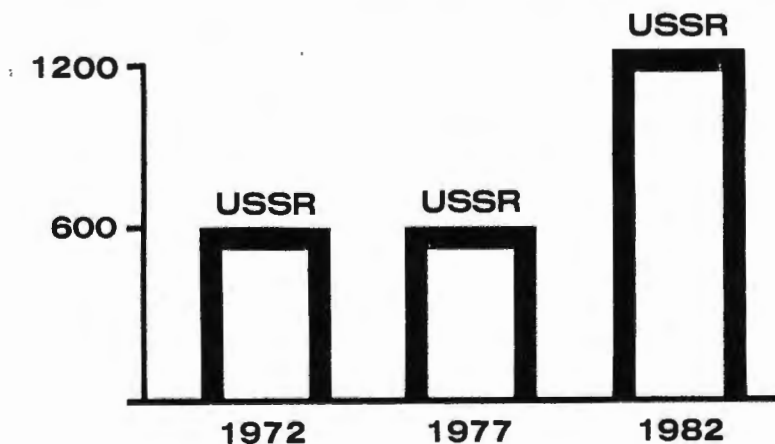
As a result of both factors, by 1980 the overall military balance between the United States and the Soviet Union already had begun to shift dangerously toward the Soviets.

STRATEGIC MISSILES AND BOMBERS



In particular, the strategic nuclear balance was tipping to the Soviets' advantage, thereby eroding the deterrent value of our strategic nuclear forces. Similarly, the Soviet deployment of a new generation of intermediate-range missiles aimed at Europe, when NATO had none at all, was diminishing the deterrent value of NATO's forces.

MISSILE WARHEADS INTERMEDIATE RANGE • LAND BASED



The conventional force balance had also shifted. Traditional American maritime superiority had been put at risk by the Soviet Union's new blue water Navy which had expanded power projection capabilities. Although the previous administration had pledged to prevent any outside force from gaining control of the Persian Gulf Region, it neither sought nor was given the resources necessary to implement that decision. In addition, years of inadequate pay and compensation for U.S. military personnel, coupled with the progressive deterioration of living and working conditions, had resulted in a serious exodus of experienced military personnel which threatened to cripple the All Volunteer Force.

President Reagan's aim is not to outspend the Soviets, or merely to devote more resources to defense. Rather, his aim is to identify America's vital national security interests, to evaluate the nature and extent of the threat to these interests, to develop a strategy to meet these threats, and then to achieve the capabilities needed for implementing that strategy within the constraint of our resources. U.S. strategy, like the forces that implement it, must be prepared to guarantee security in the near-term and beyond.

2. Repairing the Foundation

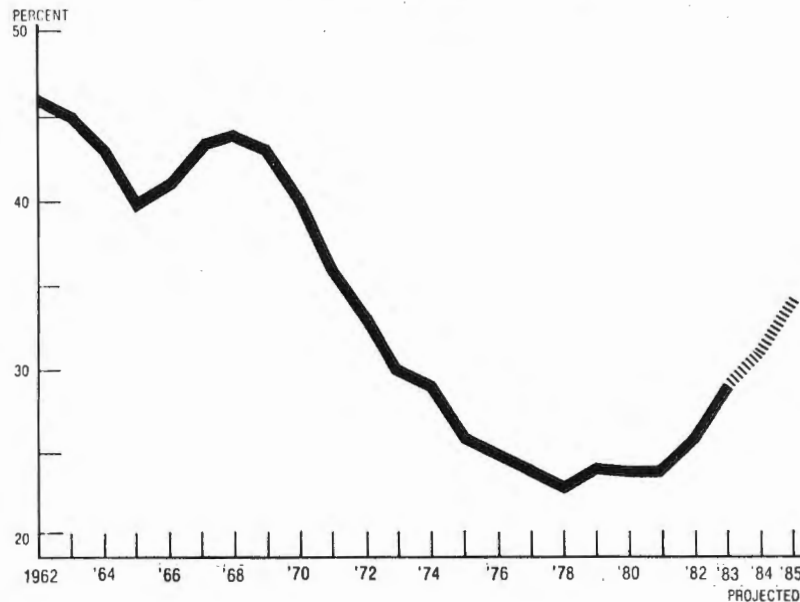
President Reagan began immediately to correct this dangerous imbalance and to revise the problems inherited from previous administrations. He requested and was granted an FY 1981 Budget Supplemental and an FY 1982 Budget Amendment aimed at correcting the most immediate problems of our forces -- their low state of readiness and sustainability. The Department of Defense used these funds to prepare U.S. forces to fight should that be necessary; to buy spare parts to restore equipment to operational condition; to pay for fuel and ammunition for training; and, most importantly, to restore adequate levels of military compensation to keep the All Volunteer Force from collapsing. These funds were also used to secure much needed combat equipment and ammunition so that the U.S. could sustain conflict if it were forced to fight.

For the long-term, President Reagan proposed a five-year defense plan for FY 1983-87 designed to continue these efforts, and also to begin modernizing the United States' increasingly outdated and obsolete weapons systems. The FY 1983 budget makes great strides in reversing the trend of the previous decade by supplying U.S. forces with the modern equipment they need to keep up with the constantly improving Soviet forces.

By providing funds to improve the readiness and sustainability of U.S. forces, President Reagan has taken the steps necessary to keep the peace today. By providing funds to modernize these forces and to undertake essential research and

development, President Reagan has put America on the course to guarantee security in the future. Increases in the Department of Defense budget over the past two years have allowed the U.S. to redress partially the neglect and deficiencies of the past and have provided a foundation upon which America's defense posture can be further strengthened. When President Reagan took office, defense spending's 24% share of total federal spending was about half what it was 20 years ago. Under his long-term spending plans, at somewhat under 35% in 1985, it will be significantly strengthened.

DEFENSE SHARE OF THE FEDERAL BUDGET



3. Real Progress After Two Years

The U.S. defense posture has been enhanced in a number of tangible ways -- particularly in improving combat readiness and redressing severe manpower shortages. Military and civilian manpower levels have increased, along with pay and benefits for military personnel. This has led to a dramatic upturn in America's ability to recruit and retain skilled manpower. The U.S. military now has a more fully manned force with higher-caliber men and women. During the past two years, the Armed Forces has substantially increased the pace of current operations and training, and additional equipment, spare parts, and support and maintenance equipment, thus improving materiel readiness.

To ensure that U.S. strategic forces continue to deter war now and in the future, the President made the necessary budgetary commitment to modernize these forces. To restore the strategic balance, the President has taken steps to maintain an effective penetrating bomber force, a more capable and survivable

force. In addition, he has initiated major improvements in strategic communications, command and control (C³) systems. The development of satellite and missile defense capabilities, deployment of new air defense radars, and modernization of the air defense interceptor forces characterize strategic defensive improvements.

To contend with the Soviet Union's strengthened conventional capabilities, the Defense Department has begun major modernization of non-nuclear ground, air, and naval forces; restored funding for amphibious ships, command and control aircraft, and critical weapons systems -- greatly enhancing strategic mobility. It has embarked on a program to modernize and expand the Air Force and Navy/Marine Corps tactical air units in order to increase U.S. ability to respond flexibly to ambiguous warning, to deploy rapidly to distant regions, and to provide much needed support for our outnumbered ground forces. Strategic mobility enhancements -- airlift, sealift, and prepositioning of supplies and equipment abroad -- permit us to meet widespread overseas commitments.

4. Strategic Modernization

On October 2, 1981, President Reagan announced a comprehensive program for modernizing America's strategic triad of land-, sea-, and air-based strategic forces, and supporting elements.

It consisted of five mutually-reinforcing parts: modernization of the strategic bomber force; a phased introduction of new land-based Peacekeeper missiles; deployment of new submarine-launched missiles; improvements in communications and control systems; and improvements to strategic defenses.

President Reagan's 5-point plan has already been translated into action:

B-1B and Stealth: The first B-1Bs -- a variant of the B-1 bomber -- went into production in 1982. Eventually, 100 operational aircraft will be deployed -- with an initial operational capability in 1986. Meanwhile, R&D will continue on the Advanced Technology Bomber -- the "stealth" aircraft -- with deployment projected in the early 1990s. The first squadron of 16 B-52Gs equipped with cruise missiles became operational in December 1982, while the newest B-52 bombers, the H model, are programmed for cruise missile carriage beginning in 1985.

MX: The President intends to modernize the land-based leg of the Triad. While development continues on the Peacekeeper missile, the President has appointed a Commission on strate-

gic forces to make recommendations to him. After reviewing the Commission's recommendations, early in 1983, the President will report to Congress on this subject.

Trident II: A larger and more accurate sea-launched ballistic missile, the D-5, is under development for deployment on our new Trident submarines beginning in 1989. Construction of Trident class submarines continues at the rate of one a year. The first, the OHIO, launched in 1982, is now deployed on active duty. A second Trident, the USS MICHIGAN, was undergoing sea trials at the end of 1982. In addition, sea-launched cruise missiles will be deployed on general purpose submarines beginning in 1984 to augment strategic reserve forces.

Communications and Control: The U.S. is deploying improved radar and satellite systems to improve warning capabilities and to assess more accurately and reliably the size and scope of a Soviet missile attack. Development has also begun on a new satellite communications system employing extremely-high-frequency channels to ensure that Presidential orders can be passed from command centers to our commanders in the field. The U.S. is upgrading E-4B and EC-135 airborne command posts for the National Command Authority and key military commanders. The survivability of communications systems that link the command centers with all three legs of the strategic Triad will be greatly enhanced.

Strategic Defense: Credibility is being restored to U.S. strategic defenses after nearly two decades of neglect. The North American surveillance networks are being upgraded; F-15s are replacing aging F-106 interceptors; and E-3A AWACS surveillance aircraft will be added for air defense. The United States is pursuing research and development on a ballistic missile defense and reasonable efforts to expand civil defense programs are underway.

5. Rebuilding Conventional Forces

While President Reagan's strategic modernization program has received the highest priority, the bulk of defense funds -- about 85% -- is allocated to conventional forces. The Administration continues to take steps to counter the threat posed by the massive Soviet build-up of conventional weapons over the last two decades. The President's initiatives have halted the relative decline of U.S. forces and set a new course aimed at restoring confidence in America's ability to defend against aggression in any form. He requested \$12 billion more for military readiness improvements than the previous administration for 1981 and 1982. These investments are beginning to pay off. Now, 32 percent more of the military's major units are fully or substantially ready for combat.

6. Restoring Readiness and Sustainability

Stocks of supplies and ammunition have been below desired levels for too long. The Reagan Administration is taking positive action to improve this element of America's combat posture. To replenish stocks of supplies and ammunition that had become so depleted that U.S. forces would have been unable to continue fighting in the event of a protracted conflict, funding for sustainability has been increased so that at the end of the second year, the military will have ten additional days of munitions and supplies. In addition, the Department of Defense is addressing the deteriorating state of the U.S. industrial base and the associated lack of an adequate capability to mobilize.

Total funding for materiel readiness, manpower, facilities, and other support, increased in real terms (constant FY 1983 dollars) by 8.9% in FY 1981, and 9.1% in FY 1982.

In the most significant expansion of conventional force, the Administration has begun rebuilding the Navy. Funds have been allocated for two nuclear-powered carriers, continued nuclear submarine production and additional amphibious capability to counter-block obsolescence that threatens the Navy's amphibious lift capability.

The FY 1982 and FY 1983 shipbuilding budgets represent a 117% increase over the previous administration, progressively building toward a goal of a 600-ship Navy structured around at least 14 carriers and up to four battleships, 100 attack submarines, and amphibious lift for 48,500 Marines and their combat equipment.

The Army is fielding new equipment such as the M1 Tank, the Bradley Fighting Vehicle, the Apache attack helicopter and heavy artillery. The new fighting systems, when coupled with updated battle tactics and reorganized combat units, enable America's maneuver oriented land forces to defeat a numerically superior enemy. To derive maximum effectiveness from the new equipment and unit structures, the Army has instituted a new manning system based on unit as well as individual replacement. The system promises to stabilize unit composition, thereby allowing them to become more cohesive and reducing or eliminating the most disruptive factor to unit readiness by preventing the excessive turnover of soldiers.

Funds for Air Force readiness and sustainability have more than doubled since the previous administration, and unit readiness has improved substantially. For example, an F-15 wing which failed its operational readiness inspection in 1980 because of a lack of spare parts, poor manning, and shortages in critical maintenance skills, passed with flying colors in 1982. The Administration also plans to procure an

additional 56 KC-10 air refueling tankers and 50 C-5B heavy cargo aircraft to increase strategic airlift capability, enabling the military to reduce the present deficit in the transport of outsized equipment. The Administration is expanding the Civil Reserve Air Fleet to provide added civil carrier assets in time of need. Finally, it has begun RDT&E for a new outsize capable airlifter -- the C-17 -- to meet longer-term needs.

In consonance with the President's stated commitment to equip the Guard and Reserve Forces to meet their full responsibility as combat ready elements of the Total Force, the Secretary of Defense has issued two significant memoranda. One memorandum to the Defense Resources Board (DRB) directs solutions be found that will cure Guard and Reserve equipment problems. A second memorandum was sent to the Chairman, Joint Chiefs of Staff and the Service Secretaries directing that DoD equipment policy be enunciated and followed. That policy prescribes that "units that fight first shall be equipped first regardless of component."

The Defense Department is also revitalizing the Special Operations Forces whose capabilities were dangerously eroded during the 1970s. It has initiated a long-overdue modernization of Special Operations Forces equipment, taken steps to fill and maintain these units with highly qualified personnel, funded additional force structure, and enhanced command and control procedures. These and additional steps will ensure that these forces are fully capable of performing the vital and highly demanding missions with which they are charged.

Stimulated by the President's emphasis on combatting terrorism, the Administration is significantly expanding intelligence collection, collation and dissemination capability. DoD sponsored a political-level counter-terrorist exercise attended by Cabinet-level officers -- an unprecedented level of involvement -- to assure that all agencies understand their respective roles in a terrorist incident. This exercise has helped to close a serious gap in counter-terrorist capabilities. The Defense Department is also heavily engaged with other U.S. agencies in a wide variety of additional counter-terrorist planning and exercise activities that will assure smooth coordination in the event of a terrorist incident.

The Administration is constructing minimum essential facilities to support its Southwest Asia strategy. Through supplemental funding of the FY 1981 Military Construction Program and the 1982 and 1983 budgets, approximately one billion dollars has been made available. These facilities, when completed, will significantly improve the capability of U.S. forces to react in time of crisis.

During 1982, formal discussions began with representatives from the Federal Republic of Germany regarding the re-stationing of three Army brigades to positions closer to the eastern border of Germany. This move supports force modernization, increases deterrence and war-fighting capabilities, and improves the working and living conditions for American soldiers and their families. In 1983, the U.S. will continue discussions to develop alternatives for funding this \$1 billion construction program.

Significant achievements in military space activities include orbiting the first military payload on the Space Shuttle and creating the Space Command on September 1, 1982. The Space Command consolidates space activities into a major Air Force command and provides an organizational structure to employ space systems effectively in support of assigned missions.

7. Manpower: Better Troops, Better Morale

From the beginning of the Administration, this Administration has paid much more attention to military personnel in terms of pay and compensation. As a direct result, there is higher morale and better recruitment and retention. In addition, the amount and quality of training has improved, contributing positively to the military readiness posture.

Reversing several years of neglect of America's military people, President Reagan obtained from the Congress an increase in basic pay that restored military compensation to levels that were more competitive with industry. Through his personal involvement, he has restored the attractiveness of the military profession. The caliber of the young people joining the military has improved to an all-time high and more of our experienced people are remaining in the Services.

FY 1982 was one of the best years since the beginning of the All Volunteer Force and was better than most years under conscription. In FY 1982 each of the Military Services met or exceeded its overall recruiting objectives for the active force, enlisting nearly 301,600 men and about 36,000 women. In terms of quality, 86% of all new recruits had a high school diploma. This is the highest proportion ever achieved and compares favorably with the 75% of the youth population with high school diplomas. In the past two fiscal years, the number of women on active duty has increased by 18,000. In addition, overall reenlistment rates were higher than they have been since 1964, resulting in improved levels of manpower readiness.

Preliminary estimates show that Selected Reserve strength increased by more than 110,000 members in the past two years and that, during the past fiscal year, the National Guard

and Reserves recruited 240,900 new people and achieved 104% of their recruiting objective.

8. Cutting Costs and Improving Efficiency

President Reagan and Secretary Weinberger have long been committed to eliminating unnecessary and wasteful expenditures in government. Within a few months of taking office, the Secretary of Defense instituted a sweeping reform of defense management and procurement. In April 1981, DoD began a 32-Point Acquisition Improvement Program to reduce the costs of weapon systems and the time it takes to acquire them, to make the process more efficient, and to increase the program stability.

In April 1981, DoD also instituted a continuing audit, inspection and evaluation process to eliminate waste and uncover fraud and abuse. DoD created the Office of Review and Oversight to coordinate its auditors, inspectors, and investigators. The Director reports directly to the Secretary of Defense on all efforts to uncover and eliminate fraud, waste and mismanagement. DoD also set up a "hotline" in waste and has encouraged everyone connected with the Defense Department to report anonymously any suspicions they have of improper expenditures. A new special unit investigates reports and prosecutes procurement fraud.

These reforms have begun to show positive results. The 32-Point Acquisition Improvement Program has already saved \$2.9 billion and it is anticipated it will save another \$18.5 billion over the next five years. The Office of Review and Oversight has produced more than \$2.3 billion in savings in six months. The "hotline" is receiving over 500 calls a month and producing serious leads expected to save millions of dollars more.

The Defense Department continues to assess critically all its programs to find ways to meet its most important requirements. To bring this defense modernization effort about in an affordable manner, several important initiatives have been undertaken to reduce costs including multi-year procurements, competitive contracting, planned product improvements and encouraging cancellation of lower priority programs to meet higher priority needs.

Finally, DoD has recently directed its lawyers, auditors, and acquisition officers to look at how DoD might reform its procurement practices. For example, DoD has recently taken steps to disallow reimbursement of contractor lobbying costs and legal fees that result from prosecution and conviction for fraud.

By implementing the 32-Acquisition Initiatives, considerable progress has been made in reducing the unit cost of weapon systems in production and preparing more realistic estimates of future systems costs. Two years ago DoD implemented a program to encourage the purchase of certain leased computers. In the first two years of this program, a \$35 million investment offset \$90 million in leases for a net economy of \$55 million. This is consistent with Administration goals to reduce spending growth rates and to strengthen the U.S. defense posture in the most efficient manner possible.

Additionally, a new initiative to save money and continue the current high level of effectiveness concentrates on the efficient use of resources. Another evaluates management structures for effectiveness and consolidates structures with similar functions to improve productivity. Also, DoD is aggressively supporting the Administration's initiative to identify and sell unneeded or underused federal lands to reduce the national debt.

Finally, Americans will spend 2.1 million hours less in responding to 1983 Department of Defense paperwork requests than they did in 1980. In putting into effect the Paperwork Reduction Act, DoD has consolidated previously fragmented information management activities into a single office. A high-level management council has been set up to address policy for improving information management. Initiatives have been taken to reduce forms printing and storage costs, information technology acquisition costs, and to review Defense information management activities to identify additional opportunities for improvements.

9. Getting the Job Done

While much attention has been focused on overdue modernization, increased readiness, quality-of-life improvements, and managerial initiatives, United States military forces have been deployed worldwide conducting training, preserving the peace and responding when U.S. vital interests are threatened. This Administration has maintained NATO commitments and has stopped the trend of the 1970s which saw America's Pacific force structure reduced to well below pre-Vietnam (1960) levels.

Recognizing that the U.S. cannot halt Soviet expansion by itself, the Administration has made major efforts to revitalize the alliances, persuade America's allies to contribute more to the collective defense, and improve the coordination of collective efforts. In East Asia, the Secretary of Defense visited all six of the United States' treaty allies to emphasize the importance America attaches to these efforts. DoD also worked closely with the State Department to stress the importance of security assistance as an indispensable complement to U.S. defense policy.

Commencing in June 1982, with the evacuation of U.S. citizens and selected foreign nationals from Lebanon, the U.S. has been actively involved in new military peacekeeping operations in the Middle East. In addition to the evacuation, operations have included the resettlement of members of the Palestine Liberation Organization from Lebanon to other African and Middle East countries, and a significant contribution to the multinational force currently in place in Lebanon.

Certainly this most significant deployment has demonstrated the ability of forward-deployed military forces to respond to crises in the Middle East. The flexibility of U.S. forces was superbly demonstrated as Navy and Marine Amphibious Units were moved quickly from contingency exercises in the Mediterranean to Lebanon to provide stability in Beirut. After completing one difficult task under extremely adverse conditions, U.S. forces again joined the Multinational Force to enhance the peace process in Lebanon. Less than 72 hours after the President decided once again to demonstrate U.S. resolve to maintain world peace, U.S. Marines were headed back to Lebanon. The speed with which they acted symbolizes this nation's determination and capability to maintain peace with freedom.

Throughout the Middle East and Southwest Asia, military-to-military relationships were strengthened, bolstering the capability and credibility of the American military deterrent. This complements the President's Middle East initiatives designed to initiate a fresh start toward a settlement of conflicts with the goal of ensuring Israel's security, protecting the legitimate rights of the Palestinians, and promoting stability in the area.

America's ability to match resources to U.S. Southwest Asia policy was improved in December 1982 with the announced activation of a new Unified Command for Southwest Asia. This will enable the United States to meet the full-time responsibility for planning, training, and employing U.S. forces in this vital region. The new Unified Command, which will be named the United States Central Command (USCENTCOM), will better serve U.S. interests and the needs of friendly regional states and demonstrate U.S. resolve to defend its interests in the region. USCENTCOM will comprise the Southwest Asia/Persian Gulf area and is being established to improve U.S. response capabilities for limited contingencies.

The Central American and Caribbean area, the strategic southern flank of the United States and site of vital sea lines of communication for the U.S. and Europe, has been a key focus of national security emphasis. The U.S. has provided security assistance to counter hostile subversive activities in the region. Security assistance is part of the Reagan Administration's overall commitment to peace, stability, and economic progress in the region, emphasized by the President's Caribbean Basin Initiative and his recent

Conclusion

The President has laid a firm foundation for a long-term defense program, mindful that past trends cannot be completely reversed by one or two years of increased spending. A sustained commitment over the next several years is necessary. At the same time, he recognizes his responsibility as trustee of the Nation's defense resources and will do all in his power to see that the taxpayers' money is spent wisely and efficiently.

Under President Reagan's leadership, America is on an ambitious, but necessary, course designed to strengthen American defenses. Substantial progress has been made in two short years. Achievable goals have been set to ensure that, while the President works for peace and mutual arms reductions, the security of this nation cannot be successfully threatened by any other nation.

RONALD REAGAN THE COMMUNICATOR

In the first two years of his Administration, President Reagan has made 14 major televised addresses. On each occasion he went before the nation, and in one case the world, to make clear his position on issues of vital concern:

January 20, 1981	Inaugural address
February 5, 1981	Address to the nation on the economy
February 18, 1981	State of the Union address
April 28, 1981	Address to joint session of Congress on the economic package (first appearance since assassination attempt)
July 27, 1981	Address to the nation on tax proposals/budget
September 24, 1981	Address to the nation on the economy
November 18, 1981	National Press Club speech: foreign policy (The speech was beamed to 200 million people worldwide. It reached one of the largest audiences of any President.)
January 26, 1982	State of the Union address
April 29, 1982	Address to the nation on the budget
August 16, 1982	Address to the nation on the tax bill
September 1, 1982	Address to the nation on Middle East Policy
September 20, 1982	Address to the nation on a new multinational peacekeeping force in Lebanon.
October 13, 1982	Address to the nation on the economy
November 22, 1982	Address to the nation on arms control

The President conducted 15 formal press conferences in the White House over the last two years. He also held one informal press conference at his California ranch after signing the Economic Recovery Tax Act of 1981.

Since January 1981, President Reagan has given 80 interviews to individual members of the press or small groups of press representatives. He also had 12 briefings with out-of-town editors and broadcasters.

The President also gave 31 Saturday afternoon radio addresses. He also had numerous informal Q and A sessions with the press as well as nine press availabilities.

PRESIDENTIAL MEETINGS WITH FOREIGN LEADERS
(January 21, 1982 through January 18, 1983)

In nearly 24 months in office, President Reagan met with leaders from 65 countries throughout the world. In addition, 82 diplomats presented their credentials to the President. His travels took him to 12 countries -- eight in the Americas and four in Europe -- and the Vatican.

STATE VISITS (18 total)

February 26, 1981	Prime Minister Thatcher	Great Britain
May 7, 1981	Prime Minister Suzuki	Japan
May 21, 1981	Chancellor Schmidt	Germany
June 30, 1981	Prime Minister Fraser	Australia
August 5, 1981	President Sadat	Egypt
September 9, 1981	Prime Minister Begin	Israel
October 13, 1981	King Juan Carlos	Spain
November 2, 1981	King Hussein	Jordan
November 17, 1981	President Herrera	Venezuela
February 3, 1982	President Mubarak	Egypt
March 25, 1982	President Pertini	Italy
April 19, 1982	Queen Beatrix	Netherlands
May 12, 1982	President Figueiredo	Brazil
July 29, 1982	Prime Minister Ghandi	India
September 16, 1982	President Marcos	Philippines
October 12, 1982	President Soeharto	Indonesia
November 15, 1982	Chancellor Helmut Kohl	Germany
December 7, 1982	President Zia	Pakistan

WORKING VISITS (26 total)

January 28, 1981	Prime Minister Seaga	Jamaica
February 2, 1981	President Chun	Korea
June 9, 1981	President Portillo	Mexico
June 19, 1981	Prime Minister Lee	Singapore
July 10, 1981	Prime Minister Trudeau	Canada
July 24, 1981	Prime Minister Muldoon	New Zealand
September 25, 1981	President Moi	Kenya
October 6, 1981	Prime Minister Prem	Thailand
January 5, 1982	Chancellor Schmidt	Germany
February 17, 1982	Prime Minister Martens	Belgium
March 12, 1982	President Mitterrand	France
April 29, 1982	Prime Minister Mzali	Tunisia
May 19, 1982	King Hassan II	Morocco
June 21, 1982	Prime Minister Begin	Israel
	Prime Minister Lee	Singapore
July 26, 1982	President Ahidjo	Cameroon
August 17, 1982	General Doe	Liberia

September 8, 1982	Pres. Vigdis Finnbogadottir	Iceland
October 19, 1982	President Gemayel	Lebanon
October 22, 1982	King Hassan II	Morocco
November 3, 1982	Prime Minister Spadolini	Italy
December 13, 1982	Prime Minister Schluter	Denmark
December 15, 1982	Prime Minister Balsemao	Portugal
December 21/23, 1982	King Hussein	Jordan
January 5, 1983	President Navon	Israel
January 18, 1983	Prime Minister Nakasone	Japan

MEETINGS AND COURTESY CALLS (79 total)

February 12, 1981	Foreign Minister Colombo	Italy
	Foreign Minister Al-Zawawi	Oman
February 24, 1981	Foreign Minister Shamir	Israel
February 25, 1981	For. Min. Francois-Poncet	France
February 28, 1981	Prime Minister Thatcher	Great Britain
March 9, 1981	Foreign Minister Genscher	Germany
March 17, 1981	President-elect Viola	Argentina
March 20, 1981	Form. Prime Minister Fukuda	Japan
March 24, 1981	Foreign Minister Ito	Japan
April 16, 1981	Secretary General Luns	NATO
April 30, 1981	Secretary General Waldheim	The U.N.
May 1-2, 1981	Prince Charles	Great Britain
May 8, 1981	Prime Minister Suzuki	Japan
May 15, 1981	Prime Minister Botha	South Africa
	Foreign Minister Andrei	Romania
May 22, 1981	Chancellor Schmidt	Germany
June 5, 1981	Foreign Minister Cheysson	France
June 8, 1981	President Portillo	Mexico
	President Bongo	Gabonese Republic
July 9, 1981	Foreign Minister Llorca	Spain
July 12, 1981	President Thorn	Cmsn/Europ. Comm.
August 6, 1981	President Sadat	Egypt
September 15, 1981	Mayor von Weizsacker	Berlin
September 16, 1981	Patriarch Khoraiiche	Antioch
September 17, 1981	Former President d'Estaing	France
	Prime Minister Trudeau	Canada
	President Portillo	Mexico
September 21, 1981	President Duarte	El Salvador
September 25, 1981	President Moi	Kenya
October 2, 1981	Vice President Mubarak	Egypt
October 16, 1981	Prime Minister Ramgoolam	Mauritius
	Chancellor Helmut Kohl	Germany
October 18, 1981	President Mitterrand	France
October 29, 1981	Vice Premier Huang Hua	China
November 3, 1981	King Hussein	Jordan
November 12, 1981	Foreign Minister Stray	Norway
November 13, 1981	High Cmsn. Hartling	UN
November 18, 1981	President Herrera	Venezuela
November 20, 1981	President Nimeiri	Sudan

November 22, 1981	King Gustav	Sweden
December 1, 1981	President Mobutu	Zaire
December 8, 1981	President Kyprianou	Cyprus
December 15, 1981	Secretary of State Casaroli	Vatican
	Minister Yamani	Saudi Arabia
January 14, 1982	Secretary Gen. de Cuellar	The U.N.
January 18, 1982	Trade Minister Abe	Japan
February 23, 1982	Special Trade Rep. Esaki	Japan
March 9, 1982	Foreign Minister Genscher	Germany
March 11, 1982	President Siad Barre	Somalia
March 17, 1982	Prime Minister Haughey	Ireland
March 18, 1982	Parliament Member Strauss	Germany
March 22, 1982	For. Minister Sakurauchi	Japan
	Premier Swan	Bermuda
March 25, 1982	Three Latin American Foreign	Ministers
March 29, 1982	Defense Minister Ghazala	Egypt
April 16, 1982	Islamic Ambassadors	
May 1, 1982	Depty. Prem. Marjai	Hungary
May 6, 1982	Foreign Minister Llorca	Spain
May 17, 1982	Prime Minister Fraser	Australia
June 16, 1982	Foreign Minister Ali	Egypt
June 22, 1982	President Monge	Costa Rica
June 23, 1982	Prime Minister Thatcher	Great Britain
June 30, 1982	President Toure	Guinea
July 14, 1892	President Suazo	Honduras
July 15, 1982	Pres-elect. Blanco	Dominican Repub.
July 20, 1982	For. Ministers/Ambassadors	Syria/Saudi Arab.
July 26, 1982	General Jusuf	Indonesia
July 30, 1982	Foreign Minister Ali	Egypt
August 2, 1982	Foreign Minister Shamir	Israel
October 1, 1982	President Espriella	Panama
October 18, 1982	King Olav	Norway
November 4, 1982	President Monge	Costa Rica
November 7, 1982	Prince Phillip	Great Britain
November 12, 1982	Foreign Minister Ali	Egypt
	Foreign Minister Amor	Mexico
December 15, 1982	Foreign Minister Salem	Lebanon
January 5, 1983	President Navon	Israel
January 13, 1983	Paris Mayor Chirac	France
January 14, 1983	Secretary Gen. de Cuellar	The U.N.

FOREIGN TRAVEL (7 total)

March 10-11, 1981	Prime Minister Trudeau	Canada
July 19-21, 1981	Ottawa Economic Summit	Canada
	Bilateral Meetings:	
	Chancellor Schmidt	--Germany
	President Mitterrand	--France
	P.M. Spadolini	--Italy
	P.M. Thatcher	--Britain
	P.M. Suzuki	--Japan
October 21-24, 1981	Cancun Summit	Mexico

Bilateral Meetings:

President Portillo	--Mexico
Premier Ziyang	--China
P.M. Ghandi	--India
President Shagari	--Nigeria
President Herrera	--Venezuela
President Kraigher	--Yugoslavia
President Marcos	--Philippines
P.M. Rahman	--Bangladesh
President Bendjedid	--Algeria
President Burnham	--Guyana
Crown Prince Fahd	--Saudi Arabia
Secretary Gen. Waldheim	--UN
President Nyerere	--Tanzania
Foreign Min. Pahr	--Austria

April 7-11, 1982

Caribbean

Jamaica, Barbados

Also meetings with leaders
from St. Vincent/Grenadines;
Antigua/Barbuda; Dominica;
St. Kitts

June 2-11, 1982

Europe

France, Italy,

Bilateral Meetings:

Vatican, Great
Britain, Germany

President Mitterrand
Paris Mayor Chirac
P.M. Suzuki
P.M. Spadolini
President Pertini
P.M. Thatcher
Chancellor Schmidt
President Carstens
Mayor von Weizsacker
General Luns

--France
--France
--Japan
--Italy
--Italy
--Britain
--Germany
--Germany
--Berlin
--Netherlands

October 8, 1982

Pres-elect la Madrid

Mexico

Nov. 30-Dec. 4, 1982

Latin America

Brazil, Colombia,

Bilateral Meetings:

Costa Rica,
Honduras

President Figueiredo
President Betancur
President Monge
President Magana
President Suazo
President Montt

--Brazil
--Colombia
--Costa Rica
--El Salvador
--Honduras
--Guatemala

CHRONOLOGY OF THE FIRST TWO YEARS

1981

- January 20 President Reagan sworn into office, first ever on West front of the Capitol; immediately announces a freeze on federal hiring.
- The President announces his nominees for the Cabinet.
- January 21 The President swears-in the White House staff; requests resignations of Carter appointees.
- January 22 The President signs memorandum to departments and agencies ordering reductions in spending for consulting contracts, office redecoration and other non-essentials.
- The President signs an Executive Order establishing the Task Force on Regulatory Relief, chaired by Vice President Bush, to lessen regulatory burdens.
- January 28 The President signs an Executive Order decontrolling oil.
- January 29 The President signs an Executive Order eliminating the wage and price program of the Council on Wage and Price Stability.
- First nationally televised Presidential news conference.
- February 3 Senate completes action on Cabinet nominations.
- February 4 The President meets with the bipartisan Congressional leadership; first trip to Capitol Hill after Inaugural.
- February 5 The President makes his first nationally televised address to the nation outlining the state of the economy and describing his plans for recovery.
- February 7 The President approves an Act to provide for a temporary increase in the public debt to \$985 billion.
- February 17 The President signs an Executive Order requiring Office of Management and Budget review of all proposed new regulations.

February 18 The President makes televised address to joint session of Congress; outlines his Program for Economic Recovery.

February 24 The President issues an Executive Order suspending litigation against Iran.

February 26 The Administration formally constitutes five Cabinet Councils.

March 2 The President issues an Executive Order establishing the President's Economic Policy Advisory Board, chaired by George Shultz; will advise the Administration on domestic and international economic policy.

The President speaks at the Mid-Winter Conference of the National League of Cities in Washington, D.C.

March 5 The President approves federal aid to Atlanta in the wake of child killings there.

March 6 Nationally televised Presidential news conference.

March 9 The President proposes replacing federal hiring freeze with permanent federal hiring guidelines.

March 10 The President submits to Congress more details of the Program for Economic Recovery outlining 200 additional budget cuts.

March 20 The President speaks at the Conservative Political Action Conference dinner in Washington, D.C.

March 24 The President designates Vice President Bush to chair the Administration's "crisis management" team.

March 26 The President issues an Executive Order to establish the Council on Integrity and Efficiency to identify and eliminate federal waste, fraud and abuse.

The United States declares Poland should be allowed to resolve its own problems without interference from any outside power.

March 30 Attempted assassination of President Reagan by John Hinckley, Jr.; Press Secretary James Brady shot and gravely wounded; Secret Service Agent Timothy McCarthy and D.C. Metropolitan Police Officer Thomas

Delahanty also wounded; incident occurred after speech to AFL-CIO at the Washington Hilton Hotel.

April 1 The Administration withholds aid to Nicaragua for sending arms to El Salvadoran guerillas.

April 6 The President proposes to ease regulations to help the auto industry by eliminating the need for \$1.4 billion in capital costs; proposal to lower consumer prices by \$9.3 billion over the next five years.

April 8 The President issues an Executive Order establishing the Presidential Advisory Committee on Federalism and Coordinating Task Force on Federalism chaired by U.S. Senator Paul Laxalt.

April 11 The President returns to the White House after 12 days in the hospital.

April 21 The President announces his decision to sell AWACS planes to Saudi Arabia.

April 24 The President lifts the Soviet grain embargo.

April 28 The President makes a nationally televised speech before a joint session of Congress; discusses his Program for Economic Recovery.

May 1 Japanese government announces its voluntary decision to limit auto exports to the U.S. for two years.

May 5 The President announces Philip Habib's mission to Israel, Lebanon and Syria to explore ways to reduce tension there.

May 6 The Administration orders the Libyan diplomatic mission closed.

May 7 The House passes the Reagan bipartisan (Gramm-Latta) budget resolution.

May 12 The Senate passes the President's budget.

HHS Secretary Schweiker announces the President's proposed Social Security revisions to return the system to financial stability yet protect basic benefits.

May 17 The President addresses the 1981 graduating class at Notre Dame University commencement exercises.

May 27 The President addresses the 1981 graduating class at West Point commencement exercises.

May 28 In a letter to Congress, the President outlines his commitment to three principles for Social Security reform; asks for bipartisan cooperation to save the Social Security system.

June 5 The President issues an Executive Order establishing the Task Force on the Arts and Humanities.

June 12 The President proclaims July 17, 1981, National P.O.W.-M.I.A. Recognition Day.

June 16 Nationally televised Presidential news conference.

The President issues an Executive Order establishing the Presidential Advisory Commission on National Housing Policies chaired by William McKenna.

June 25 The Senate passes the Omnibus Budget Reconciliation Bill.

June 26 The House passes the Reagan bipartisan (Gramm-Latta II) budget.

June 29 The President speaks at the annual convention of the National Association for the Advancement of Colored People (NAACP) in Denver.

July 7 The President nominates Sandra Day O'Connor to be the first woman Justice of the Supreme Court.

July 17 The Administration issues a national energy plan.

July 20 - 22 The President attends Ottawa Economic Summit.

July 27 The President makes a television address to the nation asking for support of his tax plan.

July 29 Congress passes the President's Economic Recovery Tax Act of 1981 -- the largest tax cut in history.

July 30 The President announces major immigration and refugee policy.

The President speaks at the annual convention of the National Conference of State Legislatures in Atlanta.

July 31 The House and Senate agree on the Conference Report on the Omnibus Budget Reconciliation Bill.

August 3 The President responds to an illegal strike by air traffic controllers; says that those who do not return to work in 48 hours will be dismissed.

August 5 The Administration announces 11 guidelines for revision of the Clean Air Act.

August 6 The President signs legislation passed at his request transferring the Maritime Administration from the Commerce Department to the Transportation Department.

August 13 The President signs into law the Economic Recovery Tax Act of 1981 and the Omnibus Budget Reconciliation Act of 1981; holds an informal press conference.

August 20 Two U.S. Navy fighters shoot down two attacking Libyan fighters during a training exercise in the Mediterranean.

September 15 The President announces a program to increase participation of historically Black colleges and universities in federal programs.

September 16 The President speaks to representatives from the Hispanic community at a luncheon in honor of National Hispanic Heritage Week.

September 18 The President speaks at the dedication of the Gerald Ford Presidential Museum in Grand Rapids, Michigan; meets with President Lopez Portillo of Mexico, Prime Minister Trudeau of Canada and Former President Giscard d'Estaing of France.

September 22 The President establishes the Presidential Commission on Broadcasting to Cuba.

September 24 The President makes nationally televised address on his Program for Economic Recovery; withdraws Social Security reform proposals and calls for appointment of bipartisan commission.

September 25 Sandra O'Connor sworn in as the first woman Justice of the Supreme Court.

September 28 The President outlines the Administration's plans to combat crime in America in speech to the International Association of Chiefs of Police in New Orleans.

September 30 The President signs a bill raising the national debt ceiling to more than \$1 trillion dollars.

October 1 The Administration authorizes sales to the USSR of an additional 15 million metric tons of grain. Nationally televised Presidential news conference.

October 2 The President announces five-part comprehensive plan for modernization of U.S. strategic forces including his decision on the B-1 bomber and MX missile.

October 8 The Administration announces a series of nuclear energy policy initiatives.

Former Presidents Nixon, Ford and Carter meet with the President in the White House then depart for Cairo to attend President Sadat's funeral.

October 14 The President establishes Task Force on Private Sector Initiatives; will promote private sector involvement in meeting social problems.

October 18 - 19 The President attends the Yorktown Bicentennial celebration in Yorktown, Virginia, with French President Mitterrand.

October 20 The President establishes the Foreign Intelligence Advisory Board, chaired by Anne Armstrong.

October 21 - 24 The President attends Cancun Summit.

October 28 Senate approves sale of five AWACS planes to Saudi Arabia.

November 6 President Reagan announces he favors an extension of the Voting Rights Act.

November 10 Nationally televised Presidential news conference.

November 12 The President meets with OMB Director David Stockman, declines his resignation offer; Stockman discusses controversial Atlantic Monthly article in press conference.

November 17 The President announces all branches of the U.S. military achieved their recruiting goals for fiscal '81 -- the most successful year since the start of an all volunteer force in 1973.

November 18 The President addresses the nation and the world via satellite to propose elimination of intermediate range, land-based nuclear missiles.

November 23 The President issues his first veto -- of the continuing resolution for FY '82 appropriations.

Later the same day, the President signs compromise legislation temporarily extending the continuing resolution through December 15, 1981. Presidential Press Secretary James Brady returns to his home after an eight month hospital stay.

November 30 Beginning of U.S.-Soviet European arms reductions talks.

December 3 The President announces revision of pension plan regulations to permit construction-oriented pension funds to invest assets in home mortgage markets.

December 9 The President lifts the ban on federal rehiring of fired air traffic controllers except by the FAA.

December 10 The President bans U.S. travel to Libya and calls on American corporations to return their 1500 U.S. employees to the United States in wake of reports of Libyan assassination plot against U.S. leaders.

The House passes the Continuing Budget Resolution with \$4 billion in domestic appropriations cuts asked for by the President.

December 11 The Senate passes the Continuing Budget Resolution.

December 12 Martial law declared in Poland.

December 15 The President signs the Continuing Budget Resolution.

December 16 The President signs an Executive Order establishing the National Commission on Social Security Reform.

December 17 Nationally televised Presidential news conference.

The President lights the National Christmas Tree.

December 21 The President issues an Executive Order establishing the Task Force On Legal Equity For Women to correct federal regulations that discriminate against women.

December 23 The President makes a nationally televised holiday address to the nation; asks Americans to light a candle on Christmas Eve for the people of Poland.

December 29

The President signs two foreign aid bills, the first enacted since 1979.

The President signs into law the Black Lung Program Bill.

The President signs into law the Multinational Force and Observers Participation Resolution ensuring U.S. participation in the implementation of security aspects of the peace treaty between Israel and Egypt.

1982

January 4

The President accepts the resignation of Richard V. Allen, National Security Adviser; names William P. Clark to fill the position.

January 7

The President announces his decision to continue draft registration.

January 12

The President announces his support of statehood for Puerto Rico if the people of the island choose statehood in a free and democratic election.

January 14

The President speaks at a luncheon of the New York City Partnership, an association of business and civic leaders, to outline his Private Sector Initiatives effort.

January 18

The President transmits to Congress proposed legislation allowing tax exemptions for private schools.

January 19

Nationally televised Presidential news conference.

January 20

The President proclaims January 30 Solidarity Day.

January 26

The President delivers televised State of the Union address before a joint session of the Congress.

January 28

The President announces establishment of a federal task force to assist the state of Florida in combatting crime and drug-traffic in South Florida.

The President speaks at a White House luncheon on the centennial of the birth of Franklin Delano Roosevelt.

Italian police free Brigadier General James L. Dozier from Red Brigade captors.

January 29

The President issues a statement of U.S. policy to the third United Nations Conference on the Law of the Sea.

The President announces the formation of the Cabinet Council on Legal Policy.

The President sends a message to hunger strikers in the United States Embassy in Moscow protesting the Soviet Union's failure to allow their emigration.

- February 2 The President transmits to Congress the United States-Bangladesh agreement on nuclear energy.
- February 4 The President calls on Soviet President Brezhnev to join the United States in negotiations on the reduction of intermediate-range nuclear forces.
- February 8 The President transmits to Congress his FY83 Budget request.
- February 9 The President addresses a joint session of the Iowa State Legislature in Des Moines; later that day, addresses a joint session of the Indiana State Legislature in Indianapolis.
- February 10 The President sends to the Congress an annual Economic Report of the President and the Economic Report of the Council of Economic Advisers.
- February 18 Nationally televised Presidential news conference.
- February 24 The President addresses the Permanent Council of the Organization of American States outlining his Caribbean Basin Initiative.
- February 26 The President speaks at the Conservative Political Action Conference dinner in Washington, D.C.
- March 1 The President transmits to Congress an annual report on the state of small business, meets with small business leaders.
- The President announces he will not ask Congress to accelerate the schedule of partial natural gas de-control in 1982.
- March 3 The President speaks at the Los Angeles County Board of Supervisors' Town Meeting in Los Angeles.
- March 11 The President transmits to Congress a report stating the continuation of a policy of nuclear non-proliferation and peaceful nuclear cooperation as required by the Nuclear Non-Proliferation Act of 1978.

March 15 The President addresses a joint session of the Alabama State Legislature in Montgomery; later that day, addresses a joint session of the Tennessee State Legislature in Nashville.

March 16 The President makes an address before a joint session of the Oklahoma State Legislature in Oklahoma City.

March 17 The President transmits to Congress the Caribbean Basin Economic Recovery Act.

March 20 The President vetoes Standby Petroleum Allocation legislation.

March 22 The President signs into law a House resolution calling on the Soviet Union to cease its repressive actions against Soviet citizens who want to emigrate or practice religious or cultural traditions.

March 23 The President transmits to Congress the Enterprise Zone Tax Act to establish an experimental program for economically depressed urban areas.

The President receives the Charles Evans Hughes Gold Medal for "Courageous Leadership in Governmental, Civic and Human Affairs" from the National Conference of Christians and Jews; awarded to only four Presidents and 13 Americans.

March 24 The Senate votes to sustain the President's March 20th veto.

March 31 The President sends a letter to government officials in El Salvador congratulating them on their successful first national election.

Nationally televised Presidential news conference

April 2 Argentina invades the Falkland Islands.

The President issues an Executive Order prescribing a uniform system for classifying, declassifying and safeguarding national security information.

April 3 The President makes a radio address to the nation about the Economic Recovery Program, first in new series of weekly radio addresses.

April 5 The President speaks at the AFL-CIO Building and Construction Trades Department's annual legislative conference in Washinton, D.C.

April 7-10 The President visits Jamaica and Barbados.

April 8 Secretary of State Alexander Haig begins a Falkland Islands diplomatic mission; holds preliminary discussions with British and Argentine officials.

April 10 The President makes a radio address to the nation about the Caribbean Basin Initiative and student loans.

April 13 Secretary of State Haig ends Falkland Islands diplomatic talks due to the failure of Great Britain and Argentina to reach a compromise.

April 14 The President signs an Executive Order establishing the Presidential Commission on Drunk Driving.

April 15 Secretary of State Haig resumes the Falkland Islands diplomatic mission.

The President speaks at a meeting of the National Catholic Education Association in Chicago.

April 17 The President makes a radio address to the nation about nuclear arms negotiations.

April 23 The President signs an Executive Order establishing the President's Task Force on Victims of Crime.

April 24 The President makes a radio address to the nation about taxes, interest rates and tuition tax credits.

April 25 Israel successfully completes its withdrawal from the Sinai Peninsula.

April 26 The President speaks at the annual meeting of the U.S. Chamber of Commerce in Washington, D.C.

April 27 The President meets with National Service Organization leaders to discuss Private Sector Initiatives.

April 29 The President makes a nationally televised address to the nation about the FY '83 budget.

April 30 The United States imposes limited sanctions against Argentina.

May 1 Great Britain and Argentina go to war over the Falkland Islands.

The President makes a radio address to the nation about the Economic Recovery Program.

The President speaks at the opening ceremony of the World's Fair in Knoxville, Tennessee.

May 3 The President and Mrs. Reagan visit the Phillip Butler family in College Park Woods, Maryland to express regret over a cross burning on the Butler's front lawn.

May 4 The President attends the Republican House/Senate fundraising dinner "Salute to President Ronald Reagan" in Washington, D.C.

May 8 The President makes a radio address to the nation about the Economic Recovery Program and unemployment.

May 9 The President addresses the 1982 graduating class at Eureka College commencement exercises.

May 13 Nationally televised Presidential news conference.

May 15 The President makes a radio address to the nation about Armed Forces Day.

May 17 The President transmits to Congress a proposed constitutional amendment to allow voluntary prayer in public schools.

May 21 The Senate passes the FY '83 Congressional Budget Resolution.

May 22 The President makes a radio address to the nation about the federal budget.

May 26 The President transmits to Congress a report on the Sinai Support Mission of U.S. troops.

May 28 The President speaks at the Mexican-United States Interparliamentary Conference in Santa Barbara, California.

May 29 The President makes a radio address to the nation about the FY '83 Budget and the Western Alliance.

May 31 The President speaks at Arlington National Cemetery on Memorial Day.

The governments of the United States and the Soviet Union agree to begin formal negotiations on reducing intermediate-range nuclear forces.

June 1 The President proclaims July 9, 1982 to be National P.O.W.- M.I.A. Recognition Day.

June 2-11 The President departs for meetings in Europe.

June 2-6 The President attends the Versailles Economic Summit Conference in Versailles, France.

June 5 The President makes a radio address to the nation about his trip to Europe from Versailles, France.

June 6 Israel invades Lebanon.

June 7 The President meets with Pope John Paul II.

The President meets with President Alessandro Pertini and Prime Minister Spadolini of Italy.

June 8 The President addresses members of Parliament in London, England.

June 9 The President addresses the Bundestag in Bonn, Federal Republic of Germany.

The President asks Congress to provide \$20 million to aid victims of the conflict in Lebanon.

June 10 The House passes the FY '83 Congressional Budget Resolution.

The President meets with members of the North Atlantic Council of NATO at Schaumburg Palace in the Federal Republic of Germany.

June 11 The President speaks in Berlin, goes to Checkpoint Charlie to view the Berlin Wall.

The President returns from Europe.

June 15 There is a cease-fire between Argentina and the United Kingdom in the Falkland Islands.

June 17 The President speaks before the United Nations General Assembly during a special session on disarmament.

June 18 The President announces \$10 million in additional aid to the war-torn country of Lebanon.

June 22 The President transmits to Congress proposed legislation for federal income tax credit for nonpublic school tuition.

June 23 Congress approves the FY '83 Congressional Budget Resolution.

- The President signs a bill making it a crime to disclose the names of U.S. intelligence agents.
- June 24 The President issues an Executive Order establishing a federal drug abuse policy and begins a new campaign against drug abuse.
- The President vetoes the FY '82 Supplemental Appropriations Bill passed by the House.
- June 25 The President vetoes a second FY '82 Supplemental Appropriations Bill passed by the House.
- Secretary of State Alexander Haig resigns; the President nominates George P. Schultz to succeed.
- June 26 Israel and Lebanon announce a cease-fire and agree to begin negotiations.
- June 29 The President signs into law the longest extension of the Voting Rights Act in history.
- June 30 The President signs an Executive Order establishing the President's Private Sector Survey on Cost Control in the Federal Government.
- Nationally televised Presidential news conference.
- July 3 The President makes a radio address to the nation about Independence Day.
- July 4 The President announces his national space policy.
- July 12 The President terminates economic sanctions against Argentina imposed during the Falkland Island dispute.
- July 14 The Administration issues a statement on continued United States neutrality in the Iraq-Iran war.
- The President issues an Executive Order to provide for federal, state and local government review of federal programs.
- July 15 The Senate confirms George P. Schultz as Secretary of State.
- July 18 The President signs into law the FY '82 Supplemental Appropriations bill.
- July 19 The President signs into law an Urgent Supplemental Appropriations Act.

The President speaks at the Balanced Budget Amendment rally at the Capitol.

July 20 The President attends a reception marking formation of the James S. Brady Presidential foundation.

July 21 The House approves funds for the production of the MX Missile.

July 22 The President signs the Small Business Innovation Development Act of 1982.

July 23 Murray L. Weidenbaum resigns as Chairman of the Council of Economic Advisers.

The President signs into law the Federal Employees Flexible and Compressed Work Schedules Act of 1982.

The President sends a letter to Members of the House of Representatives asking for support for a bipartisan strategic arms reduction resolution and not a nuclear freeze resolution.

July 28 Nationally televised Presidential news conference.

July 30 The Administration announces a one year extension of the United States-Soviet Grain Sales Agreement.

August 2 The President meets with Israeli Foreign Minister Yitzhak Shamir to discuss the conflict in Lebanon.

The President speaks at the National Corn Grower's Annual Convention in Des Moines, Iowa.

August 3 The President speaks at the Centennial Meeting of the Supreme Council of the Knights of Columbus in Hartford, Connecticut.

The President signs the Energy Emergency Preparedness Act of 1982.

August 4 The Senate passes the Balanced Budget Amendment.

August 5 The House passes a strategic arms reduction resolution supported by the President.

August 6 The President nominates Martin Feldstein to be Chairman of the Council of Economic Advisers.

The Administration announces an agreement on European exports of steel to the United States.

August 16 The President makes a nationally televised address to the nation on the Tax Equity and Fiscal Responsibility Act.

August 17 The Administration and China issue a joint statement on arm sales to Taiwan.

August 19 Congress passes the Tax Equity and Fiscal Responsibility Act.

August 20 The President announces his approval of the deployment of United States forces in Beirut, Lebanon as part of a multinational force to assist in the withdrawal of the PLO from Lebanon.

August 23 The President congratulates Bashir Gemayel, newly elected President of Lebanon.

August 24 The President sends a report to the Speaker of the House and President of the Senate on the deployment of U.S. forces in Lebanon.

August 26 The President transmits to Congress an alternate plan for federal civilian pay increases of four percent.

August 27 The President announces the formation of the White House Coordinating Council on Women.

August 28 The President vetoes the Supplemental Appropriations Bill for federal programs and agencies.

The President makes a radio address to the nation on the national economy.

September 1 The President makes a nationally televised address to the nation about United States policy for peace in the Middle East.

September 3 The President signs into law the Tax Equity and Fiscal Responsibility Act of 1982.

September 4 The President makes a radio address to the nation about Labor Day.

September 7 The President presents Ambassador Philip C. Habib with the Presidential Medal of Freedom.

September 8 The President sends a letter to the Speaker of the House and President of the Senate calling for United States readiness to extend credit to Mexico.

- September 9 The President signs into law the Cumberland Island Wilderness Area and Crater Lake National Park Bill; designates the first wilderness area granted statutory protection during the Administration.
- The President delivers an address at the Alfred Landon Lecture Series in Manhattan, Kansas; later, speaks at a Kansas Republican Party fundraising luncheon in Topeka.
- The House overrides the President's veto of the Supplemental Appropriations Bill.
- September 10 The Senate overrides the President's veto of the Supplemental Appropriations Bill.
- The President speaks at the Utah Republican Party picnic in Hooper.
- September 11 The President makes a radio address to the nation about crime and criminal justice reform.
- September 13 The President transmits to Congress the Criminal Justice Reform Act of 1982 to strengthen society's defenses against crime in America.
- The President sends a message to Congress proposing additions to the National Wild and Scenic Rivers and National Wilderness Preservation Systems totalling 245 miles of rivers and 21,000 acres of wilderness.
- The President issues an Executive Order establishing the President's National Security Telecommunications Advisory Committee.
- September 14 The President makes a statement condemning the assassination of Bashir Gemayel, President-elect of Lebanon.
- September 15 The President speaks at the National Black Republican Council dinner in Washington, D.C.
- September 16 The President instructs Congress to convene in a special session following the November elections to pass regular appropriations bills for FY '83.
- September 17 The President speaks at the San Gennaro Festival attended by New Jersey Republican candidates.
- September 18 The President makes a radio address to the nation about prayer in schools.

September 20 The President makes a nationally televised address to the nation announcing the formation of a new multinational peacekeeping force in Lebanon.

September 22 The President meets with Black college and university presidents; announces a stepped-up plan to increase participation of these institutions in federal programs.

The President announces the formation of the Cabinet Council on Management and Administration.

The President submits to Congress the National Debt Retirement Act of 1982 allowing the Treasury Department to use the proceeds from the sale of federal property to retire the national debt.

The President signs into law a Senate Joint Resolution ending a four-day railway strike.

The President sends a letter of congratulations to Amin Gemayel, the President-elect of Lebanon.

September 25 The President makes a radio address to the nation about the economy.

September 28 Nationally televised Presidential news conference.

September 29 The President speaks at a state Republican Party rally in Richmond, Virginia.

October 1 The House defeats the Balanced Budget Amendment.

October 2 The President makes a radio address to the nation about the federal drug policy.

October 4 The President meets with Ohio veterans; later speaks at a reception for the Bud Brown for Governor campaign in Columbus, Ohio.

October 7 The President speaks at a state Republican Party rally in Reno, Nevada.

October 8 The President signs into law the Export Trading Company Act of 1982.

October 9 The President makes a radio address to the nation about Solidarity and U.S. relations with Poland.

October 11 The President speaks at a statewide Republican candidates rally in Irving, Texas.

- October 12 The President signs into law the Missing Children Act to help parents trace missing children.
- The President signs into law the Victim and Witness Protection Act of 1982.
- October 13 The President signs into law the Job Training Partnership Act; will train more than one million Americans a year in skills for private sector jobs.
- The President makes a nationally televised address to the nation about the economy.
- October 14 The President speaks via satellite from Washington, D.C. to eleven campaign events across the nation.
- The President signs into law student aid legislation.
- The President announces federal initiatives against drug trafficking and organized crime.
- The President signs into law the Veterans Compensation, Education and Employment Amendments of 1982, providing a 7.4 percent cost-of-living increase to 2.3 million disabled veterans.
- October 15 The President makes a radio address to the nation about agriculture and grain exports.
- The President signs into law the Garn-St. Germain Depository Institutions Act of 1982.
- The President signs into law the FY '83 Military Construction Appropriation Act providing budget authority of \$7.0 billion for vitally needed military facilities in the U.S. and Europe.
- October 16 The President makes a radio address to the nation about the economy.
- October 18 The President signs into law the Coastal Barriers Resources Act saving taxpayers millions of dollars while preserving undeveloped coastal lands.
- October 20 The President visits a family-owned farm in Chapin, Illinois; later speaks at a rally for Republican candidates in Peoria.
- October 21 Administration reaches agreement with the European community on restricting steel exports to the U.S.
- The President speaks at a state Republican Party rally in Omaha, Nebraska.

October 22 The President signs into law a bill giving Amerasian children the right to claim American citizenship.

October 23 The President makes a radio address to the nation about economic and budget issues.

October 25 The President signs into law a bill establishing a grant program to encourage states to establish programs to reduce or eliminate drunk driving.

The President signs into law a bill which establishes the White House Conference on Productivity.

October 26 The President speaks at a state Republican Party rally in Raleigh, North Carolina.

October 28 The President speaks at state Republican Party rallies in Casper, Wyoming; Great Falls, Montana; and Las Vegas, Nevada.

October 29 The President speaks at state Republican Party rallies in Salt Lake City, Utah and Roswell, New Mexico.

October 30 The President makes a radio address to the nation about the Economic Recovery Program.

November 5 Secretary of Energy James B. Edwards resigns; the President appoints Donald P. Hodel.

November 6 The President makes a radio address to the nation about the Congressional agenda and the economy.

November 10 Second anniversary of Solidarity.

November 11 Death of Soviet President Leonid Brezhnev.

Nationally televised Presidential news conference.

November 13 The President makes a radio address to the nation about East-West trade relations.

November 19 The President lifts sanctions against U.S. and foreign companies for selling U.S. developed technology for use in the construction of the Soviet-Western Europe natural gas pipeline.

November 20 The President makes a radio address to the nation about international free trade.

The President issues an Executive Order establishing the International Private Enterprise Task Force; will advise on the role of private enterprise in the implementation of programs under the Foreign Assistance Act of 1961.

- November 22 The President announces his MX basing decision.
- The President makes a nationally televised address to the nation about arms reduction and deterrence.
- November 27 The President makes a radio address to the nation about the highway and bridge repair program.
- November 29 The President speaks at the National League of Cities annual convention in Los Angeles.
- November 30 The President submits to Congress legislation for a highway and bridge repair program.
- November 30-
December 4 The President attends meetings in Latin America --visits Brazil, Costa Rica, Columbia and Honduras.
- December 4 The President makes a radio address to the nation about the Caribbean Basin Initiative while in Costa Rica.
- December 7 The House approves the Surface Transportation Assistance Act of 1982 increasing federal gasoline taxes by five cents per gallon to provide funds for highway and bridge repair.
- The House approves funds for the research and development of the MX Missile but denies funds for the dense-pack basing mode.
- December 8 President Reagan addresses final meeting of the Task Force on Private Sector Initiatives.
- December 9 The President announces the Administration's proposed agriculture payment-in kind program to address the problem of surplus commodities.
- The President speaks at a dinner honoring the Republican majority in the Senate in Washington, D.C.
- December 10 The President proclaims December 12, 1982 to be a day of solidarity and prayer for Poland.

December 11 The President makes a radio address to the nation about the production of the MX Missile.

December 13 The President proclaims the week of December 12, 1982 to be National Drunk and Drugged Driving Awareness Week.

December 16 The President lights the National Christmas Tree.

December 17 The President announces an initiative for minority business enterprise development.

The House approves the Caribbean Basin Initiative.

The Senate approves funds for the production of the MX Missile--the President announces plans for formation of a bipartisan commission to study basing options.

December 18 The President makes a radio address to the nation about economic recovery and defense.

December 20 The Senate approves the Surface Transportation Act of 1982, the President's program for highway and bridge repair.

December 21 The President signs into law continuing appropriations for FY '83.

December 25 The President makes a radio address to the nation about Christmas.

December 26 The President makes a statement on the third anniversary of the Soviet invasion of Afghanistan--reaffirming U.S. support of a resolution calling for a settlement based on Soviet withdrawal.

December 27 The President accepts the resignation of Drew L. Lewis, Secretary of Transportation.

December 28 The President speaks at the ceremony recommissioning the U.S.S. New Jersey in Long Beach, California.

December 30 The President makes a statement on withholding U.S. funds for the Law of the Sea Preparatory Commission because of financing methods deemed fiscally irresponsible.

1983

- January 1 The President makes a radio address to the nation about New Year's Day.
- January 3 The President signs an Executive Order establishing the bipartisan Commission on Strategic Forces.
- January 5 Nationally-televised news conference. The President announces the nomination of Elizabeth Dole to be Secretary of Transportation and Faith Whittlesey to replace Mrs. Dole as Assistant for Public Liaison.
- January 8 The President makes a radio address to the nation about U.S. relations with the Soviet Union.
- January 11 The President speaks before the 64th annual meeting of the American Farm Bureau in Dallas. Announces implementation of the "Payment-In-Kind" program to help farmers and reduce grain surpluses.
- January 12 The President accepts the resignation of Richard Schweiker, Secretary of Health and Human Services. Announces the nomination of Margaret Heckler to the post.
- The President accepts the resignation of Eugene V. Rostow, Director of the U.S. Arms Control and Disarmament Agency. Announces the nomination of Kenneth L. Adelman to the post.
- January 14 The President holds an informal news conference. Discusses arms control.
- The President announces the appointment of Eugene Rostow to the Foreign Intelligence Advisory Board.
- January 15 The President makes a radio address to the nation about Dr. Martin Luther King.
- The National Commission on Social Security Reform formulates a plan to restore financial solvency to the system. The plan receives the support of the President and the bipartisan Congressional leadership.

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