

TRANSMITTAL SLIP		DATE
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REMARKS:		
EXA/DA for 14 OCT 1986		
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A politically motivated note from the White House. jin		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 36-8
1 FEB 55 241 REPLACES FORM 36-8

**EXECUTIVE SECRETARIAT
ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
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SUSPENSE _____
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Remarks

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Executive Secretary
9 OCT 86

Date

Executive Registry
86- 4622x

THE WHITE HOUSE
WASHINGTON

October 3, 1986

MEMORANDUM FOR ADMINISTRATION SPOKESMEN

FROM: TOM GIBSON *TG*
DIRECTOR OF PUBLIC AFFAIRS

SUBJECT: White House Talking Points

Attached for your information and use are talking points on the Continuing Resolution passed by the House in lieu of a budget.

If you have any questions concerning these materials, please contact the Office of Public Affairs at 456-7170.

60-4

WHITE HOUSE TALKING POINTS

October 3, 1986

CONTINUING RESOLUTION:A TROJAN HORSE FILLED WITH BAD POLICY AND WASTEFUL ADD-ONS

Because Congress missed its self-imposed deadlines for writing the federal budget for fiscal year 1987, it is proposing instead a Continuing Resolution for FY 1987. The resolution would increase domestic spending far beyond President Reagan's recommendations, endanger national security, and smuggle failed federal policies into our laws. Here are examples of the damage components of that House Continuing Resolution could do.

BUDGET BUSTERS

- FEDERAL EMPLOYEES: Reduces planned 4 percent increase in military pay (in October) to 3 percent (in January), and raises civilian pay increase to 3 percent from 2 percent, slightly above the increase in the cost of living.
- ENERGY AND WATER: Proposes 14 new construction starts, funds \$105 million for Appalachian Regional Commission the President wanted out of the budget, and appropriates \$42 million more than the President wanted for the Tennessee Valley Authority.
- POSTAL APPROPRIATIONS: Grants Postal Service \$650 million more than the President proposed.
- STATE, JUSTICE, AND COMMERCE APPROPRIATIONS: Increases funding for the Economic Development Administration the President wanted to eliminate; adds \$250 million to SBA's loan portfolio contrary to the President's request that some loans be sold; boosts National Oceanic and Atmospheric Administration budget by \$160 million.
- AGRICULTURE APPROPRIATIONS: Guarantees \$96 million more in rural development and \$2.5 billion more in Commodity Credit Corporation loans than the President wanted; adds a total of \$3.3 billion over the President's request for Farmers Home Administration lending activities; rejects user fees, and authorizes \$421 million more for rural development direct loans than the President thought necessary.
- LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION: Exceeds the President's request for NIH by more than \$1.3 billion and for Employment and Training by \$630 million.

WHITE HOUSE TALKING POINTS

PROMOTING WASTE AT THE TAXPAYERS' EXPENSE

The Continuing Reolution is ripe with examples of wasteful budget-busting spending that serves only special interests. These are the questions the House failed to ask before voting:

- o Do we really need to subsidize Amtrak passengers by an average of \$33 per ticket? The Administration says no and proposes ending Amtrak subsidies.
- o Do we really need grants for publishing guides to local fishing holes and for underwriting participation in fishing tournaments? The Administration says no and proposes abolishing the program.
- o Do we really need to subsidize the Rural Electrification Administration? REA was established in 1935 to provide electricity to rural areas. Ninety-nine percent of the Nation's farms now have electricity, yet REA still lends hundreds of millions of dollars each year, often at rates as low as five percent -- less than half the market rate. Most borrowers have the financial ability to meet their borrowing needs in private credit markets. The Administration says no to this subsidy and proposes phasing out the program beginning in 1987.
- o Do we really need to pay 75 percent of the costs for constructing local waste treatment plants? Providing sewers and waste treatment was always a local responsibility until 1972. The backlog of sewage treatment needs that existed then has been eliminated. The Administration says no to these costs and proposes to phase out the grant program in an orderly way over the next four years.
- o Do we really need to spend \$200 million so state extension services can offer advice and classwork on lawn and garden care, cooking, sewing, upholstery, and quilting? The Administration says no and proposes reducing grants to the amount normally allocated to farm services.
- o Do we really need massive Federal investments in new transit systems? These systems rarely live up to expectations. Costs are almost always higher, and revenues and ridership are almost always lower, resulting in severe operating deficits. The Administration says no and proposes to consolidate ground transportation programs into a block grant and eliminate funding for specific local transit systems.

For additional information, call the White House Office of Public Affairs; 456-7170.

WHITE HOUSE TALKING POINTS

- o Do we really need Urban Development Action Grants? The program has been very slow in completing projects, and some of the money has gone for such questionable uses of Federal funds as dockside condominiums in Michigan, a major bank building in Delaware, and a horse arena in Georgia. The Administration says no to this waste and wants to end the program.

NATIONAL SECURITY ISSUES

- o GRANTING GORBACHEV'S REQUESTS: There are provisions in the House version of the Continuing Resolution that would give the Soviet Union a clear military advantage over the United States. They grant the Soviets by legislation what they cannot win by negotiation.
 - BINARY CHEMICAL WEAPONS BAN: Allows the Soviet Union a free hand in enhancing its chemical warfare capability while preventing the U.S. from producing newer and safer chemical weapons to use in replacing obsolete weapons in Europe.
 - ASAT TESTING: Prohibits anti-satellite testing and prevents the U.S. from developing an anti-satellite system. The Soviets would continue to have the world's only operational anti-satellite system.
 - NUCLEAR TEST BAN: Prohibits U.S. testing of nuclear weapons over 1 kiloton, unless the Soviets test weapons of that size. This will compromise the integrity of our nuclear arsenal and halt the introduction of modern safety devices into our stockpile of nuclear weapons.
 - COMPLIANCE WITH SALT II: Prohibits deployment of any system that would put the U.S. in violation of SALT II. This gives effect to a treaty that was never ratified and which, even if it had been, would have expired in December 1985. This Resolution forces the U.S. to unilaterally comply with a treaty the Soviets have violated.
 - SDI RESEARCH FUNDING: Makes deep reductions in one of the highest priority defense programs, severely hampering the program and undermining our negotiators in talks with the Soviet Union; and restricts Allied participation in research, undercutting U.S.-Allied agreements already signed, and our ability to award contracts based on fair competition and technical merit.

WHITE HOUSE TALKING POINTS

- Slashing International Activities: Cuts international programs that affect vital security assistance and U.S. support for economic development in poor countries.

FAILED FEDERAL POLICY

- o LEGAL SERVICES CORPORATION: Encourages increased political activism at the expense of service to the poor; forces continuing funding of liberal think tanks; cuts private sector initiatives.
- o MANDATORY UNION MEMBERSHIPS: Weakens labor law and allows construction union officials to force unionism on the entire industry. It means thousands of construction workers in non-unionized firms could be forced to join and pay dues to unions without a vote on whether they want representation.
- o UNDERMINING FAMILY VALUES: \$145 million could be used to establish school-based clinics to distribute birth control and family planning advice.
- o TRANSPORTATION ISSUES: Forces rehiring of PATCO strikers who ignored their no-strike promise.

CRITICAL COMMENTS ON THE CONTINUING RESOLUTION

"This is not your usual, short-term, stopgap CR to tide us over until the regular appropriations bills have been enacted. No way. What this really amounts to is a full year, catch-all, spending and authorization measure.

"If we believed in 'Truth in Labeling' around here, this would more accurately be entitled the 'Bloated, Omnibus Money Bill', or BOMB, for short. And that's just what this is going to do at the White House if we don't defuse this thing here and now."

-- Rep. Trent Lott, R-Mississippi
September 25, 1986

"This bill terribly distorts the priorities of our country. Spending on domestic programs is simply too high, while terribly serious cuts are made in those programs of essential nature to the defense of this country and to the security of our hemisphere, and in programs that affect the relationship that we have with other countries who depend upon us for the defense of Western ideas.

-- Rep. Jack Kemp, R-New York
September 25, 1986

WHITE HOUSE TALKING POINTS

"One of the problems that I have with the continuing resolution process is that it is no longer a continuing resolution, but rather a means of lumping all kinds of appropriations and authorization bills together and ignoring the committees."

-- Rep. Jerry Lewis, R-California
September 25, 1986

For additional information, call the White House Office of Public Affairs; 456-7170.