

SPECIAL ASSISTANT TO  
THE ATTORNEY GENERAL



9/21/82

TO: Edward C. Schmults  
✓ Brad Reynolds  
Jon Rose  
Ken Starr  
Tom DeCair  
John Roberts

FROM: Hank Habicht

FYI.

THE WHITE HOUSE  
WASHINGTON

**CABINET AFFAIRS STAFFING MEMORANDUM**

Oct 21 9 23 AM '82

DATE: 9-20-82 NUMBER: 077483CA DUE BY: \_\_\_\_\_

SUBJECT: Issue Updates: #6 Economic and Legal Equity for Black Americans  
#7 Economic and Legal Equity for Women

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman ( <i>For WH Staffing</i> )	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input type="checkbox"/>	<input type="checkbox"/>
<u>Attorney General</u>	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>			
CIA	<input type="checkbox"/>	<input type="checkbox"/>			
UN	<input type="checkbox"/>	<input type="checkbox"/>			
USTR	<input type="checkbox"/>	<input type="checkbox"/>			
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Attached is a copy of each update mentioned above. The information may be used in speeches or written material. Please call should you need additional information.

RETURN TO:  Craig L. Fuller  
Assistant to the President  
for Cabinet Affairs  
 Becky Norton Dunlop  
Director, Office of  
Cabinet Affairs

Reproduced from the Holdings of the:  
National Archives & Records Administration  
Record Group 60 Department of Justice  
Files of William Bradford Reynolds 1981-88  
Accession # 60-89-0172 Box: 42  
Folder: 1213- AAG Civil Rights Division;  
Task Force on Legal Equity for Women



White House Office of Policy Information

# ISSUE UPDATE

Washington, D.C.

Number 6

September 17, 1982

This paper, prepared for Reagan Administration officials by the White House Office of Policy Information, outlines the Administration's record in addressing the specific legal and economic concerns of black Americans.

## ECONOMIC AND LEGAL EQUITY FOR BLACK AMERICANS

When the President addressed the NAACP Annual Convention on June 29, 1981, he stated that "...guaranteeing equality of treatment is government's proper function ... [In addition, f]ree enterprise is a powerful workhorse that can solve many problems of the black community that government alone can no longer solve."

In making this statement, the President set forth the two major principles that have guided the policies of this Administration. First, this Administration is committed to protecting the civil rights of all Americans to the fullest extent of the law. Second, an economic policy designed to foster economic growth rather than economic dependency is the best hope for black Americans -- and, indeed, for all Americans who seek a brighter future.

### Civil Rights Enforcement

This Administration's level of activity in investigating and prosecuting those who would attempt to deny blacks their civil liberties has exceeded the level of every other administration. Since the President took office, the Department of Justice has filed 62 new cases charging criminal violations of civil rights laws, and has conducted trials in 52 cases -- numbers greater than those in any previous administration.

And on June 29 of this year, the President signed into law the longest extension of the Voting Rights Act since its enactment. The President views this extension as a vital part of fulfilling his pledge to guarantee equal access to the voting booth for all citizens.

As with civil rights enforcement, the record of this Administration in enforcing the provisions of the Voting Rights Act surpasses earlier administrations. Since Inauguration Day 1981, the Justice Department has reviewed more than 9,000 electoral changes to determine compliance with the Act. While most of the changes have been approved, state legislative and congressional redistricting plans in a number of states have been disapproved because they did not adequately protect minority voting rights. In addition, the Justice Department has participated in 27 court cases seeking to assure these same rights. As a consequence of this vigorous enforcement activity, black voters are increasingly taking their places in voting lines.

However, the Civil Rights Division of the Department of Justice will not rest on its past accomplishments. Now that the Voting Rights Act extension is law, the Division has pledged to maintain -- and, where necessary, increase -- its levels of enforcement effort. Litigation and pre-clearance responsibilities under the Act will continue to receive the highest priority.

The record of the Equal Employment Opportunity Commission (EEOC) is equally impressive. Under the first full year of the Reagan Administration, the Commission dramatically increased its activity over the previous year in enforcing the law against racial discrimination in hiring. The Commission processed more than 71,000 charges during 1981, a full 25% more than in 1980. It also provided remedies through settlements in 38,000 cases, 15% more than in the previous year. Monetary benefits granted through negotiated settlement to victims of discrimination increased dramatically in 1981, to \$91.7 million, or 60% more than in 1980.

Where negotiated settlements could not be achieved, the EEOC did not hesitate to bring suit, increasing its filings by 13% in 1981. The monetary benefits to discrimination victims, as a result of these efforts, increased by 36%.

Moreover, the EEOC led federal civil rights agencies in involving state and local agencies in resolving discrimination complaints. During 1981, the Commission provided over \$17.5 million in grants to state and local nondiscrimination agencies, enabling those agencies to process 39,471 charges. The Commission accepted their findings in over 97% of those cases. During 1982, these grants are projected to increase to \$18.5 million, enabling state and local agencies to process 40,300 charges.

These EEOC grants are reflective of the overall budgetary commitment the President has made to the civil rights effort. For when funds for non-civil rights activities are abstracted, the President's budget shows an

increase in civil rights expenditures from \$511 million in FY 1980 to the proposed \$531.4 million for FY 1983.

In comparison with discretionary spending programs as a whole, the figures clearly show that civil rights programs have been favored. Civil rights expenditures as a percentage of domestic non-entitlement spending doubled from .3% in FY 1980 to .6% in the President's proposed budget for FY 1983. Records of specific agency programs further substantiate the point. The difference between 1980 actual expenditures and proposed 1983 expenditures show a 24% total dollar increase for the Civil Rights Division at the Department of Justice and a 15% increase for EEOC.

### Equal Housing Opportunity

One of the legitimate functions of the federal government is to ensure that those who seek housing, either to buy or rent, are not discriminated against on the basis of race. Since President Reagan assumed office, there has been a substantial increase in activity in ensuring that equal housing opportunity is available to all.

During 1981, for instance, the Department of Housing and Urban Development (HUD) significantly improved the efficiency of its complaint processing by implementing "Rapid Response" procedures in all of its regional offices. As a result, HUD received 2,410 complaints and resolved 2,710. By the end of the year, the Department had only 35 complaints in its inventory over 90 days old.

During 1981, HUD also worked aggressively to expand the involvement of state and local agencies in assuring fair housing. HUD provided technical assistance to increase their complaint handling capacities through "Rapid Response" and other means, and \$3.7 million in grants to defray processing costs. These efforts increased the number of participating state and local agencies by 30%. Through 1983, further efforts will increase the number of participating state and local agencies to 70 -- more than doubling the number in the program at the beginning of 1981.

After a year and a half of placing greater reliance on states and localities to ensure equal housing opportunity, the data shows that not only is the law being enforced as well as before, but in fact enforcement levels are higher now than in the past. For example, the number of fair housing complaints closed by HUD and equivalent state and local agencies totalled 2,860 in FY 1980. For the first three quarters of FY 1982 the number had risen to 3,422 -- nearly 20% higher. The number of successful conciliation cases closed in FY 1980 totalled 535. By FY 1982 -- again through only three quarters of the fiscal year -- the number had increased to 580.

The President believes that this division of responsibilities will continue to benefit blacks who have been subject to housing discrimination by increasing the number of complaints that can be handled. At the same time, President Reagan fully recognizes that a strong federal presence was once needed to ensure that certain state and local governments that had a history of systematically denying black Americans their civil rights would not do so in the future. For this reason, the Administration will continue to monitor closely state and local governments to guarantee that they uphold the law against discriminatory housing practices. In instances where they do not, the federal government will move swiftly and vigorously to correct any abuses.

### Black Colleges

The President has long recognized the significant contribution that Historically Black Colleges and Universities (HBCUs) have made to the education of black Americans. Fully 30% of all degrees conferred on blacks nationwide were presented by these institutions, and more than 85% of black lawyers and doctors in America completed their undergraduate training at HBCUs. Thus, HBCUs continue to be a major black educational resource.

As part of the President's ongoing commitment to help strengthen that contribution, he issued Executive Order 12320 on September 15, 1981, which directed all federal agency heads to implement the following policies:

- o A special review of federal agency funding plans for HBCUs.
- o Identification, reduction, and elimination of barriers to HBCU participation in federally sponsored programs.
- o Involvement of the private sector in strengthening HBCUs.

In order to give greater force and clarity to this Executive Order, the President instructed agency heads to increase the percentage share of federal funds allocated to HBCUs in cases where agencies are projecting overall decreases in funding for higher education institutions. He also directed the White House Office of Private Sector Initiatives to place special emphasis on increased development of private sector support for HBCUs.

As a direct consequence of these actions, the federal government has increased its level of commitment to helping strengthen the vital role that HBCUs perform for black Americans. For example, in fiscal year 1982, federal

funding for HBCUs is projected to increase by \$2.1 million from FY 1981 levels. The share of federal higher education funds targeted to HBCUs will also rise, from 5.4% of the total in FY 1981 to 5.7% in FY 1982.

Among the 27 federal agencies that provide 98% of federal support for HBCUs, 14 of them have identified one or more barriers to HBCU participation in federal programs. Of these 14 agencies, 12 have developed an overall plan of action for barrier reduction or elimination, and eight have devised plans for involving the private sector in strengthening HBCUs.

In addition, several agencies significantly increased their funding levels for HBCUs in FY 1982. For instance, the Veterans Administration raised its funding by 313% over FY 1981; the Agency for International Development by 179%; the Department of Transportation by 158%; and the Department of Housing and Urban Development by 106%.

Efforts to involve the private sector commenced successfully, following upon the President's actions. On two evenings, Vice President George Bush personally held receptions in his home for HBCU Presidents and key executive officers from more than 50 major corporations. HUD and the Department of Education also sponsored two major contract development conferences.

Other significant efforts not related to the expenditure of federal program dollars included a major statistical survey profiling HBCUs, conducted by the National Center for Education Statistics; and a Directory of Black Scientists who can serve as field readers and proposal reviewers, prepared by the National Science Foundation.

While the above facts and figures can convey a quantitative measure of the commitment the President has made toward strengthening HBCUs, his specific action on behalf of Meharry Medical College in Nashville, Tennessee, provides a qualitative example of the President's compassion and concern for HBCUs.

Meharry is one of the country's two historically black medical schools, and has trained more than 40% of all black physicians. Earlier this year, Meharry was in danger of losing its accreditation from the Liaison Committee on Medical Education because it lacked access to a sufficient number of patients to provide its students with the proper clinical training.

By contrast, neighboring Vanderbilt Medical School -- a school of similar size -- had access to 2,000 inpatient beds for clinical training, or almost ten times as many as were available to Meharry.

When President Reagan learned of this disturbing disparity, he became personally involved in helping ensure that Meharry could continue its historic service to the nation. The President authorized critical additional financial aid to the college -- totalling several millions of dollars -- and directed the expansion of the existing affiliation between Meharry and the Veteran's Administration Hospital in nearby Murfreesboro, Tennessee. Over the next three years, this latter action will provide the school with as many as 200 additional teaching beds for internal medicine and surgery.

#### Presidential Appointments

President Reagan has also placed many qualified and able blacks in important and diverse policy making roles throughout his Administration.

The President has selected blacks to serve in more than 130 top executive and policy making positions within the federal government. Among his appointees are Samuel Pierce, Secretary of Housing and Urban Development; Arthur Teele, Administrator of the Urban Mass Transportation Administration; Carlos Campbell, Assistant Secretary of Commerce for Economic Development; Harry Singleton, Assistant Secretary-Designate for Civil Rights in the Department of Education; Clarence Thomas, Chairman of the Equal Employment Opportunity Commission; Clarence Pendleton, the first black ever to serve as Chairman of the U.S. Civil Rights Commission; and Roscoe Robinson, only the second black four-star general appointed by a president in U.S. history.

President Reagan has also appointed seven blacks to serve as U.S. Ambassadors. In addition, black women serve in such positions as Assistant Administrator for the Near East in the Agency for International Development; Commissioner on Aging in the Department of Health and Human Services; Assistant Attorney General in the Department of Justice; and Director of the Women's Bureau in the Department of Labor. Blacks also serve as Director of Minerals Management Service in the Department of the Interior, and Assistant Secretary for Elementary and Secondary Education in the Department of Education.

It should be noted that these black appointees had to compete for their positions with numerous other highly qualified candidates, and were chosen because of their abilities, not because of an arbitrary quota.

The President is determined to continue this concerted and successful effort at placing qualified blacks in important posts throughout his Administration.



### Income Security

The President's efforts on behalf of Meharry and all other HBCUs, along with his civil rights and equal housing opportunity enforcement records, and his success at finding qualified blacks to serve in his Administration, is only a small part of his overall program for building a nation free of racism and rich in opportunity.

Another important component in the President's drive to achieve economic and legal equity for blacks is to maintain the fiscal solvency and responsiveness of social programs whose purpose is to help those who -- through no fault of their own -- have nowhere but the government to turn for assistance in meeting their basic needs.

The reforms made by the Administration in the nation's "social safety net" programs are therefore designed to preserve aid for those who most need it, while otherwise reducing the growth of the federal budget in order to restore the economy to health.

In this regard, the President has ensured that under his budget:

- o Children from families below 130% of the poverty line will continue to receive free school lunches.
- o Food stamp benefits for families with little or no income will remain intact; in fact, the total program will be budgeted at more than \$9.5 billion.
- o The federal government will subsidize, all told, approximately 95 million meals per day, or 14% of the total number of meals served in the U.S. each day.
- o Through Medicaid and Medicare, the federal government will help pay for the medical needs of 99% of America's elderly.
- o Job training will be provided for almost one million low-income disadvantaged persons, 90% of whom will be below age 25 or on welfare.
- o More than 40% of all college students will continue to receive federal education assistance, including guaranteed student loans, direct grants and/or campus-based aid.
- o About 3.4 million American households will receive HUD subsidized housing assistance.
- o In sum, federal income assistance to the poor will be one-fourth higher in 1985 than it was in 1980, and more than seven times the amount spent in 1970.

### Job Training

Of all the problems facing black Americans today, perhaps none is as serious as unemployment. While the national unemployment rate was 9.8% in August 1982, among blacks it was much higher -- 18.8% -- and for black teenagers it was an alarming 51.6%. Nor is this just a recent problem; unemployment rates for blacks had been rising since mid-1979.

Prior to Ronald Reagan's becoming President, the primary federal program for addressing this problem was the Comprehensive Employment and Training Act (CETA). The program spent \$53 billion over seven years, but, did little to reduce unemployment. Only 30% of CETA participants were ever placed in jobs, and of these, only half found private sector jobs.

Another approach used by previous administrations and Congresses was pump-priming of the economy to stimulate employment (with the admitted, inevitable side-effect of higher inflation). This approach, too, proved to be a failure. For while the nation paid its expected price in inflation, which rose from an average of less than 2% in 1960-65 to 9.1% from 1975-80, the unemployment rate also increased during the same period, jumping by nearly a third.

Clearly, these "remedies" of the past have not worked. The President has chosen instead to follow a new, more effective course for reducing the problem of joblessness: first, to replace CETA with a new job training system that emphasizes private sector involvement and effective job training techniques; and second, to promote economic growth through a combination of tax rate reduction and spending growth cuts.

Over the past two years, only 18% of CETA's job training funds went to actual job training. The remainder was spent on administrative overhead, stipends (which duplicated other, better-suited income security programs) and support services. Under the President's proposal, 75% of the designated job training funds would have gone directly to job training. Thus, under the President's budget, \$1.3 billion would have been devoted directly to training, compared to the less than \$600 million -- or 18% of the \$3.2 billion FY 1980 "job training" budget -- that was spent directly for job training under CETA.

The President's proposal was designed so that the training resources would especially benefit low-income blacks by targeting the aid on the neediest in the population: youth in poverty, AFDC-eligible persons, and the elderly. The proposal also would have directed funds to those forms of classroom instruction and on-the-job training which have proven most effective in the past.

The President's proposals were well-received in the Senate, and have helped shape the job training bills currently in conference. Both these bills emphasize cooperation with the private sector, where 80% of current jobs exist, and an increased share of resources going directly for job training.

Such reforms will go a long way toward better serving the job aspirations of black Americans. However, it is economic growth that ultimately will be the best on-the-job training program. Only when an economy is growing through expansion of plant capacity and production are new jobs created.

For this reason, the main component of the President's job training program is not so much the increased federal expenditures for training, but economic growth. For job training is of little utility if there are no jobs available to which participants can market their newly-acquired job skills.

Thus, the President has implemented an economic recovery program which will create one million new jobs by 1986, over and above what otherwise would have resulted. These new jobs will not only offer employment to blacks who have already received training, but in many cases will provide unskilled workers with a first step on the economic ladder, permitting them to gain skills which will help promote future advancement in their jobs.

#### Minority Business Development

Greater economic independence for black Americans can be achieved only through increased opportunities for employment and business ownership. A healthy and growing economy is fundamental to creating such opportunities.

This Administration is committed to the goal of economic independence for minority Americans and took a major step toward that goal with the enactment last year of the Economic Recovery Program. This program will promote an environment of expanding opportunity for the formation and development of minority enterprise by reducing inflation, lowering interest rates, increasing the savings pool, and encouraging economic growth.

In addition, the Administration has put in place government-wide programs which seek to ensure that a fair share of the vast amount of goods and services purchased by the government are procured from minority businesses. Earlier this year, the Department of Defense awarded the largest minority business contract in history to an electronics firm in Chicago. Later this month, the President will announce plans calling for an estimated \$22

billion in procurement from minority businesses over the next three fiscal years. This program will also include substantial resources for credit and technical assistance to promote minority enterprise development during this period.

This initiative will contain several other important elements which commit the federal government to promoting an environment in which minority entrepreneurs can fully marshal their talents and skills to participate and compete successfully in the marketplace. To facilitate this process, the President will also seek the involvement of business leaders in encouraging private firms to expand their business transactions with minority enterprises.

While such an extensive federal agenda for action on behalf of minority business development is important, of even greater relevance will be the steps taken by the private sector and minority entrepreneurs themselves. For the federal government can offer incentives and assistance, but only individuals can provide the personal commitment necessary to making minority enterprise a thriving sector of the American economy.

### Enterprise Zones

Over the past two decades the federal government has poured billions of dollars into economically distressed inner cities, yet these areas continue to decline. For example, the federal urban renewal program cost \$7 billion from 1966-1974, but ended up as a widely recognized failure which destroyed more housing units than it replaced. The federal government also established extensive regulations in its grants to cities to promote production and job creation, such as in the Model Cities Program of the 1960s. Again, the program failed to halt urban decay.

The decline of the inner city has been a cause and result of the exodus of businesses and middle-income residents, which has diminished the urban tax base, leading to a deterioration of city services such as education and police protection. The lack of indigenous businesses has also helped force unemployment to reach levels as high as 50% in some inner cities.

Since black Americans are disproportionately represented within these areas, they have become one of the primary victims of urban decay. In order to reverse this trend, the President has proposed a new approach, called enterprise zones, which rests upon far more encouraging premises than those which underlaid previous failed programs.

Instead of increasing the tax burden by giving away federal grants and subsidies, the President's Enterprise

Zones proposal is based on providing economic incentives through tax relief. Instead of imposing central planning regulations, enterprise zones would remove government imposed barriers to growth.

The Enterprise Zones program is comprised of four basic elements:

- o Tax reduction at the federal, state and local levels to lessen this obvious burden on economic activity.
- o Regulatory relief at the federal, state and local levels to reduce burdens which can be equally costly.
- o New efforts to improve local services, including methods of private sector provision of some services. This initiative could eliminate many of the inefficiencies inherent in monopolized government services. Experience has shown that such efforts can save taxpayers substantial sums while significantly improving services at the same time.
- o Neighborhood involvement in the program. Such neighborhood organizations can contribute much to the improvement of enterprise zone areas, while also helping to ensure that local residents participate in the economic success of the program.

Under the proposed legislation, the federal government would define which areas could be designated as enterprise zones, based on criteria including poverty levels, unemployment, and other indicators of economic distress. States and localities would then jointly nominate zones by applying to HUD for federal designation. The Secretary of HUD would then designate zones on a competitive basis.

A primary criterion for designating the proposed zones would be the quality and strength of the incentives to be contributed by the state and local governments. This is essential in order to maximize the chance for success of any designated enterprise zone. Particular emphasis would be given to incentives and contributions consistent with an open market environment and removal of government burdens.

These contributions could include tax incentives, regulatory relief, and "contracting out" or "privatization" of urban services. State and local government funding for projects which contribute to economic development in a zone, such as job training, would also be considered a positive step.

The federal role in establishing enterprise zones would involve tax incentives and regulatory relief as well. Federal tax incentives would include special investment tax

credits, a 10% tax credit for the construction or rehabilitation of commercial, industrial or rental housing structures within a zone and a 10% tax credit to employers for hiring increased numbers of workers. A special, strengthened tax credit would be available to employers for wages paid to qualified zone employees who were disadvantaged individuals when hired.

States and local governments would be authorized to request relief from specific federal regulations. Relief could be granted unless it would directly violate a requirement imposed by statute. For instance, no changes would be permitted in enforcement of civil rights or minimum wage laws.

The Enterprise Zones proposal would provide a significant stimulus to economic growth and job creation in urban areas. In particular, tax credits and regulatory relief at all levels of government would reduce the costs of doing business in the zones, thereby promoting the expansion of current businesses and the establishment of new ones.

Improvement in local services through "contracting out" and "privatization" would also stimulate business development, as it would produce higher quality service delivery, and thus make it more attractive for firms to do business in an enterprise zone. More important, success within the zones would feed on itself. As development generated new local revenues, more money would be available to further improve local services. This in turn would spur even greater business development.

Being disproportionately represented among residents of inner cities, black Americans would thus be helped the most by these improvements in urban conditions, especially by the creation of new jobs.

The increase in job opportunities, in fact, could be substantial, since payroll-oriented tax incentives would encourage development of labor-intensive businesses rather than high-volume, low-employment operations such as warehouses and sales offices. Unskilled persons in particular would benefit, since the plan provides special tax incentives for employers to hire the disadvantaged, thus making on-the-job training more cost-effective.

In addition, housing development could be expected to occur in areas in and near the zone to accommodate zone workers, especially since rental housing construction and rehabilitation is encouraged through tax credits.

Finally, the improvement of local services will increase the safety and habitability of formerly depressed areas, thereby enhancing the quality of life for those who live in the zone.

### The Economic Recovery Program

While the Enterprise Zones program and the President's proposals to encourage minority business development will greatly assist black Americans in better realizing the American dream of prosperity and opportunity, those efforts are but a part of the larger program for economic recovery. And while continued vigorous enforcement of civil rights is essential to ensuring that black Americans' rights are well protected, those rights will have little genuine meaning if black Americans cannot also enjoy greater economic opportunity as well.

The President realizes that real economic opportunity cannot be purchased with statutes and dollars alone. For in the 1970s -- despite unprecedented federal funding and intervention in "job creating" programs -- black family incomes actually declined. The "federal solution" thus failed to improve economic conditions for the majority of America's blacks.

The reason, as the previous decade made clear, is that federal programs do not create jobs or income; they merely shift the jobs and income from one set of people to another. In this cruel shell game, black Americans wound up as the losers.

President Reagan is determined to end this tragedy by creating the conditions for long-term economic growth. The answer is not -- as in the past -- more jobs for some at the expense of others, but more jobs for all.

This much-needed growth will not come overnight; decades of economic decline are not quickly or easily reversed. But such economic growth is the only way of providing real hope. In fact, if there were any doubt about the necessity of such growth in creating new jobs, the following figures should dispel it. For during the high growth years from 1959 to 1969, the economy grew 50.7%, and the unemployment rate fell by more than a third. Between 1969 and 1979, at the height of federal jobs spending, the economy grew far more slowly -- only 36.3% -- and the unemployment rate rose by nearly two-thirds.

The President's program of tax rate cuts and regulatory relief will reverse this trend. By increasing the incentive and ability of firms to expand production and plant capacity, the program will help generate new jobs. By prudently reducing the growth in federal spending, the program will free more essential capital for the private sector to use in its task of job creation.

Conclusion

In all of the ways outlined here -- civil rights enforcement, presidential appointments, improved job training programs, enterprise zones and economic growth -- President Reagan is working to solidify and expand the social and economic gains of black Americans for generations to come.

As the President stated before the NAACP Annual Convention in June 1981:

"Rebuilding America's economy is an absolute moral imperative if we're to avoid splitting this society in two with class against class. I do not intend to let America drift further toward economic segregation. We must change the economic direction of this country to bring more blacks into the mainstream, and we must do it now."

#





White House Office of Policy Information

# ISSUE UPDATE

Washington, D.C.

Number 7

September 17, 1982

This paper, prepared for Reagan Administration officials by the White House Office of Policy Information, outlines the Administration's record in addressing the specific legal and economic concerns of women.

## ECONOMIC AND LEGAL EQUITY FOR WOMEN

During the 1980 presidential campaign, Governor Reagan stated that "As President, I would ... advance, guarantee and promote equal rights for women ... I consider the women of this nation a great source of strength, creativity and stability. As President, I plan to recognize and utilize that source to the fullest."

The Reagan Administration is making every effort to keep this campaign pledge. After only a year and a half in office, this Administration has made considerable progress in addressing the vital economic, social and legal concerns of women.

### The Economic Plan

Women have made enormous strides, both socially and economically, over the past two decades. President Reagan is committed to ensuring that these gains continue.

For women who wish to enter the job market or advance in their careers, the President has sought to remove barriers and disincentives to employment. For women who wish to concentrate on their roles as wives, mothers and homemakers, he has implemented economic policies which will allow them to more easily do so.

In either case, the President recognizes the value and reward both in raising a family and in working outside the home. He has sought to lessen the economic pressures that could force women to choose one or the other against their preferences.

To this end, he has put in place an economic program which, while beneficial to all Americans, will be particularly advantageous to women.

The key to the President's economic recovery program is economic growth. The program is expected to create one million additional jobs by 1986, above what would otherwise be expected. This will be of special help to women, who will likely comprise as many as two-thirds of the new entrants into the work force during this time.

There are growing signs that the program is succeeding. Already, inflation has fallen from the double-digit levels of 1979-1980 to less than 6% for the first seven months of this year. These gains will be of greatest help to medium- and low-income women, especially those who head single-parent households. For instance, a woman working full-time at the median wage of \$11,000 a year will realize an annual increase of nearly \$700 in purchasing power over what she would have had if the 1980 inflation rate had persisted.

This decline in inflation will also make it easier for women to work as homemakers if they wish to. In recent years, high inflation rates have made it difficult or impossible for large numbers of single-earner families to make ends meet; many wives therefore began looking for jobs out of economic necessity. By slowing the growth of family expenditures, lower inflation rates will return to them the choice of whether or not to work outside the home.

#### Tax Issues

President Reagan recognizes that in the past the U.S. tax code has discriminated against women. To reverse this, he has instituted tax reforms which substantially correct three major inequities: the marriage tax penalty, Individual Retirement Account (IRA) limitations, and confiscatory inheritance taxes. In addition, he has instituted other tax reforms which will reduce existing biases against women.

The "marriage tax penalty," which imposes a special tax burden on married couples where both spouses work, is one of the most glaring examples of discriminatory provisions in the tax code. Prior to last year, married couples filing jointly were taxed at substantially higher marginal rates than were two single individuals earning the same income. Thus, the marriage tax penalty actually served to discourage couples from marrying.

Moreover, because women generally entered the labor force after their husbands had, their income was, for tax purposes, added on top of their husbands' income. Women thus faced much higher marginal tax rates beginning with their first dollar earned -- a significant disincentive to working outside the home.

The tax changes approved last year in the President's 1981 Economic Recovery Tax Act will greatly reduce this penalty by permitting a two-earner couple to keep

substantially more of what they earn. A typical two-earner family, for instance, will save up to \$300 per year in taxes when the plan is fully in effect in 1984.

Another set of provisions which the President signed into law last year removed the 15% income limitation on IRAs, increased the limits for contributions to IRAs from \$1,500 to \$2,000 per year, and for the first time permitted any working American to have an IRA account, even if the employer also provided its employees with a private pension or retirement plan. These steps will be of great help to women working outside the home and saving for their retirement. In addition, paid spouses will now be permitted to contribute \$500 more each year to spousal accounts, which will aid non-paid spouses who work as homemakers.

The virtual elimination of the estate tax enacted last year is also of particular benefit to women, since they outlive men by an average of eight years. In the past, many women who had worked alongside their husbands building a family farm or business were forced to sell it when their husband died in order to pay the estate taxes. The new law will prevent this from occurring by providing for unlimited property transfers between spouses. The law also raises the tax exemption on inherited property from \$175,625 in 1981 to \$600,000 by 1987, thus preserving intact some 99.7% of all estates.

The President's efforts to promote greater economic opportunity and equity for women does not stop there. President Reagan has acted to aid parents working outside the home by approving an increase in the tax credit for child care expenses, to become effective next year. For parents who earn less than \$10,000 per year, the credit will rise from \$400 to \$720 per child. The credit is then reduced by one percentage point for each additional \$2,000 of income above \$10,000. For parents with incomes of \$28,000 or more, the allowable credit remains fixed at \$480 per child.

The 1981 Economic Recovery Tax Act also provides incentives for employers to include prepaid day care in their employee benefit packages, and raises the dependent care tax credit from \$4,000 to \$4,800. These tax reforms will go a long way toward helping women achieve greater financial independence and security -- especially for the growing number of working mothers who are the heads of single-parent households.

Finally, the indexing of the income tax to inflation, approved last year and taking effect in 1985, will be of significant help to women whose income increases over time. No longer will inflation be allowed to force taxpayers into higher tax brackets -- thus hindering women's advance up the economic ladder.

### Other Economic Issues

In addition to these tax reforms, the President has proposed other economic changes to improve women's financial status. For example, the Administration has approved a change in the official definition of poverty. Previously, the poverty level had been higher for men than for women, thereby understating the proportion of women experiencing financial hardship. To correct this inequity, the Reagan Administration instituted a sex-neutral definition of poverty to ensure that women are evaluated by the same assistance criteria as are men.

The President has also signed into law the Uniformed Services Spouses' Protection Act. This law repairs a situation that had left thousands of military wives in financial jeopardy. Because they must move frequently to satisfy the career requirements of their husbands, they find it difficult or impossible to establish an independent career that would qualify them for a pension.

The new law will correct the previous practice by allowing state courts to divide military retirement benefits in divorce settlements. By thus recognizing the economic contributions that both homemakers and wage-earning wives have made to marriages, the law will strengthen the long-term financial security of military wives.

Finally, the President, on July 23, 1982, signed the Flexible and Compressed Work Schedules Act of 1982, which will permanently allow federal agencies to adopt "flexitime" schedules for their employees. Under flexitime, federal agencies may permit employees to arrange their work hours on a more flexible basis in order to meet their personal needs. As the President stated when signing the bill, institutionalizing flexitime will be "particularly important to working mothers who used the flexibility in scheduling work hours to help them meet their responsibilities both at home and at the office."

### Legal Issues

In conjunction with these efforts to promote economic equity and opportunity for women, President Reagan has also committed his Administration to the identification and correction of both federal and state laws and regulations which discriminate against women.

To identify areas of discrimination at the federal level, the President has directed, by Executive Order, that the Justice Department complete a review of federal laws and regulations, isolating those that discriminate on the basis of sex. When the identification process is complete, the Attorney General will report the effort's findings to the

President through the Cabinet Council on Legal Policy. The President will then determine which laws and regulations should be altered or eliminated.

Once decisions have been made, the Administration will work with Congress to change statutes in need of reform. Regulatory changes will be implemented by the President's "Task Force on Legal Equity for Women," which is composed of members from each of 21 federal departments and agencies. The majority of the members, 14 of whom are women, hold the rank of Assistant Secretary or above in their departments or agencies, and will therefore have sufficient stature and authority to put in place the changes decided upon by the President.

The President also recently announced the formation of the White House Coordinating Council on Women, to be chaired by Elizabeth Dole, Assistant to the President for Public Liaison. The Coordinating Council will serve as a focal point for the coordination of federal policies and issues that are of particular concern to women.

Action at the federal level alone, however, is not enough, for many state and local laws that discriminate against women still exist. Although these laws were generally established with good intentions -- such as safeguarding women from unusually long work hours or physically demanding tasks -- they were based on the paternalistic notion that women needed an extra dose of protection because they were, somehow, the "weaker sex." Other critics have charged, less generously, that some of these laws were enacted to insulate male workers from female competition in the work place.

Whatever the intent, it has little relevance today. The fact that these laws violate the economic and civil rights of women to compete openly in the job market means that they cannot be fairly justified.

To assist governors and local officials in identifying and correcting such discriminatory laws and regulations, the President last year established the "Fifty States Project." Each governor was asked to select a representative from his staff to work with Thelma Duggin, whom the President has appointed as director of the Project. Both the state and White House representatives to the Project have met with the President, and he has personally urged them to work diligently to see that such laws are changed.

Progress is already being made. In many states, the review process is well underway, and the Administration is now working with those states on corrective legislation. In other states where the review process has just begun, the governors have appointed a liaison to the Fifty States Project with whom the White House will continue to work closely.

## Presidential Appointments

President Reagan has also made a determined effort to find qualified women to fill important posts within the executive branch. As a result, he has selected more women for presidential appointments than has any previous president in the first 16 months of his administration -- almost 10 percent more than President Carter during the same period of time. The President has appointed more than 300 women to serve as top-level presidential appointments -- more than 70 of whom were selected for full-time positions.

The most significant appointment has been Sandra Day O'Connor, the first woman ever to serve on the U.S. Supreme Court. President Reagan has appointed women to many other major policy positions as well: Jeane Kirkpatrick, as U.S. Representative to the United Nations; Anne Gorsuch, as Administrator of the Environmental Protection Agency; Loret Ruppe, as Director of the Peace Corps; Nancy Steorts, as Chairman of the Consumer Product Safety Commission; Janet Steiger, as Chairman of the U.S. Postal Rate Commission; and Nancy Maloley, as member of the President's Council on Environmental Quality.

Women also hold several crucial positions on the White House staff. Among them are Elizabeth Dole, Assistant to the President for Public Liaison; Helene von Damm, Assistant to the President for Presidential Personnel; Karna Small Stringer, Deputy Assistant to the President and Director of Media Relations and Planning; Pamela Turner, Deputy Assistant to the President for Legislative Affairs; and Becky Norton Dunlop, Special Assistant to the President and Director of the Office of Cabinet Affairs.

Of the 1,253 Schedule C positions (non-presidentially commissioned political appointees) filled by the Administration, women have been named to 695, or more than half. In addition, the President has selected more than 250 women for part-time presidential advisory boards and commissions -- an increase again over the number named by the previous administration -- and more than 100 women for the Senior Executive Service.

These appointments, taken together, represent more than 1,200 women who have been selected for posts in the Reagan Administration. It should be noted that these women had to compete for their positions of responsibility with numerous other highly qualified candidates, and were chosen because of their abilities, not because of an arbitrary quota.

Conclusion

President Reagan has worked vigorously to identify and eliminate economic and legal discrimination against women. He has established effective mechanisms for implementing the necessary changes, and has forcefully demonstrated his commitment to equal opportunity for women by appointing a large number of talented women to key posts in his Administration.

In the end, however, it is the President's program for economic recovery which will benefit women the most. The program will increase real incomes and create a million new jobs. Such results will be especially beneficial to women, who will comprise as many as two-thirds of the total number of new job market entrants over the next few years, and will continue to head a growing proportion of households.

Thus, by generating real economic growth, the President's policies will ensure that women not only have the right to build upon their economic and social gains of the past two decades, but have full and equal opportunity to do so as well.

#