

BOLDED CATEGORIES ARE OPEN IN WHOLE AND AVAILABLE FOR RESEARCH USE

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
Subject File, 1981-1989

FINANCE (FI)

Scope Note

The White House Office of Records Management had some difficulty in assigning case files to these subject categories. You will find requests for payment of accounts in FI001-01 and FI001-02, there are contributions against the national debt in FI001-01, FI001-02 and FI004; and concerns about deficits and national debt in FI001-01, FI001-02 and FI004. Requests for budgeting and funding of a wide range of specific projects is included in FI004. Normally the Library would make an attempt to reassign case files to their correct category, but given the widespread incidence of this misclassification, we are leaving them “as is.” Transfers of case files were made for obvious or egregious mistakes such as tax information found in any subject category other than FI010, etc.

FINANCE (FI) (.6 l.ft.; Box 1-2)

This primary subject category consists of material relating to the financial community (banks, investment brokers, financial journalists); comments and advice to the President and Congress on economic policy, monetary policy, and regulation of the financial economy. It also includes material relating to a large project undertaken by the Department of the Treasury describing and then making recommendations for changes in the financial relationships between the federal government and state and local governments. The entire report is included in this material. This primary category also includes Treasury reports on the financial markets; suggestions for a government wide financial manager; legislation regarding financial management; a report on the government management of trust funds and reference to the Vice President’s Task Force on Regulations.

DESCRIPTION OF SECONDARY SUBJECT CATEGORIES

File Code

FI001

Description

Accounting-Audits (0.3 l.ft.; Box 2-3)

This secondary subject category consists of material relating to the Financial Managers Integrity Act of 1982 legislating simplification and unification accounting systems for government agencies; reports from agencies on their progress with the goals of the Act and a December 1985 report from the General Accounting Office outlining further problems with government accounting; the Single Audit Act of 1984 requiring states and local entities receiving federal money to use a single audit practice; applying GAAP (Generally Accepted Accounting Practices) to the US budgeting; numerous complaints about the IRS decision to

disallow the completed contract method of accounting and support for the Church Audit Processing Act against the Department of Treasury's opposition.

FI001-01

Collections – Receipts – User Fees (1.7 l.ft.; Box 3-7)

This secondary subject category consists of material relating to comments and/or protests against actual or proposed user fees including the highway transportation fees; meat/poultry inspection fees; sport boating and fishing fees; border crossing fees; export use fees; grazing fees; financial transaction fees; attorney fees and small port fees. The category also includes material relating to the Federal Debt Collection Acts and Amendments of 1981-1986; support for establishing a national lottery; reports on user fees and the receipts produced; requests from individuals and businesses for payment of fees owed; money sent for deficit reduction and debt payments by individuals;

FI001-02

Disbursements – Expenditures (8.6 l.ft.; Box 7-28)

This secondary subject category consists of material relating to reduction of Federal spending; government waste and fraud in spending including material on the Grace Commission (The President's Private Sector Survey on Cost Control); enactment of the Prompt Payment Act of 1982 requiring government entities to pay their bills in a timely manner (30 days from invoice); numerous requests for the cost of protection of President Reagan, the cost of the President Reagan's and the Vice President Bush's travel and vacations; requests for the costs of government redecoration; cash management issues; public concern about budget deficits and the national debt; support for the line item veto for the President; legal review of President Reagan's ability to rescind or postpone spending; public suggestions for saving federal money; reports of waste and fraud in government offices and projects; strategy for promoting the Truth in Spending Act (not enacted); requests from individuals and businesses for payment of fees owed; and money sent by the public for towards reduction of the United States budget deficit.

FI001-03

Irregularities, Financial (0.6 l.ft.; Box 28-30)

This secondary subject category consists of material relating to violations of the Antideficiency Act, (U.S.C. 1341). The material consists of notifications and reports to Congress and the President of a violation of the Antideficiency Act by government agencies, the vast majority being from the Department of Defense and the military branches. Since the standard report requires identifying the person responsible and possible personnel repercussions, much of this category is currently closed under the Freedom of Information Act for the protection of personal privacy.

Note: The Antideficiency Act prohibits the federal government and federal government employees from entering into a contract that is not

"fully funded" because doing so would obligate the government in the absence of an appropriation adequate to the needs of the contract. This Act of Congress dating back to 1884 is sometimes known as Section 3679 of the Revised Statutes.

FI002

Banks – Banking (3.9 l.ft.; Box 30-40)

This secondary subject category consists of material relating to the precarious financial state of the nation's savings & loan industry ("thrifts") with requests for changes in legislation (particularly the 1982 Amendments to the Depository Institutions Act), changes in regulation, implementation of the "All Savers" accounts; status reports on thrift banks; failures/closures of specific thrifts; and numerous policy changes recommended by the White House policy staff, the public, and industry trade groups to bolster savings and loans institutions. The policy material covers issues such as interest rate changes, thrift control of assets, certificates from the Federal Deposit Insurance Corporation (FDIC), and FDISL to assist cash flow, legislative remedies for the "sale on call" California Supreme Court "Wellenkamp" decision. This category also includes material regarding the failure of Fidelity Federal Savings & Loan of San Francisco, the subsequent takeover by Citicorp as one of the first interstate bank takeovers and the lawsuit filed over the bidding process employed for takeover of this bank. There is material on many other bank failures, including material on failures of state chartered savings and loans closings.

The thrift material comprises over 70% of the material within this secondary subject category

This secondary subject category also includes material regarding requests and meetings scheduled with the President and other White House staff by savings and loan executives; commercial and independent bank executives, and banking industry trade associations; praise and objections for deregulation actions by the Depository Institutions Deregulation Committee (DIDC); background information on state usury ceilings; reports on savings statistics of the American public; reports on regulation of financial institutions from the Vice President's Task Force on Regulation of Financial Services and the proposal to consolidate bank regulation agencies; concerns about the status of international banks and U.S. holdings in international banks; commercial bank deregulation; support, opposition and evaluation of the annual financial services legislation and ; new regulations restricting FDIC coverage for "brokered deposits" (third party deposits) and the litigation over these rulings; the consideration of TIMs (trusts for investments in mortgages); reviews of changes in bank and thrift activities under newly proposed legislation; the status of commercial banks; protests against IRS regulations requiring a 10% tax withholding from payouts of savings instruments; the emergence

of nonbank banks (consumer banks with no commercial loans) and the preemption of state licensing and regulation; and questions of chartering and regulating; and various complaints from the public on specific bank actions.

FI002 Note: A savings and loan association (or S&L), also known as a thrift, is a financial institution specializing in accepting savings deposits and making mortgages and other loans. By 1980s law thrifts could have no more than 10 percent of their lending in commercial loans. Thus their focus on mortgage and consumer loans made them particularly vulnerable to housing downturns and/or volatile interest rates. The first savings and loan associations date back to the 1800s, but they became particularly strong during the Great Depression with the creation of the Federal Home Loan Bank and the Federal Home Loan Bank Board.

In the late 1970s savings & loan institutions were already under severe strains due to rising interest rates. Cash flow and profitability were endangered by the pace of savings withdrawals compared to new deposits and home mortgage loans financed at lower interest rates than savings deposits were earning. Congress and the White House promoted policy and legislative measures to support the S&Ls, but closures, mergers and take-overs had begun.

Measures by Congress, and changes in interest rates gave some fleeting stability to the savings and loan industry in the 1980s. An accelerated decline in the late 1980s resulted in the full-blown 1990s savings and loan crisis with the collapse of many savings and loans institutions. Some of the causes for this crisis include the loosening of regulations for S & Ls resulting in risky and unsecured loans and commercial ventures.

In 1980, Congress passed the Depository Institutions Deregulation and Monetary Control Act of 1980. This bill began the major deregulation of all financial institutions from depression era rules and regulations. The bill allowed bank mergers, abolished interest rate ceilings on deposits and loans, and allowed credit unions and thrifts to offer checking accounts.

It also created the six member Depository Institutions Deregulation Committee (DIDC). The six members of the Committee were the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the FDIC, the Chairman of the Federal Home Loan Bank Board (FHLBB), and the Chairman of the National Credit Union Administration Board (NCUAB) as voting members, and the Comptroller of the Currency as a non-voting member. The DIDC was tasked with phasing out interest rate ceilings on deposit accounts by 1986.

Besides the phase out of interest rate ceilings, the Committee's other tasks included devising new financial products that would allow thrifts to compete with money funds and to eliminate ceilings on time deposits. The Committee automatically ended in 1986 when all interest rate ceilings were abolished.

Researchers will find both the savings and loan decline and the work of the DIDC documented in FI002.

- FI003** **Bonds – Stocks – Investments** (2.7 l.ft.; Box 40-47)
 This secondary subject category contains material relating to objections to the Internal Revenue Service/Department of the Treasury decision to roll back tax advantages for Economic Development Bonds/Industrial Development Bonds. These bonds were widely used by states and localities to fund construction projects and attract business to their areas by offering advantageous tax breaks. This category also contains material relating to support/opposition to money market funds; promotion of U.S. Savings Bonds; setting interest rates on U.S. Savings Bonds and Treasury Bills; creating investments in mortgage funds; reports on the New York Stock Exchange; reactions and policy proposals in response to “Black Monday,” the October 19, 1987 stock market crash; and numerous public mail regarding lost stock/bond certificates, unpaid dividends or interest and personal losses in stocks or bonds.
- FI004 **Budget – Appropriations** (l.ft.; Box 47-
- FI004-01 **Allocations**
- FI004-02 **Estimates, Budget**
- FI005 **Credit – Loans**
- FI005-01 **Agricultural Loans**
- FI005-02 Housing, Loans
- FI005-03 Schools – Student Teacher
- FI005-04** **Finance: Small Business Loans** (3.2 ft.; Box)
 A subject category containing correspondence primarily from the general public regarding procurement of small business loans, payments, and eligibility.
- FI005-05 **Transportation Loans**
- FI006 **Funds – Accounts**
- FI007** **Interest Rates** (l.ft.; Box)
 Largely correspondence and memos from the public and Congress regarding interest rate policy in general, and setting interest rates in particular.
- FI008** **Monetary Systems** (l.ft.; Box)
 Memos and correspondence relating to U.S. monetary systems, including such topics as commemorative coins; proposed changes to U.S. money’s

design and makeup, gold standard issues, and international money and trade issues (e.g. European common currency, the value of the Japanese yen).

FI009	<u>Public Debt</u> (1.ft.; Box)
FI010	<u>Taxation</u> (1.ft.; Box)
FI010-01	<u>Excise Tax – Estates – Gift – Excess Profit</u> (1.ft.; Box)
FI010-02	<u>Income Tax</u>
FI010-03	<u>Real Estate Tax – Personal Property</u>
FI010-04	<u>Sales Tax</u>