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OPINION

Reagan's campaign role

He's too sheepish to tell us what's happened to his economic program

By Joseph Sobran

My friend Neal Freeman said it best: "The Great Communicator has been out-communicated." A suitable epitaph for the 1982 elections. The elections have been turned into a referendum on Reaganomics. That would be a marvelous strategy for the Democrats and the media. They could never have done it, though, without help from the president himself.

The point is somewhat intricate. Ronald Reagan has an intense desire to convince us that he is "doing something" about the economy. But is he? Certainly he is trying. But his tax cuts have been gobbled up by bracket creep, higher Social Security taxes and the Dole tax hike. How about spending? We keep hearing about those huge spending cuts, but Tom Bethell, in the forthcoming *National Review*, points out that the spending figure originally projected by David Stockman for fiscal 1982—\$695 billion—has actually soared to virtually the level projected, in a moment of valedictory abandon, by the departing Carter team—\$731 billion. In short, no real tax cuts, no substantial spending cuts. Naturally, the president is too sheepish to tell us.

And the Democrats? Well, inasmuch as the current troubles are, in the absence of a genuine Reaganomics, traceable directly to the extension of their familiar spending habits, they are eager to encourage the impression that, yes, Virginia, there is a Reaganomics, and it causes unemployment, recession and bad dreams. So there is a strange community of interest among Republi-

cans and Democrats in pretending that something called "Reaganomics" has actually gone into effect.

And the media? Ah... the media. In New York and Washington they're almost unanimously infected with liberal ideology, eager to promote the liberal agenda. The other day *The Washington Post* endorsed Sen. Paul Sarbanes for reelection, with the straight-faced observation that the Maryland Democrat's record "does not lend itself to an easy 'liberal' or 'conservative' label." Not much, it doesn't. Sarbanes only got a 95 percent favorable rating last year from the hyperliberal Americans for Democratic Action. The American Conservative Union gave him a flat zero. As you see, the gentleman eludes classification.

It is not liberalism, but this particularly coy and camouflaged liberalism that makes the major media so morally repellent. They want Reagan to fail, generally speaking, so they perform little services for the likes of Sarbanes, while representing the ongoing malpractice of the Great Society as a peculiar new thing called "Reaganomics."

The Great Communicator should never have climbed into the ring with these boys. If they could bring down the wily Nixon, an innocent like Reagan should be duck soup for them. Which seems to be the way it is turning out. The grand irony is that, because Reagan has been unable to contain the big spenders, we may soon have a far heavier congressional preponderance of big spenders, spending ruinously, then blaming the fruits of their prodigality on that old devil Reaganomics. Meanwhile, Bill Moyers will deliver little homilies in which he will congratulate us on

our return to compassion, fairness and our commitment to social change.

It looks like a happy session for the Democrats, all right. But Reagan will still be there to veto their budget-busters, and they will have to come up with something new by 1984. They won't be able to blame Reaganomics forever.

Sobran is a syndicated columnist.



President just drifts—to election disaster?

By Rowland Evans and Robert Novak

LAS VEGAS, Nev. — Republican Senate candidate Chic Hecht unwittingly reinforced the irrelevance of Ronald Reagan's 1982 mid-term campaigning when he told a rally the president's overnight visit here is a boon to the recession-crippled Las Vegas tourist industry.

Although Reagan had not traversed the continent to plug this fantasy town's entertainment lures, it was not entirely clear to Nevada Republicans just why he visited them for the second time in three weeks. Nor had party leaders in the other four Rocky Mountain states on the presidential swing pleaded for his presence.

In fact, the president was jet-stopping the Rocky Mountain West in his final two days of 1982 campaigning because his advisers could find no other states where he was welcome and where they would risk sending him. Dutch Reagan's last flight of 1982 campaigning reflected a hit-or-miss approach at the White House to an election of profound significance.

Failing all year long to devise a campaign strategy, the president's men did not even focus the Great Communicator for last week's finale (a failing that explains why a major election-eve address was ruled out). Instead, speechwriters patched bits and pieces of old Reagan oratory into a pastiche

of warmed-over sloganeering.

The dispirited trek hit bottom when Air Force One arrived in Las Vegas.

The president, ending an exhausting if unproductive day, proceeded to read the Las Vegas audience the litany of Republican triumphs and Democratic sins. "What about jobs?" yelled a voice from the audience. "We'll get to jobs," replied the president. What he did get to was his script telling listeners that other industrial countries "are far worse off than us."

If Reagan's revisit to Nevada could be rationalized by Hecht's chance to unseat veteran Democratic Sen. Howard Cannon, only the need to go *someplace* justified starting his two-day Western tour in Casper, Wyo. Four days before the Reagan visit, Wyoming party officials were informed—not asked—about the president's trip.

At that moment, telephone tracking of Wyoming voters showed a huge lead held by Republican Sen. Malcolm Wallop had dwindled to 2 percentage points. But no SOS had been sent to the White House. Since Wallop's demise was caused by Democrat Rodger McDaniel's unanswered television scare commercials on Social Security, there was no call for a president with a case history of entanglements on that issue.

Wallop is a conservative and Reaganite, but is not campaigning as the president's man in Wyoming. On the night before Reagan's arrival, the senator's 10-minute speech to a rally in Gillette mentioned "the president" once in

passing and not in connection with his economic program. Wallop regained much of his big lead last week not because of Reagan's visit but through a television blitz identifying McDaniel with Teddy Kennedy and the peace lobby.

Nevertheless, Wyoming's doors were not barred to the president as were California's last week and New York's the whole campaign. Reagan was not the Flying Dutchman in Wyoming but Uncle Dutch, a friendly relative whose unrequested visit had to be tolerated. "It is a disruption," a state Republican leader told us, impatient to get on with the real campaign.

That this popular president is a distraction in the relatively prosperous Rockies explains why he is *persona non grata* in the economically-ravaged industrial Midwest, where Republicans face a bloodbath. His response to the recession has been to claim things are not so bad; there is no hint of the 1980 campaign poetry confronting great challenges at home and abroad.

The year-long exercise by senior aide Mike Deaver to protect the president at all costs put Reagan in the mountain states and on the inside newspaper pages for the campaign's last week.

Reagan is not free of guilt, personally insisting on the dreary "stay the course" slogan against contrary advice. The blame for Ronald Reagan drifting without plan or closely-defined purpose through the campaign of 1982 is shared by both the president and his men.

Evans and Novak are syndicated columnists

Economy speech

It was Jimmy Carter who held office during notable boost in poverty

O.C. Repole 5-28-82

By Warren T. Brookes

President Reagan is still smarting from two pieces of what he considers sensational journalism: the *Newsweek* cover story, "The Poor in Reagan's America," and Bill Moyers' April 21 CBS special on the same subject.

And, frankly, the president does have a gripe.

This is not to say that both journalistic efforts lacked merit or factual substance. No one can deny that some people are being hurt in the short run by Reagan's budget cuts and the effort to cut inflation.

It is ridiculously easy to find these individual cases and generalize to utterly false conclusions: namely that Reaganomics is increasing poverty in America.

Both fell into this trap by avoiding the more-difficult assignment of looking not merely at individual cases, but the total economic picture.

To understand what we mean, ask yourself which president presided over the greatest rise in poverty in post-war U.S. history?

If you answered Jimmy Carter, you were absolutely correct.

When Carter took over the White House in January 1977, there were 25 million Americans living below the poverty level, down from 28.5 million in 1966 (when the Great Society actually started functioning) and from 25.4 million in 1968 when Richard Nixon was elected.

But, when Carter left office, that number had risen from 25.0 to 29.2 million — from 11.8 percent to 13.0 percent. It was the worst performance against poverty since the Great Depression.

Now, you may ask, why didn't *Newsweek* or CBS cover *that* story? Why did no headlines read: "Carter's America, Where the Poor Are Getting Poorer"?

Why, for example, weren't we told that between 1976 and 1980, the average American worker saw real wages, before taxes, drop by a stunning 7.6 percent, and nearly 9 percent after taxes — the worst "impoverishment" of working Americans since World War II?

Good questions.

The reason we weren't told about this dreadful performance is that throughout Carter's term of office, he did all the "compassionate" things he was supposed to do in the eyes of our superficial pundits.

He made social spending grow at a 15-percent-a-year clip. He pumped up the money supply to an astonishing 11.6 percent growth rate and put nearly 3½ million people on CETA payrolls.

All of this bought him surprisingly uncritical support until, in 1979, it also brought the rest of us raging double-digit inflation, soaring interest rates, and recession in 1980 — with a dollar that had become the laughingstock of the world currency market.

It also accelerated poverty, as inflation outraced both wages and employment, and produced the highest "misery index" in U.S. postwar history.

This is another story CBS and *Newsweek* failed to cover.

Yet, Reagan has cut "the misery" by more than 40 percent in a 15-month period, paving the way for a renewal of the nation's effective war against poverty, as a falling inflation rate is now increasing the average U.S. worker's real wages for the first time since the middle 1970s, and is massively improving the buying power of all those living on low and relatively fixed incomes.

It is this side of the story that *Newsweek*, CBS and Bill Moyers deliberately avoided. They ignored it because they think that only government spending alleviates poverty.

Yet from 1966 (when the Great Society programs actually took effect) to 1980, the poverty population actually rose modestly, while federal social spending (as a share of GNP) more than doubled from 6.2 to 12.6 percent.

By comparison, in the six years before the Great Society (1960-1966), 11 million Americans rose from poverty with the help of less than half the present level of social spending.

Maybe Reagan's on the right track after all.

Brookes is a syndicated columnist.

Public Hurting but Hopeful Under Reaganomics

Since President Reagan took office in January, 1981, the U.S. economy has been hit by one of the longest and most painful recessions of the post-World War II era. And yet, despite the continuing weakness in employment, production and sales, there is little evidence of a backlash against Reagan or his economic policies.

The President has been able to partially reverse his tax-cutting policies without setting off a grassroots conservative revolt, and most Americans do not blame him for the nation's economic troubles, the Los

Angeles Times Poll has found.

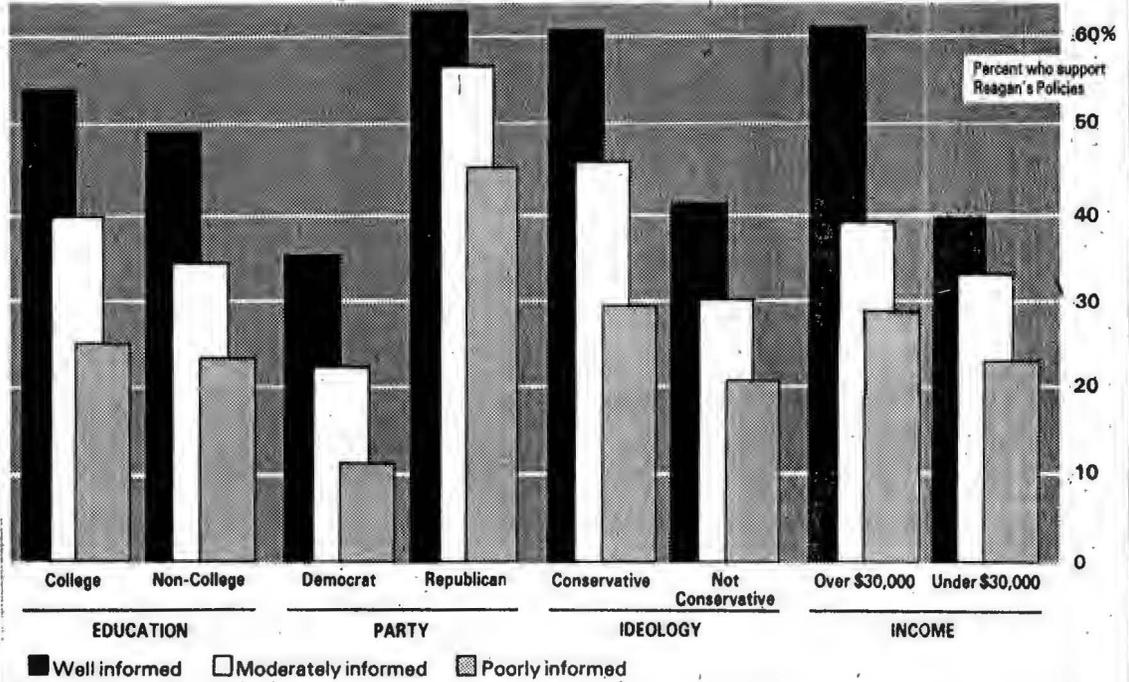
The weak U.S. economy has forced some painful cutbacks in Americans' spending habits, and many have been affected by a job

loss in their family or a cutback in work hours. But Reagan's support is still quite strong, with most people willing to give him more time to see whether his policies will improve

the nation's economic health. Those who appear to be most knowledgeable about economic matters believe he is generally on the right track.

Who Supports Reaganomics Most?

People who are well informed about the economy support President Reagan's economic policies more than those who are moderately informed or poorly informed, according to the Los Angeles Times Poll. This is true regardless of education, party affiliation, income, or political ideology of the respondents.



How the Economy Has Fared Under Reagan

In January, 1980:

Inflation rate	12.4%*
Unemployment	7.4%
Dow Jones Industrial Average	1013.14
Prime Rate	19.5%

Now, 19 months later:

Inflation rate	7.3%*
Unemployment	9.8%
Dow Jones Industrial Average	925.13
Prime Rate	13.5%

* Consumer price index, latest 12 months.

More Households Feel the Pinch

One or more family members have suffered the following in the past 12 months:

	Aug. 22-28	June 2-8
Lost Job	20%	15%
Lost part-time job	4%	2%
Temporary layoff	5%	4%
Pay lower	3%	2%
Hours cut	6%	6%
Overtime cut	4%	4%
No change	58%	67%

What Public Thinks Future Holds

Over the next 12 months, the economic situation will be:

Responses by Region

	Better	Same	Worse	Not Sure
East	29%	46%	16%	9%
Midwest	35%	38%	18%	9%
South	39%	34%	16%	11%
West	40%	38%	14%	8%

Responses by Income

	Better	Same	Worse	Not Sure
Under \$10,000	21%	36%	27%	16%
\$10-30,000	35%	41%	16%	8%
Over \$30,000	48%	37%	10%	5%

Overall Responses

	Better	Same	Worse	Not Sure
	36%	39%	16%	9%

Reagan Supporters Outnumber Opponents on Most Issues

Is President Reagan going in the right direction, wrong direction, or somewhere in-between, concerning:

	Right	Wrong	In-between or unsure
Domestic Spending	31%	26%	43%
Military Spending	44%	24%	32%
Tax Policy	34%	37%	29%
Unemployment	22%	42%	36%
Inflation	39%	26%	35%
Balancing the Budget	38%	27%	35%

TOM TRAPNELL / Los Angeles Times



PRESERV. TION COPY

Text of Reagan's Mideast Speech

From United Press International

Following is the text of President Reagan's speech to the nation Wednesday evening on Mideast policy:

Today has been a day that should make all of us proud. It marked the end of the successful evacuation of the PLO from Beirut, Lebanon. This peaceful step could never have been taken without the good offices of the United States and, especially, the truly heroic work of a great American diplomat, Ambassador Philip Habib.

Thanks to his efforts, I am happy to announce that the U.S. Marine contingent helping to supervise the evacuation has accomplished its mission. Our young men should be out of Lebanon within two weeks. They, too, have served the cause of peace with distinction and we can all be very proud of them.

But the situation in Lebanon is only part of the overall problem of conflict in the Middle East. So, over the past two weeks, while events in Beirut dominated the front page, America was engaged in a quiet, behind-the-scenes effort to lay the groundwork for a broader peace in the region. For once, there were no premature leaks as U.S. diplomatic missions traveled to Mideast capitals, and I met here at home with a wide range of experts to map out an American peace initiative for the long-suffering peoples of the Middle East, Arab and Israeli alike.

It seemed to me that, with the agreement in Lebanon, we had an opportunity for a more far-reaching peace effort in the region—and I was determined to seize that moment. In the words of the Scripture, the time had come to "follow after the things which make for peace."

Tonight, I want to report to you on the steps we have taken, and the prospects they can open up for a just and lasting peace in the Middle East.

America has long been committed to bringing peace to this troubled region. For more than a generation, successive U.S. Administrations have endeavored to develop a fair and workable process that could lead to a true and lasting Arab-Israeli peace. Our involvement in the search for Mideast peace is not a matter of preference, it is a moral imperative. The strategic importance of the region to the U.S. is well known.

'An Irreversible Commitment'

But our policy is motivated by more than strategic interests. We also have an irreversible commitment to the survival and territorial integrity of friendly states. Nor can we ignore the fact that the well-being of much of the world's economy is tied to stability in the strife-torn Middle East. Finally, our traditional humanitarian concerns dictate a continuing effort to peacefully resolve conflicts.

When our Administration assumed office in January, 1981, I decided that the general framework for our Middle East policy should follow the broad guidelines laid down by my predecessors.

There were two basic issues we had to address. First, there was the strategic threat to the region posed by the Soviet Union and its surrogates, best demonstrated by the brutal war in Afghanistan; and, second, the peace process between Israel and its Arab neighbors. With regard to the Soviet threat, we have strengthened our efforts to develop with our friends and allies a joint policy to deter the Soviets and their surrogates from further expansion in the region, and, if necessary, to defend against it.

With respect to the Arab-Israeli conflict, we have embraced the Camp David framework as the only way to proceed. We have also recognized, however, that solving the Arab-Israeli conflict, in and of itself, cannot assure peace throughout a region so vast and troubled as the Middle East.

The war in Lebanon has demonstrated another reality in the region. The departure of the Palestinians from Beirut dramatizes more than ever the homelessness of the Palestinian people. Palestinians feel strongly that their cause is more than a question of refugees. I agree. The Camp David agreement recognized that fact when it spoke of the legitimate rights of the Palestinian people and their just requirements.

For peace to endure, it must involve all those who have been most deeply affected by the conflict. Only through broader participation in the peace process—most immediately by Jordan and by the Palestinians—will Israel be able to rest confident in the knowledge that its security and integrity will be respected by its neighbors. Only through the process of negotiation can all the nations of the Middle East achieve a secure peace.

These then are our general goals. What are the specific new American positions and why are we taking them?

In the Camp David talks thus far, both Israel and Egypt have felt free to express openly their views as to what the outcome should be. Understandably, their views have differed on many points.

The United States has thus far sought to play the role of mediator; we have avoided public comment on the key issues. We have always recognized—and continue to recognize—that only the voluntary agreement of those parties most directly involved in the conflict can provide an enduring solution. But it has become evident to me that some clearer sense of America's position on the key issues is necessary to encourage wider support for the peace process.

First, as outlined in the Camp David accords, there must be a period of time during which the Palestinian inhabitants of the West Bank and Gaza will have full autonomy over their own affairs. Due consideration must be given to the principle of self-government by the inhabitants of the territories and to the legitimate security concerns of the parties involved.

The purpose of the five-year period of transition which would begin after free elections for a self-governing Palestinian authority is to prove to the Palestinians that they can run their own affairs, and that such Palestinian autonomy poses no threat to Israel's security.

The United States will not support the use of any additional land for the purpose of settlements during the transition period. Indeed, the immediate adoption of a settlement freeze by Israel, more than any other action, could create the confidence needed for wider participation in these talks. Further settlement activity is in no way necessary for the security of Israel and only diminishes the confidence of the Arabs that a final outcome can be freely and fairly negotiated.

I want to make the American position clearly understood: The purpose of this transition period is the peaceful and orderly transfer of domestic authority from Israel to the Palestinian inhabitants of the West Bank and Gaza. At the same time, such a transfer must not interfere with Israel's security requirements.

Beyond the transition period, as we look to the future of the West Bank and Gaza, it is clear to me that peace cannot be achieved by the formation of an independent Palestinian state in those territories. Nor is it achievable on the basis of Israeli sovereignty or permanent control over the West Bank and Gaza.

So the United States will not support the establishment of an independent Palestinian state in the West Bank and Gaza, and we will not support annexation or permanent control by Israel.

There is, however, another way to peace. The final status of these lands must, of course, be reached through the give-and-take of negotiations. But it is the firm view of the United States that self-government by the Palestinians of the West Bank and Gaza in association with Jordan offers the best chance for a durable, just and lasting peace.

We base our approach squarely on the principle that the Arab-Israeli conflict should be resolved through negotiations involving an exchange of territory for peace. This exchange is enshrined in United Nations Security Council Resolution 242, which is, in turn, incorporated in all its parts in the Camp David agreements. U.N. Resolution 242 remains wholly valid as the foundation stone of America's Middle East peace effort.

It is the United States' position that—in return for peace—the withdrawal provision of Resolution 242 applies to all fronts, including the West Bank and Gaza.

When the border is negotiated between Jordan and Israel, our view on the extent to which Israel should be asked to give up territory will be heavily affected by the extent of true peace and normalization and the security arrangements offered in return.

Finally, we remain convinced that Jerusalem must remain undivided, but its final status should be decided through negotiations.

Commitment to Israeli Security

In the course of the negotiations to come, the United States will support positions that seem to us fair and reasonable compromises, and likely to promote a sound agreement. We will also put forward our own detailed proposals when we believe they can be helpful. And, make no mistake, the United States will oppose any proposal—from any party and at any point in the negotiating process—that threatens the security of Israel. America's commitment to the security of Israel is ironclad—and, I might add, mine is ironclad too.

During the past few days, our ambassadors in Israel, Egypt, Jordan and Saudi Arabia have presented to their host governments the proposals in full detail that I have outlined here tonight.

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I am convinced that these proposals can bring justice, bring security, and bring durability to an Arab-Israeli peace.

The United States will stand by these principles with total dedication. They are fully consistent with Israel's security requirements and the aspirations of the Palestinians. We will work hard to broaden participation at the peace table as envisaged by the Camp David accords. And I fervently hope that the Palestinians and Jordan, with the support of their Arab colleagues, will accept this opportunity.

Tragic turmoil in the Middle East runs back to the dawn of history. In our modern day, conflict after conflict has taken its brutal toll there. In an age of nuclear challenge and economic interdependence, such conflicts are a threat to all the people of the world, not just the Middle East itself. It is time for us all—in the Middle East and around the world—to call a halt to conflict, hatred and prejudice; it is time for us all to launch a common effort for reconstruction, peace and progress.

It has often been said—and regrettably too often been true—that the story of the search for peace and justice in the Middle East is a tragedy of opportunities missed.

In the aftermath of the settlement in Lebanon we now face an opportunity for a broader peace. This time we must not let it slip from our grasp. We must look beyond the difficulties and obstacles of the present and move with fairness and resolve toward a brighter future. We owe it to ourselves—and to posterity—to do no less. For if we miss this chance to make a fresh start, we may look back on this moment from some later vantage point and realize how much that failure cost us all.

These, then, are the principles upon which American policy towards the Arab-Israeli conflict will be based. I have made a personal commitment to see that they endure and, God willing, that they will come to be seen by all reasonable, compassionate people as fair, achievable, and in the interests of all who wish to see peace in the Middle East.

Tonight, on the eve of what can be a dawning of new hope for the people of the troubled Middle East—and for all the world's people who dream of a just and peaceful future—I ask you, my fellow Americans, for your support and your prayers in this great undertaking.

or itself, cannot assure peace throughout a region so vast and troubled as the Middle East.

Our first objective under the Camp David process was to ensure the successful fulfillment of the Egyptian-Israeli peace treaty. This was achieved with the peaceful return of the Sinai to Egypt in April, 1982. To accomplish this, we worked hard with our Egyptian and Israeli friends, and eventually with other friendly countries, to create the multinational force which now operates in the Sinai.

Throughout this period of difficult and time-consuming negotiations, we never lost sight of the next step of Camp David: autonomy talks to pave the way for permitting the Palestinian people to exercise their legitimate rights.

However, owing to the tragic assassination of President Sadat and other crises in the area, it was not until January, 1982, that we were able to make a major effort to renew these talks. Secretary of State Haig and Ambassador Fairbanks made three visits to Israel and Egypt this year to pursue the autonomy talks. Considerable progress was made in developing the basic outline of an American approach which was to be presented to Egypt and Israel after April.

The successful completion of Israel's withdrawal from Sinai and the courage shown on this occasion by Prime Minister Begin and President Mubarak in living up to their agreements convinced me the time had come for a new American policy to try to bridge the remaining differences between Egypt and Israel on the autonomy process. So, in May, I called for specific measures and a timetable for consultations with the governments of Egypt and Israel on the next steps in the peace process. However, before this effort could be launched, the conflict in Lebanon preempted our efforts. The autonomy talks were basically put on hold while we sought to untangle the parties in Lebanon and still the guns of war.

The Lebanon war, tragic as it was, has left us with a new opportunity for Middle East peace. We must seize it now and bring peace to this troubled area so vital to world stability while there is still time.

It was with this strong conviction that over a month ago, before the present negotiations in Beirut had been completed, I directed Secretary of State Shultz to again review our policy and to consult a wide range of outstanding Americans on the best ways to strengthen chances for peace in the Middle East. We have consulted with many of the officials who were historically involved in the process, with members of the Congress, and with individuals from the private sector, and I have held extensive consultations with my own advisers on the principles I will outline to you tonight.

The evacuation of the PLO from Beirut is now complete. And we can now help the Lebanese to rebuild their war-torn country. We owe it to ourselves, and to posterity, to move quickly to build upon this achievement. A stable and revived Lebanon is essential to all our hopes for peace in the region. The people of Lebanon deserve the best efforts of the international community to turn the nightmares of the past several years into a new dawn of hope.

How to Reconcile Legitimate Concerns

But the opportunities for peace in the Middle East do not begin and end in Lebanon. As we help Lebanon rebuild, we must also move to resolve the root causes of conflict between Arabs and Israelis.

The war in Lebanon has demonstrated many things, but two consequences are key to the peace process:

First, the military losses of the PLO have not diminished the yearning of the Palestinian people for a just solution of their claims; and second, while Israel's military successes in Lebanon have demonstrated that its armed forces are second to none in the region, they alone cannot bring just and lasting peace to Israel and her neighbors.

The question now is how to reconcile Israel's legitimate security



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Worthmore's Trends

Text of Reagan's Mideast Speech

neighbors.

The question now is how to reconcile Israel's legitimate security concerns with the legitimate rights of the Palestinians. And that answer can only come at the negotiating table. Each party must recognize that the outcome must be acceptable to all and that true peace will require compromises by all.

So, tonight I am calling for a fresh start. This is the moment for all those directly concerned to get involved—or lend their support—to a workable basis for peace. The Camp David agreement remains the foundation of our policy. Its language provides all parties with the leeway they need for successful negotiations.

I call on Israel to make clear that the security for which she yearns can only be achieved through genuine peace, a peace requiring magnanimity, vision and courage.

I call on the Palestinian people to recognize that their own political aspirations are inextricably bound to recognition of Israel's right to a secure future.

And I call on the Arab states to accept the reality of Israel—and the reality that peace and justice are to be gained only through hard, fair, direct negotiation.

In making these calls upon others, I recognize that the United States has a special responsibility. No other nation is in a position to deal with the key parties to the conflict on the basis of trust and reliability.

The time has come for a new realism on the part of all the peoples of the Middle East. The State of Israel is an accomplished fact; it deserves unchallenged legitimacy within the community of nations. But Israel's legitimacy has thus far been recognized by too few countries, and has been denied by every Arab state except Egypt.

Israel exists; it has a right to exist in peace behind secure and defensible borders; and it has a right to demand of its neighbors that they recognize those facts.

So the United States will not support the establishment of an in-



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The Haitians Are

Reagan's Economic Medicine Is Killing the Patient

The problem with Reaganomics one year after its enactment by Congress is not only that it is a fraudulent failure in practice. It takes no bright-eyed child to point out that this emperor has no clothes. The more basic problem is that while those who promoted it may lose their intellectual

Viewpoint by Hodding Carter III

and (if there is any justice in this world) their political shirts, too many other Americans are losing their pants.

It was particularly fitting that the first anniversary of the president's triumph coincided with the monthly employment figures for July. The new unemployment rate stood at 9.8%, another record for post-World War II America. Despite candidate Reagan's repeated promises to the contrary, the significant reduction in the inflation rate, which is the administration's only economic accomplishment, has been produced by the conventionally conservative technique of wringing it out of the hides of the country's working men and women.

The best way to think about Reaganomics is to consider the effect of malaria. Extremes grip its victims, with severely high fever followed by chills. The new economics ushered into existence a year ago is similarly a matter of extreme ups and downs. Among the ups:

The largest peacetime deficit in history, to be followed by yet another record deficit and then a third one almost as big.

The largest tax cut in American history, to be followed with the president's "total support . . . without any equivocation," according to a spokesman, by the largest tax hike the country has ever seen.

The highest number of business failures in 50 years, with the average for 1982 standing at 452 each week.

The highest-ever ratio of farm indebted-

ness to farm income, 12 to one.

That is a partial description of Reaganomics' fever. What of the chills—the lows—which it has inflicted on the country?

There were housing starts, which fell to a 35-year low in 1981. There was the automobile industry, which will see fewer cars this year than at any time since 1961. There was the value of farm land, which fell for the first time in almost 30 years.

Or, to think about those already afflicted by bad times, food stamp recipients will have to do with billions of fewer dollars. Those who need federally funded legal assistance and tuition loans and hot

The best way to think about Reaganomics is to consider the effect of malaria. Extremes grip its victims, with severely high fever followed by chills.

meals are going to have to scramble to make do with far less money. A number of other basic social welfare programs will be shrinking as the need increases. And that won't be all of it, according to Budget Director David Stockman. Even deeper cuts will be necessary in domestic programs in 1983, he told the Senate Budget Committee, if the administration's economic recovery program is to work.

Despite the stimulus to investment which was supposed to flow from the Reagan program immediately after its passage last year, many experts now predict that capital spending will be lower this year than last. Even the Commerce Department has lowered its earlier prediction of a 7.3% increase to 2%. Along the same line, the touted connection between deep slashes in marginal income tax rates and

substantially increased personal savings has yet to be demonstrated in practice, despite the fact that many taxpayers in the higher brackets got the full benefit of the new rates immediately and therefore have had a year to put the proceeds to their intended use.

There is an answer from the White House of course: time. We haven't had a fair trial yet, Mr. Reagan says. Such revisionism is politically inevitable, but it doesn't square with the earlier pronouncements by the president and his men. In other days we were told that Reaganomics would go to work immediately to turn the economy around, that there would be a balanced budget in 1984 and, as presidential spokesman David Gergen said in July 1981, there would be no recession in the meantime. It was also Mr. Gergen who, speaking for the president, said that the economy would improve by the end of 1981, thanks to Reaganomics, and that unemployment this year would be below the 7% of 1981.

But press spokesmen are simply propaganda conduits. Closer to the center of administration rationalization, Treasury Secretary Donald Regan said just six months ago, which is to say six months after the 1981 budget triumph, that "the economy is going to come roaring back in the late spring." Six months before that, he said that the economy would turn up again "by the end of the year (1981)."

Well, that year has ended and this one is more than half over, and it turns out that Reaganomics is the modern equivalent of treating a very sick person with leeches. The quack keeps predicting success, and the patient grows weaker by the moment. The president asks for "patience from every one of us" as we "work our way back to prosperity." That isn't going to happen until someone pries the leech out of the body politic.

Mr. Carter is chief correspondent for "Inside Story," produced for PBS.

Blue-collar voters patient with Reagan

Democrats' appeals to class resentment, 'unfairness' fail to win enough support

By Mark J. Penn
and Douglas E. Schoen

NEW YORK -- Even as unemployment approaches 10 percent and the recession enters its second year, blue-collar voters are not yet blaming Ronald Reagan for the poor performance of the economy.

The problem, in part at least, is that until now the Democratic Party has failed to join the economic debate with arguments that can win back the support of its traditional working-class constituency. Ironically, the Democrats are unlikely to regain significant blue-collar support until they abandon their appeal to class resentment and economic fairness.

In 1980 blue-collar voters swung away from traditional Democratic favorites to put Ronald Reagan in the White House. Now, almost two years later, and despite the recession, the union vote is still pro-Reagan — and it may well prevent Republicans from losing a significant number of congressional seats in November. Less than one-fifth of the union vote is registered Republican, but nearly 40 percent of union households said in a national poll that we conducted recently that they would vote for Ronald Reagan over the two best-known Democratic opponents — Edward M. Kennedy and Walter F. Mondale.

President Reagan has been able to convince voters, including union members, of two simple things — that he is a competent, moral leader and that things will get better. When asked whether the administration's policies have helped or hurt the economy, most voters answered that his program has hurt. But they responded quite differently to our next question, "Will the administration's economic program eventually improve the economy or not?"

A majority of all voters — 52 percent — said the program will help, 24



percent said it will hurt the economy, and 18 percent said it would have no effect. As for union voters, a plurality — 44 percent — agreed that the program will work, while only 31 percent said it would definitely make the economy worse.

By emphasizing the issue of inequality, Democrats, too, are conceding that the president's program may work to improve the economy — and, as our numbers show, the electorate is far more concerned with results than with fairness. Voters are willing to endure disproportionate suffering and cutbacks as long as in the end, as the president promised, things get better for everyone.

Our finding that 68 percent of voters think the Reagan program is helping the wealthy more than the poor and middle class suggests that the Democrats will have no trouble convincing a majority that the administration's programs are "unfair." What Democrats may not be able to answer is the Republican charge that their call for fairness

amounts to little more than a rehashing of the tired Democratic theme of more government spending for the poor — the old big-spending liberal ideas that many swing voters rejected in 1980.

Sixty-five percent of all voters and 70 percent of union voters believe the Democratic Party would do a better job of protecting the interests of the poor and the elderly than the Republicans are doing. But election results show clearly enough that this is not the most important issue to voters, and on other questions — balancing the budget, building national defense, cutting spending, improving the economy — Democrats are losing to Republicans.

Furthermore, the Democratic emphasis on fairness assumes — incorrectly, in our view — that American voters can be divided sharply along class lines. The Democrats apparently believe the United States is divided into those who are getting more than they deserve and those who are

getting less. Those getting less surely include minorities and the elderly, while everyone making more than \$35,000 a year falls into the other group. What this division does not take into account are union employees earning above-average income.

When union families were asked which budget proposals they favored, 44 percent sided with the Republicans and 43 percent with the Democrats. Half of all union members and a majority of white union members rejected the basic Democratic philosophy of increasing social spending, cutting defense and holding off on tax cuts. And as long as union families remain divided on these issues, Democratic appeals to fairness will have little success.

Instead, the Democrats should focus on issues that cut across class and income lines.

Penn and Schoen, partners in a political polling firm that bears their names, wrote this for *The New York Times*.

J.C. Register
8/82

Inflation has erased most gains

O. C. Repulse

By Robert Pear

N.Y. Times News Service

4-25-82

WASHINGTON - Inflation wiped out virtually all the gains that American families achieved through higher earnings in the 1970s, while the distribution of income became slightly more unequal, according to the Census Bureau.

Real family income, excluding the effects of inflation, rose rapidly from 1960 to 1970 but was virtually unchanged from 1970 to 1980, the bureau said in a report.

From 1960 to 1970, median family income, adjusted for inflation, rose to \$20,939 from \$15,637, and in 1980 it stood at \$21,023, the Census Bureau found. Half of all families have income above the median, and half are below the median. All the income statistics were given in constant 1980 dollars, meaning that they were adjusted for increases in consumer prices.

In the last decade, real income for the median white family increased by less than 1 percent, to \$21,904, but real income for the median black family decreased 5 percent, to \$12,674.

"There was much slower growth in real income between 1970 and 1980 than we experienced between 1960 and 1970," Gordon W. Green, a demographer and economist with the bureau, said Friday. "In terms of real buying power, families are little different today than they were in 1970."

Indeed, median family income, expressed in constant dollars, decreased from 1970 to 1971, from 1973 to 1974, from 1974 to 1975 and from 1979 to 1980.

There were recessions from November 1973 to March 1975 and from January to July 1980. Inequality in the distribution of income tends to increase in a recession, according to Green.

"In a recession," he said, "lower-income people are often the first to be laid off."

Public Not Making Connection Between Reagan and Policies

You can't go wrong by telling people what they are already thinking, or asking them for something they have already given you. That's what Ronald Reagan did at his last news conference.

The president knows from his pollster, Richard Wirthlin, pretty much how the American people feel about him, so whenever he could last Wednesday night, Reagan did what the technicians call "reinforcing."

In his opening statement, for instance, he spoke of his wish that economic recovery "could be easier and faster." But he immediately swung into a line he knows strikes a chord in the country:

"It's tough, slow work, and it's going to require enormous effort and patience from every one of us"

Wirthlin has told him that he has what every president dreams of and seldom achieves, "a pool of patience."

The end of the sentence was also provided by Wirthlin: ". . . to correct the problems we inherited."

That was easy, too. Wirthlin's surveys show that a majority of Americans think

that present economic woes are "the result of years and years of the wrong course, and that the Congress shares the responsibility."

Reagan cannot, of course, hide or disguise what is happening 16 months into his administration. The recession, high unemployment figures and business failures are not classified material. But apparently Reagan can get away with saying that it's because he did not get what he wanted.

When he signed the two principal instruments of his economic revolution, the budget reconciliation and the tax bill of 1981, no one heard him saying that he had gotten half a loaf. In fact, the signings were triumphal occasions at which he hailed "the single most important achievement" of his young administration, achieved through a marvelous bipartisan coalition in Congress.

But hear him in the Oval Office last week: ". . . I can say back to them, 'All right, then why don't you just give us what we've asked for?'"

Congress thought it had.

But from Wirthlin's whispers, Reagan knew he did not have to be tethered to the facts.

Wirthlin checked around in May and found out that of 1,502 voters who were asked how much of Reagan's economic program has been passed, 43 percent said they thought about half; 34 percent thought it was "less than half."

Why should he not splash about in his "pool of patience" until the word gets out?

Mary McGrory

LUCKY

Reagan's greatest luck, of course, is that the people have not yet made the connection between him and his policies. They do not blame him for what is happening, even, it seems, on the unemployment lines.

He represented to them, when they voted for him, promise and hope. The prospect of lower taxes, less regulation and reduced government spending sounded like the Promised Land to them. To give up on

him so soon would be a way of giving up on themselves, Wirthlin thinks.

As if the people were not giving the president enough, House Democrats gave him more last week. They decided to accept, as is, a Senate tax reform bill that would raise \$98.5 billion over a three-year period and go right to conference with it—even though the Constitution says that revenue-raising bills should originate in the House.

The Democrats only noticed that the bill is the work of a Republican senator, Robert J. Dole (Kan.). They did not take in the wonder of it, which is that it is fair. It takes raw courage to raise taxes in an election year, especially for Republicans, and the right wing is outraged, charging that "the Republican Party is in danger of making a U-turn back to its familiar role of tax collector for Democratic spending programs."

But the Democrats, it appears, do not have the advantage of Wirthlin's counsels. If they had, they might not have been so fast off the mark.

The issue of fairness is their strongest campaign weapon. Out there, voters have thought from the first that Reagan is soft on the rich.

Wirthlin calls unfairness the president's "most severe perceptual liability." The Democrats had a chance to make the new taxes even fairer. But all they saw was a Republican tax bill 90 days before the fall election, and a chance for a little campaign gloating.

Only James M. Shannon (D-Mass.), in the Democratic caucus of the Ways and Means Committee, voted against sending the measure to conference. He argued that the House could make a good bill better and share responsibility for a responsible action. His colleagues would have none of it.

"We ought to stop trying to be so damn cute on every issue," Shannon says. "We want it both ways, we say we want lower deficits, but it isn't our tax bill—don't blame us."

The Democrats' campaign slogan is: "It isn't fair—it's Republican." Now they have chopped it in half.

You can call the tax bill Republican, but you can't call it unfair.

As Wirthlin keeps telling him, Reagan's luck is phenomenal.

But Income Levy Will Drop \$780

shT
8-21-82

Tax Hike Bill to Cost an Average Family \$50

By ROBERT A. ROSENBLATT, *Times Staff Writer*

12 Part I/Saturday, August 21, 1982 ★

TAX: \$50 Increase

Continued from First Page

the figure to 5% of income.

A family with an adjusted gross income of \$24,000 can deduct medical costs above \$720 under current law. But this threshold will be raised to \$1,200 under the new statute.

According to the Treasury experts, the average family claiming medical deductions will have to pay an additional \$100 in taxes under the new law. Obviously, some families will be hit much harder, depending on their medical bills.

Withholding on Interest

The new tax rules will take effect Jan. 1. A notable exception is the requirement for a 10% withholding tax on all interest and dividend payments, which becomes effective July 1 of next year. Banks, savings and loan associations and other institutions will withhold the interest or dividends just as federal taxes are now withheld from paychecks.

Fearing that withholding could harm elderly and retired persons who depend heavily on interest and dividends, Congress wrote the law to exclude about 85% of all those over the age of 65. For persons 65 and over, there will be withholding only for those with incomes above \$14,450 a year. For couples over 65, the figure would be \$22,214 a year.

In addition, the law provides adjustments for persons of moderate means under the age of 65. An individual would not have money withheld from interest payments unless his or her income exceeded \$8,000 a year; for couples, withholding would begin above \$15,300.

Modest-size savings accounts would also be sheltered. On any account, the first \$150 worth of interest would be exempt. This means that a person might have a series of accounts at different banks or savings and loan associations or credit unions. If each account paid less than \$150 in interest annually, none of the money would be subject to withholding.

WASHINGTON—The average family probably will pay an additional \$50 a year in taxes under the \$98.3-billion tax hike bill now on President Reagan's desk, but it should be better off financially because of a \$780 savings when personal income tax rates are reduced next July.

The impact of the bill approved by Congress Thursday night will vary widely, however, with significant tax increases possible for persons with big medical expenses.

Analysis of Changes

Discussions with Treasury Department officials Friday provided a general analysis of how the latest changes in the tax code will work.

For the pack-a-day smoker, the doubling of the federal cigarette tax to 16 cents a pack will cost \$29.20 a year.

For non-smokers, the biggest changes come from a tightening of the tax deduction for medical costs and an increase in the federal telephone tax.

A deduction for medical insurance premiums, up to a maximum of \$150, was claimed by 16 million taxpayers in 1980, the last year for which such information was available. This deduction will be abolished next year, raising taxes by \$40 to \$45 for a family with the median in-

come of \$24,000 a year, according to Treasury Department experts.

This family is calculated to have an average telephone bill of \$23 a month, and the tripling of the telephone tax will cost them an additional \$5.52 next year. Thus, the total from these two items will range between \$45 and \$50, with a likely figure of about \$50, the experts said.

But the third stage of Reagan's 25% cut in personal income taxes will take effect next July 1 and should bring the family a tax savings of \$780. (The hypothetical family has four members, and its income, reported on a joint return, puts it at the mid-point of the country's families—half earn more, half less.)

Medical Expenses

At the same time, the new tax law could be expensive for a family with substantial medical expenses, perhaps for dental braces for children or for psychological treatment. Aside from sudden, catastrophic illnesses, dental costs and psychological fees are probably the most common expenses cited in the 9 million returns claiming medical deductions, according to tax analysts.

Current law allows a deduction for any medical costs in excess of 3% of income. The new law raises

Please see TAX, Page 12

Register
8/7/82

Social Security loss: \$17,000 a minute

Choices are to hike taxes or cut benefits, chief says

By Christopher Connell
Associated Press

WASHINGTON — The Social Security system is spending \$17,000 more a minute than it takes in — leaving it \$50 billion to \$100 billion short of funds needed to meet monthly payment deadlines for the rest of the decade, the system's chief said Friday.

"We have a big problem in Social Security," Commissioner John A. Svahn said. "For the first time in 47 years of paying benefits, we're going to have to borrow money this fall in order to keep the (retirement) benefits coming out on the third of the month."

Svahn's actuaries estimate the retirement fund

will have to borrow \$10 billion to \$12 billion from the disability and Medicare funds before the end of the year in order to keep paying benefits on time through next June. Congress has authorized the interfund borrowing only through then.

Although that will be the first use of interfund borrowing, Congress shifted several billion dollars from the disability fund to the retirement fund in 1980-81 by a temporary reallocation of the payroll tax.

Svahn, in a speech Friday to 300 people at a convention of the International Platform Association, a lecture circuit group, said that in his year on the job, "I have felt like the person that told America there is no Santa Claus."

"Social Security is at a crossroads right now," he said. "We have to start to repair the system now."

The system is "spending \$17,000 more a minute

than we take in," he said.

"Unpopular as it is with the elected politicians, there are only two choices: you raise the income, which basically means raising taxes, or you reduce the outgo, which basically means reducing future benefit growth," he said.

Svahn defended President Reagan's May 12, 1981, proposals to cut early retirement and other benefits. Social Security's problems were mounting long before the "Californians came east," said Svahn, who was a welfare chief in California when Reagan was governor.

Svahn also said he opposes use of general revenues to bail out Social Security because "there is none. We'd have to print it." And he said that if the program stopped relying on payroll taxes, "there would be nothing holding the Congress back, and they'll continue to use Social Security as a personal pork barrel."

Top economic

WSJ 8/25/82

Consumer Prices In July Increased Adjusted 0.6%

Gasoline, Food, House Costs Are Expected to Continue Moderation Rest of Year

By LAURIE MCGINLEY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Consumer prices in July rose a seasonally adjusted 0.6%, and several economists predicted inflation would continue to be moderate for the rest of the year.

The July increase, which was 7.2% at an annual rate before compounding, followed price surges of 1%, or 12% at an annual rate, in May and June, the Labor Department said. Earlier in the year, inflation slowed sharply; as a result, prices have risen at an adjusted 5.4% annual rate for the year so far, compared with 9.6% for the 1981 period.

Economists in and out of government predicted that continuing moderation in house, food and gasoline prices, as well as further declines in mortgage interest rates, will produce monthly inflation rates of 0.6% or less through year-end.

The inflation figures are a source of satisfaction and relief to the Reagan administration, which almost certainly will continue to be saddled with the political liabilities of high unemployment and a sluggish economy as the November elections approach.

In Los Angeles, where President Reagan campaigned Monday for Republican Senate candidate Pete Wilson, a White House spokesman said the latest consumer-price figures showed the success of the administration's anti-inflation plan. Presidential spokesman Larry Speakes said the administration is "hopeful that the inflation rate will stay in single digits, based on the expectation of continued moderation in energy prices and mortgage rates.

In one sense, at least, the economy's lackluster performance has been useful: It has allowed the Federal Reserve Board to permit a decline in interest rates without arousing fears that such a move will result in extended, double-digit inflation. "We aren't at all concerned that a return to double-digit inflation is in the cards any time soon," said Donald Straszheim, vice president of Wharton Econometric Forecasting Associates in Philadelphia. "Demand is so weak now that even a substantial recovery won't exert much upward pressure on prices."

William Dunkelberg, chief economist for the National Federation of Independent Business and a professor at Purdue University, agreed that the economy's anemic condition is likely to restrain price rises. He said a survey last month of the federation's 2,300 members showed that only 20%—the smallest percentage since the surveys began in 1973—planned to raise prices over the next three to six months.

Donald Rafajczak, director of the Economic Forecasting Project at Georgia State University, said consumer prices may register increases as small as 0.3%, or 3.6% at an annual rate, for August and September, and may decline in October before accelerating near the end of the year. But he noted a few gloomy developments: Rents are rising at a faster-than-expected rate and medical costs continue to soar. "These numbers are a little bit discouraging for the low-income elderly, who are those most affected," he said.

The report showed that housing costs rose 0.5% in July after increasing 1% in June, as home prices increased 0.7% last month after rising 2.3% a month before. Transportation costs rose 1.2% last month after rising 2.1% in June, as gasoline prices climbed 2% in July after surging 5.4% a month before. Food prices were unchanged in July after rising 1% in June.

Here are the July consumer-price indexes for various metropolitan areas (1967 equals 100), together with the percentage increases from July 1981:

U.S. City Average	292.2	6.5%
Chicago	293.1	7.5
Detroit	292.4	3.3
Los Angeles	289.3	4.3
New York	277.3	5.6
Philadelphia	281.1	5.0
Baltimore	286.1	5.0
Boston	279.2	4.8
Cincinnati	293.3	7.3

POLL: Support for Reagan

Continued from First Page

no pay cutbacks.

Although most Americans do not expect the economy to worsen over the next year, 19% of the respondents think it is likely they will lose their jobs within the next 12 months. Those proportionately most fearful of losing their jobs are blue-collar workers and blacks.

Although a greater number of Americans believe that President Reagan's policies are improving the economy than believe his approach is harming it, attitudes toward Reaganomics vary widely among different groups.

Support in Suburbs

Only 37% of those in the cities think Reagan's policies are making the economy better, but 57% of suburban residents believe Reaganomics is beneficial. About 60% of the persons earning more than \$30,000 a year believe that under Rea-

cans' spending habits, according to poll results. Although it is difficult to draw firm conclusions about consumer spending habits from answers to one survey, 39% of the respondents said they had put off buying a car in the last year because of the poor economy. About 40% said they had postponed a vacation and 10% said they had even decided against getting married or having a child right now because of economic conditions.

The margin of error for this poll, which was conducted between Aug. 22 and Aug. 26, is a plus or minus 3%. I.A. Lewis is director of the poll.



gan's policies the economy is better than it otherwise would have been, but just 33% of those earning less than \$10,000 think the economy is better under his economic approach.

Among those who say they personally have gained from Reagan's economic policies, only 6% believe his policies have worsened the economy; and 20% of those personally harmed by Reagan's economic policies are willing to say his approach is nonetheless making the economy better.

The elderly in particular lack enthusiasm for Reagan's economic policies. Only 34% say his plan is improving the nation's economic health and just 14% say they are better off under Reaganomics than they would have been otherwise.

Despite their greater opposition to Reagan's economic policies, the elderly are more confident than younger Americans that President Reagan will protect their Social Security benefits. Fifty-eight percent of those over 65 years old express confidence in Reagan's support for their Social Security benefits, but only 38% of those under 45 feel confident about their prospects for Social Security benefits under Reagan's policies.

Women Oppose Reaganomics

Women are more opposed to Reagan's economic approach than men, with 45% of the women saying he is making the economy worse but only 31% of the men agreeing.

Overall, 41% of the public believe Reagan's economic policies have made them worse off, but 25% say they have personally gained from Reaganomics.

The weak U.S. economy is forcing some painful cutbacks in many Ameri-

The Times Poll

Americans Feeling Pinch but Support Reaganomics

By TOM REDBURN, Times Staff Writer

The number of Americans whose paychecks have been directly affected by the nation's economic downturn has grown sharply in the last two months, and roughly 40% say they have put off a major expenditure in the last year because of the recession, the Los Angeles Times Poll shows.

Even so—although many more of those surveyed say they are personally worse off under President Reagan's economic policies than say they have gained—the public by a 45% to 38% margin, believes that Reagan's approach is improving the nation's economic health.

The nationwide telephone poll, in which 1,592 persons were interviewed last week, shows that the pain from the nation's economic downturn is widespread and still growing. Fully 42% said their fami-

lies had suffered financially in the last year from a job loss, being forced to accept a lower-paying position or from having their work hours cut. Two months ago, when the same question was asked in a Times poll, 33% responded that their household income had been cut as a result of a lost or reduced paycheck.

At the same time, nearly 40% of the public said they had experienced difficulty paying their bills.

Surprisingly, the same proportion of white-collar employees as blue-collar workers said they had suffered from a pay loss. Only those who identified themselves as management or self-employed said they had been relatively unaffected by the recession, with 69% reporting

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Lat 8/31/82

Kennedy Urges Party To 'Win Back America'

(Continued from A-1) coming again."

Taking a poke at other presidential aspirants who style themselves as "neo-conservatives" or "neoliberals," Kennedy was staunch in defense of his unswervingly liberal stance.

"We have refused to bend with the wind or break with the waves. We have declined to be neutral or equivocal," he said, adding, "And so now we can look forward to our chance."

"Last year, we were advised to be cautious and callous and uncommitted. We were told to quiet our voices, lower our vision and trim our convictions to fit the fashion of a reactionary time," he said.

"We were warned to say very little and stand for even less."

"But that is not the kind of senator I have sought to be," he said, adding, "The struggle last year sometimes seemed lonely."

"But events since then have reaffirmed a vital truth — the last thing this nation needs is two Republican parties."

He implored the delegates, many of them waving blue and white Kennedy signs, to "have the backbone" to defend traditional Democratic beliefs.

He urged them not to confuse "rethinking our ideas" with "retreating from our ideals."

Repeatedly, Kennedy urged the assembled Democrats not to get carried away in a search for new ideas.

"We do not seek new ideas solely for the sake of their novelty," he said. "For us, the test of an idea is not whether it is new or old, but whether it is right or wrong. And for those old ideas which are right, we must continue a never-ending fight," he said.

He ripped into the Reagan administration on several fronts, finding policy lacking in nuclear arms reduction, defense, economics and Social Security.

He scoffed at the notion that the current recession was inherited from the Carter administration.

"No statistics prove that and no economist believes it," he said. "The advisers in the White House may think they can trick the voters and shift the blame. The President should know better."

"And if Ronald Reagan does not know the facts about how this recession

began, then Ed Meese ought to wake him up and tell him," he said.

In what was interpreted as a peace offering to followers of Carter, Kennedy praised the former president on human rights, proclaiming, "Ronald Reagan is wrong — and Jimmy Carter was right."

Kennedy lashed Mr. Reagan on Social Security saying the administration "tried three times to cut Social Security."

"You can be certain that the White House will try that cut again as soon as the fall election has passed," he said. "For there is something at the heart of the Republican Party which yearns to undo Social Security."

He dismissed current White House statements, saying, "Republicans always pretend that they like Social Security."

He similarly dismissed Mr. Reagan's "new federalism" proposal, calling it, "Nothing more than the old feudalism of unfeeling neglect and unforgiving laissez-faire."

He was loudly applauded when he called for repeal of the third year of the President's tax cut and called for Democrats to lead the way toward "a new and simpler tax system."

He argued, as he has throughout the year, for a freeze on nuclear weapons held by the United States and by the Soviet Union, blasting the administration for "loose talk" of nuclear warning shots and limited nuclear wars.

And he ridiculed the President's civil defense program and talk of evacu-

ation of cities like Philadelphia.

"What are the Russians supposed to think if their spy satellites see streams of cars leaving Philadelphia, clogging the bridges across the Delaware River, crawling along highways toward the sand dunes and summer cottages of the New Jersey shoreline?" he asked scornfully.

He added, "If the government cannot control nuclear arms, then people must change the government."

Kennedy also made a strong appeal for renewal of the fight to add an Equal Rights Amendment for women to the Constitution, dismissing the June 30 expiration of the current effort.

Calling that defeat "a national disgrace," he said, "We do not worry at the fading of three more days. We are ready to spend three more years or three more decades or three more generations. As we said with civil rights, so we say with equal rights — we shall overcome some day."

After Kennedy's closing words — "Our hearts are bright, our cause is right, and our day is coming again" — the delegates rose to their feet, cheering and applauding.

The reception to Kennedy's speech was warm, sometimes adoring, but, in a sense, it figured to be. The hall was stuffed full of local Kennedy supporters, many of whom had received special "Guest" credentials from Kennedy aides and city Democratic leaders.

These "spontaneous" demonstrators, some of whom had been bused to the Civic Center from their

neighborhoods and suburbs, stomped their feet, chanted "We want Kennedy" at the appropriate times and otherwise performed their duty — as former Democratic National Chairman Robert Strauss observed from the podium.

"I thought about announcing my own candidacy for president this morning," Strauss said, in effect saluting the Kennedy organizational effort, "but hell, all the demonstrators have been hired."

The conference concluded with delegates adopting by acclamation policy statements on issues ranging from defense and foreign policy to the economy, environment, crime and agriculture.

Eight members of the Association of Community Or-

ganizations for Reform Now — ACORN — were arrested during demonstrations to protest what they said was inadequate representation of lower-income Americans at the conference. They were charged with disorderly conduct, failure to disperse and obstructing highways, a Philadelphia police spokesman said.

hospital encouraged total abstinence. The grant would have been used to
S.D. UNION 6-28-82

Kennedy Urges Party To Win Back America

By GEORGE E. CONDON JR.
Copley News Service

PHILADELPHIA — Sen. Edward M. Kennedy ended the Democratic Midterm Conference here yesterday with a stinging attack on President Reagan and a rousing plea to Democrats to show the "backbone" needed to win back the American people.

The last of six would-be presidential candidates to address the dele-

gates, Kennedy received the loudest and longest applause, his reception rivaled only by that given former Vice President Walter F. Mondale on Friday.

Kennedy was interrupted by applause 57 times in his 39-minute address. Ironically, the most sustained outburst followed his one laudatory reference to former President Jimmy Carter, the man he tried to oust from office in a bitter primary battle in 1980.

Offering what he called "a different vision of America," Kennedy said, "Only a few months ago, Democrats were scorned and told that our day was done."

"But now we know and all America knows that for us as Democrats, and for those who have always looked to us for help and hope, the dawn is near, our hearts are bright, our cause is right and our day is

(Continued on A-10, Col. 1)

REVIEW & OUTLOOK

Reconciliation Time

Ronald Reagan's tax victory proved that he could defeat his friends almost as easily as his enemies. We hope that discovery doesn't prove too enticing. If the Reagan presidency is to succeed over the remaining 29 months of this term, it will need its old friends and the policies they represent.

We must admit to some admiration for the political skills the president displayed in the tax fight. Once finally persuaded to support tax increases, he unleashed his White House taxlings and gave them the muscle power they wanted. For the price of \$98 billion, give or take who knows what, he silenced Paul Volcker, Henry Kaufman, Tip O'Neill, Bob Dole, Pete Domenici, the Washington Post, the New York Times, Helmut Schmidt, Pierre Trudeau, Francois Mitterrand and John Kenneth Galbraith. No one can blame Ronald Reagan if interest rates don't drop another eight points between now and the time the tax increases are to take effect.

Some of those folks won't stay quiet long. Mr. O'Neill, having risked his public soul in an alliance with Mr. Reagan, will quickly recover by attacking any efforts to cut welfare spending. But some will stay quiet, and it will be almost worth the price.

Mr. Volcker already seems to be keeping his end of the rather dubious bargain that was struck here. The president and Congress gave him a tax increase to narrow the budget deficit. From all appearances, he, in turn, is giving them more money. The price of gold has leaped above \$400, a sure sign that the Fed has been pumping out dollars—whether to bail out Mexico or bail out the tax bill. Long-term interest rates have stopped declining and are sending the warning of a new upward tilt. We hope and trust that Mr. Volcker will insure that this latest surge of liquidity is a passing bubble.

Meanwhile, the stock market is extending its surprising gains, and yesterday's Commerce Department report of a 1.3% rise in the leading indicators in July provided some bright news. The predicted recovery seems to be on schedule, starting in the month when the latest tax cuts took effect. It may even get here in time for the November elections.

In the quiet interval available before the fall political season begins, we hope the president will pause to reflect a bit on his economic accomplishments apart from the tax increase victory. His foes have been screaming for months now that "Reaganomics is dead," but in fact his program has had rather remarkable success. Curtailed money growth, courtesy of Mr. Volcker, has cut inflation in half, sharply reducing the most se-

rious threat to the American people. The recession brought about by money growth curtailment has been painful to many people but has demonstrated anew that this economy still can make the necessary adaptations and adjustments when efforts are made to put it on a sounder footing.

We will never know whether, as the basic tenets of supply-side economics held, the recessionary effects of tight money could have been offset by tax cuts. For the tax cuts so far have served only to offset the effects of "bracket creep" and previously legislated tax increases such as a higher Social Security payroll tax. Despite the latest tax bill, the first real tax cuts, scheduled for next year, remain in place if somewhat—and in our view needlessly—watered down.

As we have noted here before, the president's principal failure has been to bring about a meaningful curtailment in the growth of federal spending. In part, this was because of the necessity to rebuild the country's military forces. In part, it was because of the political difficulties of bringing Social Security programs in line with revenues. But in part, it was also unwillingness, even by this president, to make the necessary political fight. We would like to see the issue of less spending and a smaller government more prominent in this fall's electoral campaign.

President Reagan made a start toward that end by vetoing a \$14.4 billion supplemental appropriations bill last Saturday. The veto could cost him his Caribbean initiative. It was rather specialized, based on his objections to too much social and not enough military spending. But at least he has demonstrated a willingness to use the veto. Although the president did not raise the issue, supplemental appropriations have become all too handy a way for Congress to fake a conservative budget in full knowledge that more money will be needed before the year is up.

While we think the Reagan administration's conversion to tax increases was unnecessary and indeed mindless, we are not despondent at the ultimate outcome. Most important, the rebellion led by Rep. Kemp made the point that the *next* tax increase will not come easily. The tax revolt that did so much to make Ronald Reagan president remains alive and well, beckoning for the president to rejoin. That it could only momentarily be quenched even by the combined forces of Ronald Reagan and Tip O'Neill gives new reason to believe it will be an enduring force in American politics, that the days of spend-tax-and-elect are waning, that the electorate will yet consummate a basic change in American politics.

America and the environment: A trust betrayed

By Jimmy Carter

Most of you are probably aware that I have returned to Georgia and am no longer serving as president in the White House. However, I have not been completely idle. During the past few months, I have found time to do some traveling, build some furniture and catch a few fish. I have not participated in many public events. In fact, I have seen more bass, bream, rainbows, brookies, browns, cutthroats, Atlantic salmon and grayling than I have public officials or news reporters this past year. This has certainly been a pleasant change.

However, in many parts of our own country and in foreign nations from China and Japan to Finland and France, I have had a chance to discuss the many important environmental questions for which none of us have yet found adequate or final answers.

Yesterday, Ansel Adams and I talked about a few of the issues which have long been so important to us all, and we reminisced about some of our common beliefs and experiences. With men like Ansel Adams, good and vivid memories are stirred by our common struggles over Alaskan lands, unnecessary water projects, nuclear non-proliferation and plutonium reactors, endangered species, strip-mining controls, air and water pollution, toxic wastes, solar power, energy conservation, public lands, oil and coal leases, wetlands protection, forest resources, and The Global 2000 Report.

As president, I was always aware of the historically bipartisan commitment to protect and preserve the precious natural heritage of America. I never forgot Abraham Lincoln's interest in Yosemite, Ulysses Grant's designation of Yellowstone as the world's first national park, Theodore Roosevelt's support for a new U.S. Forest Service and the first national wildlife refuges. More recently, before I was elected, a Republican president worked with Congress to establish the Environmental Protection Agency and the Council on Environmental Quality. Our fellow

countrymen had come to take it for granted that the nation's chief executive would strive to improve the quality of our environment and protect the public lands.

However, during the last year and a half, there has been such a radical change in environmental policy emanating from the Oval Office that our nation has been shocked and deeply troubled. The familiar words have taken on a completely new meaning. It is no longer reassuring to hear them discussed by our highest public officials.

Environmental laws designed to protect the quality of the air, water and land are being circumvented or ignored. Many of our long-standing programs are being eliminated or subverted by executive order or budget policy. Professional staffs are being summarily dismissed. Public lands, forests and

There has been such a radical change in environmental policy emanating from the Oval Office that our nation has been shocked and deeply troubled.

mineral resources are being squandered or sold at giveaway prices. Air and water pollution standards are being degraded at the expense of the American people. When some of these efforts are blocked by legal action in our federal courts, legislation is sought — sometimes guilefully — to open up additional opportunities to subvert the public will.

Unfortunately, most of the specific expressions of concern have been focused on subordinates in the government who seem to revel in the publicity, no matter how embarrassing the facts might be. It is quite likely that the incumbent secretary of the interior will go down in history among our nation's Cabinet officers as one who most seriously betrayed the public trust. However, with his personal antics he has become a caricature of irresponsibility, impervious to any criticism or suggestion.

Under these circumstances, what can be done? The situation is certainly not hopeless. Congress has been both courageous and effective in preserving some of the existing laws. Rulings of the federal courts have almost consistently protected the public interest. Cries of outrage in the news media have, on occasion, caused reversal of any abhorrent new policy. Environmental groups and other organizations have coalesced to meet this new challenge to our way of life. Public opinion has been aroused so that 85 percent of the people now agree with us on most of the key issues — a great reservoir of political strength when it can be tapped. It is now time to focus as much of this effort as possible on those who are directly responsible: on the president, and on congressional candidates who will be seeking office in just a few weeks.

The president must no longer be allowed to hide behind a secretary of the interior or a director of the Environmental Protection Agency or a budget director, all of whom must conform to policies and directives coming from the White House.

I have served in the Oval Office, and I know that when a difficult or unpopular decision was made concerning the Panama Canal or the Middle East or China, it was my responsibility, not that of the secretary of state or national-security adviser. It is imperative that a similar assignment of responsibility be made now. I know from experience that the president himself is personally and directly responsible for the policies of his administration.

Similar credit or blame can be placed on each member of Congress when a vote is cast on environmental legislation. Our purpose as environmentalists should not be to create embarrassment or to seek partisan advantage, or even to enjoy a successful battle when we know ourselves to be right. If, through an aroused public, the political and human consequences of ill-advised environmental policy can be made clear, many of the confrontations can be avoided.

This must be our goal: to shape public policy to conform with the ancient bipartisan commitment to a cleaner and more beautiful America. If, in the process, some political heads roll and some tough battles must be fought and won — so be it! ■

This article is excerpted from former President Carter's remarks to The Wilderness Society in Atlanta Aug. 20 upon his acceptance of the society's Ansel Adams Conservation Award.

Home payments rise 6-fold since '70

By Willis Wiker
WASHINGTON TIMES STAFF

In 1970, a young couple seeing their first home could afford monthly payments of \$140, then the dream of home ownership was within their grasp. Today, someone aspiring to own a home must be able to pay \$868 each month — more than six times the 1970 amount — for the American dream to come true.

These figures, based on median home prices and 30-year mortgages with 20 percent down payment, are provided as part of a major study released yesterday by an independent nonprofit California research group.

The study, by the Pacific Institute for Public Policy Research in San Francisco, concerns government housing policies that the 426-page report claims are responsible for the meteoric rise in home costs over the last decade.

Entitled "Resolving the Housing Crisis," the book contains essays by 19 experts, mostly economists, dealing with troublesome areas of government rules and regulation relating to zoning requirements, building codes and growth control policies.

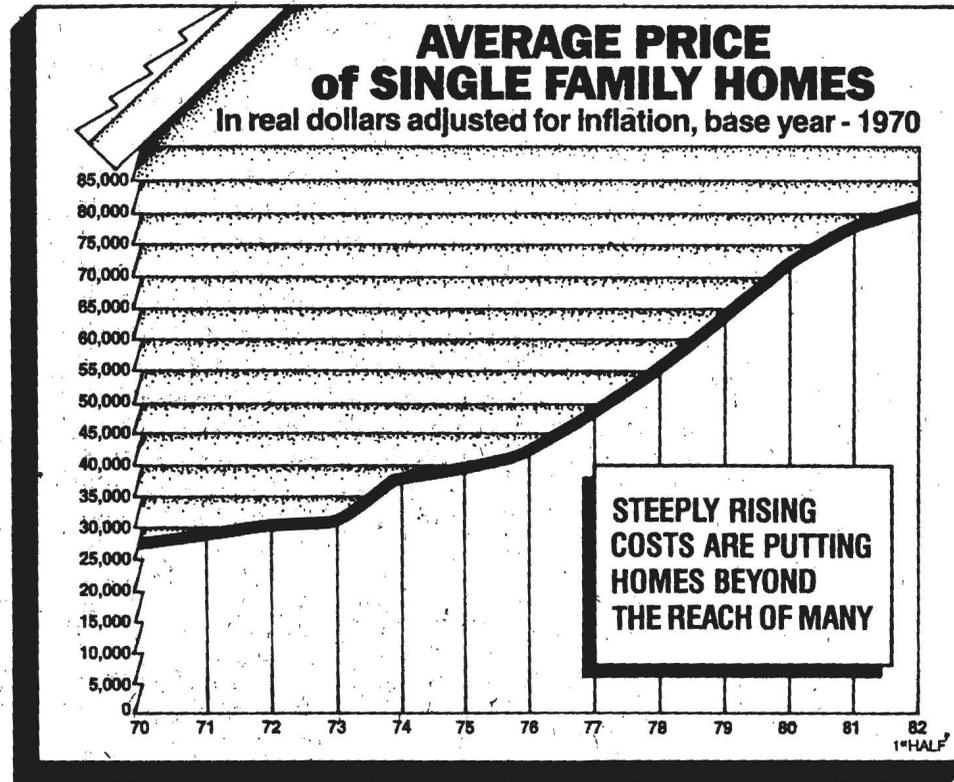
Of special interest to Washington residents is a section on rent controls which

have been in effect here for the past eight years. During that time, the stock of rental homes in D.C. has dropped from 199,100 to 175,000 — all this in the face of "an unrelenting increase of the demand for rental units," according to the report.

"That even some well-intentioned people can still advocate rent control as a cure for anything is testimony to the power of bad ideas over human reason," writes Stephen De Carlo, an economist at the University of California at Santa Barbara.

Much of the book centers on growth control strategies such as specification of large minimum lot sizes, moratoriums on connections to public utility systems, new building permit quotas and excessive environmental impact regulations. Growth control regulations and restrictions have accounted for almost one-third of the increase in real (inflation adjusted) housing prices in the 1970s, according to the study.

Another 7 percent of the increase in home costs comes from what the report calls "needless" building codes. As an alternative, the authors suggest that each state require builders to carry home liability insurance and let building codes be devised by the insurance industry.



Karen Karlsson/The Washington Times

MILTON MOSKOWITZ

Tit for tat in the advertising business

If you see or hear advertising that you think plays loosely with the truth, you do have some recourse. Drop a line to the National Advertising Division, Council of Better Business Bureaus, 845 Third Ave., New York, N.Y. 10022. The people consider your complaint as if it has merit, they will with the advertiser.

The NAD is a self-regulation of the advertising industry to field complaints about advertising (don't send them purely local advertising). I monthly on the cases it has and these reports show that advertisers like to use this measure. They complain about claims competitors.

To see how justice is dispensed in the advertising business, look at the latest report from the NAD.

Late last year the Borden Company tried out a new campaign for its dairy creamer, Cremora. It featured a milkman who said: "Ever try to meet a milkman who'd try to sell you non-dairy creamer?... Cremora Borden's... with a richer creamer aroma." Commercials showed the milkman sniffing jars of Cremora and selling non-dairy creamer. Coffin and then chortling, "Cremora smells creamier."

Well, Carnation, the maker of Libby's, was not about to let Borden away with that. It complained to the NAD, which asked Borden to stop comparative advertising. Borden declined to stop comparative advertising and so it declined to provide any substantiation. Any way, you won't see that commercial again one up for Carnation.

Then there was the Libby, McLibby caper. The Chicago-based company introduced a new line of Libby's free canned fruits by proclaiming "Introducing the fruit. The whole fruit. And nothing but the fruit, with no added... in a flavored blend of real juices." Del Monte, the nation's largest

Business goes to court: The winners, and loser

FROM COMBINED DISPATCHES

In one day of unusual business-related court cases, a bank president was sentenced for making a bad loan, a federal worker was declared handicapped because he invariably became ill at the office where his co-workers smoked and a woman stenographer was awarded \$119,985 from General Motors because she was fired for suggesting that women and men should be addressed equally.

In Abingdon, Va., Fred Kellerman, a former president of Southwest Virginia National Bank, was sentenced to a suspended one-year prison term by a U.S. district court judge for making a bad loan to a coat-mining company that cost the bank \$165,000.

Evidence showed that while Kellerman was president a series of questionable loans were made to mine operators and developers. Federal prosecutors said the loans cost the bank substantial sums, but a recent merger with Roanoke's First National Exchange

without telling the board, and the bank lost the money when the borrower could not pay off the loan.

Attorneys for Kellerman managed to get 31 similar charges dismissed and are fighting for a new trial to overturn the single conviction.

Meanwhile, a federal judge in Seattle ruled that a worker who is hypersensitive to smoking is "handicapped" but cannot expect to work in a smoke-free environment.

U.S. District Judge Donald S. Voorhees told the nonsmoker, Lanny Vickers, 44, a career purchasing agent for the Veterans Administration Medical Center, that his fellow workers who smoke "have certain rights," too.

Voorhees said the smokers' rights "must be balanced against the desire of (Vickers) that his working environment be completely free of tobacco smoke."

Voorhees said Vickers "must take

The judge ruled that Vickers, who has fought his case in and out of court for a decade, is a handicapped person under the federal Rehabilitation Act of 1973. It is the first time a federal judge has made such a ruling.

The judge noted that Vickers' case is not a class action and the civil suit was not one to determine whether all government employees have a right to work in a smoke-free environment.

In Detroit, Cynthia King, 25, won an award of \$119,985 in Wayne County Circuit Court six years after being dismissed by GM. She has accused the automaker of unfairly firing her from the job she had held for less than six months.

King said that in 1976, when she was 19, she suggested that since all male executives were addressed as "mister" by the women in her office, the female stenographers and secretaries should be addressed with a courtesy title by the men. She also noted that men's nameplates were inscribed with their first two initials and last names while the women's nameplates had first and last names.

A response from the company made no mention of her suggestion, but said she could have another nameplate if

Snag hits bid to save ailing AEG-Telefunken

FRANKFURT, West Germany (Reuters) — AEG-Telefunken's efforts to avert bankruptcy ran into fresh problems yesterday as its creditor banks objected to the conditions set on a vital government survival package for the ailing electrical giant.

The new wrangling will block AEG's access to cash it says it needs to restructure its operations — in a procedure similar to reorganization under Chapter 11 of U.S. bankruptcy laws.

Dresdner Bank, leader of a consortium of 25 banks, said in a brief statement that despite lengthy negotiations the banks had not yet been able to agree to the government's conditions. One demand was that the banks assume part of the risk on \$240 million of export credit guarantees, the Dresdner Bank said.

The statement did not elaborate, but banking sources said there were also

guaranteed credits that the banks have agreed to extend, the sources said.

An economics ministry spokesman said he saw no basic disagreement with the banks over the \$440 million guarantee.

The bank consortium said Aug. 18 it would make \$280 million of the \$440 million in non-guaranteed credits available immediately, but the remaining \$160 million would depend on the government's applying no further conditions.

Economics Minister Otto Lambsdorff said Wednesday that AEG, the country's second-largest electrical firm, needed \$1 billion of financing to tide it over until the end of 1983.

The funds would be raised through the \$440 million in unguaranteed loans, and the \$240 million of credit guarantees tied to export contracts.

G.O.P. to Focus Campaign on 'Give Him a Chance'

By HOWELL RAINES

Special to The New York Times

SANTA BARBARA, Calif. Sept. 2 — By now, the grandfatherly mail carrier in a Republican National Committee commercial is a familiar figure to millions of television viewers. "For gosh sakes," he says as if counseling a group of impatient children, "let's give the guy a chance."

The "guy," of course, is President Reagan. Democratic spokesmen have stewed for weeks about the political advertisement depicting the postman delivering Social Security checks with a cost-of-living raise and crediting Mr.

Reagan for it. The Reagan Administration had actually sought to reduce the increase, the Democrats say.

Whatever the merits of this criticism, White House political advisers say they have decided to use the mail carrier's plea for patience as the unifying theme in the campaign activities of the President, the Republican National Commit-

tee and the party's campaign committees in the Senate and House.

In a new series of television commercials now being released, the patience theme will be broadened into an argument that because the President's economic program needs more time to work, he deserves additional Republican support in Congress to keep the Democrats from rolling back his economic reforms.

"It's a pretty simple theme," said Robert M. Teeter, a poll-taker who serves on the campaign strategy group

Campaign Outlook

Third of a series of articles on the 1982 Congressional campaign.

Continued on Page A11, Column 1

G.O.P. to Center Campaign on Giving Reagan Support Needed for Program

Continued From Page 1

assembled by the White House chief of staff, James A. Baker 3d. Mr. Teeter described this theme as saying to the voters: "We've made some big changes. The question is, do we want to stay the course and see them through or go back to the policies of the past?" Of the overall design of the campaign, Mr. Teeter added, "The real function of the President is to set that theme" in the public mind.

Mr. Reagan's advisers acknowledge both a glaring irony and a glaring weakness in Mr. Reagan's adoption of the patience theme.

The irony is that it was first used 48 years ago by the Democrats. The weakness is that it is essentially defensive, involving an admission that the economic recovery promised in the 1980 campaign has not come. To offset that, Reagan aides are trying to devise some dramatic and surprising moves for the President to make late in the campaign.

So far the exact nature of those moves is a closely guarded secret in Mr. Baker's strategy group. "If the game is tied and there are two minutes to go, you don't want to tell the other team what play you're going to run," said a participant in a recent meeting held at Blair House to discuss "October surprises" that Mr. Reagan might spring.

Interviews with White House and Republican party officials and their advisers provided an overview of the campaign.

Between Labor Day and the election on Nov. 2, White House schedulers have "penciled in" 14 days of travel and campaigning for the President. But that schedule could be cut sharply, depending on the economy and the outcome of a debate between Reagan aides who want the President to stomp the nation for Republican candidates and those who want him to remain on the sidelines as much as possible. The debate will continue until late October, "when the schedule is locked in," a Republican strategist said.

Stunned by angry Republican reaction to Mr. Baker's prediction that the party would lose 38 seats, the White House has revised its "worst case" estimate to 20 seats. "If there's a major downward trend in the economy, then you could add 5 to 10 to that worst number," a White House official said.

Senate Is Top Priority

The top White House priority is holding the Republican majority in the Senate, and most of Mr. Reagan's campaign activity will be centered on Senate races. The Republicans officially predict a gain of three or four seats.

However, party professionals see jeopardy for two Republicans from the heart of Reagan country, Senator Har-

rison H. Schmitt of New Mexico and Senator Orrin Hatch of Utah, a state where a Democratic victory would be interpreted as a major crack in the President's foundation of Western support.

Thanks in part to Mr. Reagan's abilities as a fund raiser, Republican National Committee strategists believe they can outspend the Democrats 3 to 1. Greater financial and technical resources will enable the White House to carry out projects such as its plan to march every Republican Congressional incumbent through the White House for videotaping sessions in which each will be depicted as a personal adviser to the President.

"On a 30-second commercial, if you've got the guy briefing the President for 18 seconds, it looks like he lives over here," a White House aide said.

Upset by polls showing erosion in Mr. Reagan's blue-collar support, strategists have decided he must not campaign by "flying from one black-tie dinner to the next," according to a party official. "Ronald Reagan is boots and saddles; Ronald Reagan is kielbasa and beer," he said, explaining that the President's advisers want to duplicate the ranches, backyard barbecues and ethnic festivals that they used in 1980 to depict Mr. Reagan as a vigorous man with the common touch.

Paradox on His Participation

Despite the political advantages that accrue to the occupant of the White House, Reagan aides have confronted a central paradox as they plan the President's participation in an election in which he is not a candidate.

He can participate directly in only a fraction of the races created by the opening of 33 Senate seats, 435 House seats and 36 governorships this fall. Even his participation is no guarantee of success, as President Nixon learned in Florida and Texas in 1970. Yet, in the press and to a lesser extent in the public mind, a President's political prestige is linked to the performance of his party at midterm. This paradox is the basis of the disagreement on how energetically this President should campaign.

"There is no such thing as a Rose Garden strategy," a senior White House official said. "There's an element of referendum that's inevitable in this election because the economic recovery program has been the centerpiece." This official says the President should campaign at a fairly active level. The opposing argument is the President should not campaign so much that he invests his prestige in the outcome.

'Some Want to Minimize Risk'

"I think there is still a battle going on with these two points of view being expressed by powerful individuals in that crazy power structure that is the White



Robert M. Teeter, left, with James A. Baker 3d, White House chief of staff.

House," a Republican Party official said. "There's just a natural tendency on the part of some to protect the President and anytime you put him into a campaign, you put him in a position of damage to his personal standing, and there are some who want to minimize that risk."

The more aggressive view, he added, "is that the election is going to be a referendum on Ronald Reagan whether we want it to be or not, and if we don't get involved, we're going to be in the soup. That view is gaining in the White House."

Opinion surveys and precedent have helped tilt the political debate toward those favoring an active role for Mr. Reagan. Surveys by Mr. Teeter and Richard Wirthlin, who was the President's campaign poll-taker, showed that after Memorial Day the President's popularity rebounded from the dip in February when he abandoned his quest for a balanced budget and came out in favor of record deficits.

But the polls also reported that the public was focusing its attention on economics, specifically Reagan economics, as the top issue. Two important findings were related to that. One was that Mr. Reagan's image as a strong leader was a major incentive for voters to choose Republicans in Congressional elections. The other finding was that the preservation of Mr. Reagan's leadership image hinged on whether voters would lose patience at being told, every few months, that economic recovery was just around the corner.

These factors, the primacy of the economic issue, Mr. Reagan's personal embodiment of that issue, and the need to urge the public to remain patient, all pushed Mr. Reagan's advisers toward keeping his calendar in late September and October open.

"At the White House," Nancy Sinnott, executive director of the National Republican Congressional Committee, said, "they realized that the President is this election, that the 1982 election is historic, that people will be voting whether to continue the trend of 1980."

"Really, we haven't seen a year like it since 1924, with a single issue that dominates the consciousness of the people."

In fact, the example of the 1934 election was a powerful influence on the Baker strategy group: Mr. Teeter; Mr. Wirthlin; Stuart Spencer, a Los Angeles consultant with long-standing ties to Mr. Reagan; Rich Bond, the executive director of the Republican National Committee; Ed Rollins, the White House political director, and Lee Atwater, Mr. Rollins's deputy and an advocate of what is variously called populist, street corner or blue-collar conservatism.

Parallels to 1934 Vote

The 1934 election, which came two years into Franklin D. Roosevelt's first term, was "the second since the Civil War where the party in power gained seats," said one member of the strategy group. President Roosevelt led the Democrats to a nine-seat gain in the House by asserting that his New Deal reforms needed more time to work and

that his party needed more strength in Congress to prevent the opposition from dismantling those reforms.

Mr. Atwater, Mr. Bond and Representative Carroll A. Campbell Jr. of South Carolina are credited with adapting the old Roosevelt patience theme to Mr. Reagan's uses. They devised the "let's give the guy a chance" line. The success of this commercial, plus the decision of White House aides to allow what one Republican professional called "a fairly significant" amount of Presidential campaigning, buoyed Republican spirits somewhat.

Yet many Republicans are worried about the political fallout from the President's \$98.3 billion tax increase, and they privately question whether the White House political team is up to the test it faces. Both concerns point up the importance of this election not only for Mr. Reagan, but for his chief of staff, Mr. Baker.

Mr. Baker must face some nagging minor problems, such as the bad blood between important Congressional Republicans and the Reagan leadership of the national committee. And he must deal with some big problems, such as conservative distrust of Mr. Baker's political judgment and the fragmentation of the Reagan constituency that is supposed to respond to the mail carrier's plea.

Kevin Phillips, the conservative author who wrote an influential analysis of the Reagan coalition, says that the "coalition is weak and coming undone." He cites factors such as alienation of blue-collar workers by the Reagan White House's "upper bracket image," the President's failure to satisfy anti-abortionists and other "new right" activists, and Mr. Reagan's general drift toward traditional Wall Street Republicanism.

Hard-line conservatives blame Mr. Baker, the White House chief of staff, for this trend, and they cite the tax bill as an example of bad election-year politics he has prescribed for the President. Mr. Baker counters that that political damage from the tax bill will fade away by election time. To help assure that, a senior Reagan aide said, the President will probably sign the tax bill without public ceremony after he returns to Washington from his vacation near here. On his way to Washington, he will pause to campaign for Senator Hatch in Utah.

Mr. Reagan's visit to a Mormon Church cannery and his appearance at an "old fashioned G.O.P. picnic" in Hooper, Utah, are the first in a series of activities designed to assure grassroots supporters that Mr. Reagan has not abandoned the positions of his 1980 campaign. In the fall, the President's advisers plan for him to renew his ties to his "social issue" constituencies on abortion, busing and crime.

Mr. Reagan's advisers regard "the peace issue" and the related matter of nuclear arms as important secondary concerns, that could, if ignited by controversy, work against Mr. Reagan and Republican candidates. Mr. Reagan's announcement of a new peace initiative for the Middle East represents an effort to stay ahead on the "peace issue," just as he countered antinuclear activists last year by proposing arms negotiations.

The Congressional elections will provide Republicans a chance to pass judgment on the "two-point theory" being advanced by the White House political office. The theory, largely Mr. Atwater's creation, holds that midterm Congressional candidates are deprived of "two bonus points" they would gain by appearing on the ballot with a winning Presidential candidate. But those bonus points can be regained in the last days of the campaign, according to this theory, by last-minute appearances by the President or strong in-fluxes of Republican campaign money.

50 Races Will Be Monitored

The White House plans to monitor 50 races to see where its money and the President might make a difference. In addition, Republican senatorial candidates are being asked to think of "unique environments" for Presidential appearances; rodeos, they are told, are better than black-tie dinners.

That assumes, of course, that an appearance by the President would be an asset for a local candidate. White House strategists admit, when pressed, that a strong decline in the economy could lower the demand for Presidential appearances and the White House's willingness to make them.

At the moment, the general plan is to avoid states where Mr. Reagan is low in the polls or where high unemployment creates a strong potential for protest. Utah, Kansas, West Virginia, Virginia and Ohio are among the states under consideration for Presidential visits this fall. Strategists also want to pick states "small enough for the President to have an impact."

"You can put the President into Wyoming and move the whole state three points," an aide said, whereas a visit to New York would probably not show up on polls at all.

In regard to poll figures, the Reagan strategists face a problem for which there exists no reliable guidance. They have a President whose personal approval rating is in the high 60's or low 70's. But there is no body of knowledge in the polling profession about how to convert Presidential popularity into votes for Congressional candidates. For the present, Mr. Reagan's advisers are content to rely on a Roosevelt-style plea for patience and hope that the economy will break in their favor.

Tomorrow: The Democratic strategy.

PRESIDENT SCORNS DEMOCRATS' RULE

Reagan Campaigns in Virginia With Speech That Blames Foes for Current Ills

By FRANCIS X. CLINES

Special to The New York Times

RICHMOND, Sept. 29 — President Reagan, campaigning to protect the Republicans' control of the Senate, today delivered a solidly partisan attack on the Democrats as primarily responsible for "today's pounding national hang-over."

In a speech sharply defending his economic program in the face of the continuing recession, Mr. Reagan portrayed the Nov. 2 Congressional elections as posing the issue of "whether we slide backward into another economic binge."

Campaigning for Representative Paul S. Trible Jr., the Republican candidate for the Senate from Virginia, Mr. Reagan delivered his harshest blast of blame yet at the Democrats. Stepping up the criticism he expressed at his news conference the night before, he dwelled on the nation's pre-Reagan economic problems, repeatedly denouncing "liberal Democrats" as having perpetrated "decades of overindulgence," and accusing the Carter Administration of causing "our most dramatic economic reversal since the Depression."

The political speech at a Republican rally here was the latest refinement in Mr. Reagan's emerging campaign theme: that the national economic troubles, which have resisted his prescriptions for the last year, are the "tragic penalty" of the previous "Democratic monopoly" of Government.

Says Recession Losing Steam

Commenting on his own stewardship thus far, Mr. Reagan disputed both Democrats and a number of economists in declaring, "This devastating recessionary virus, one that many economists believe started and has continued

The stakes for Virginia Republicans are high, including the Byrd seat in the United States Senate. Page B15.

since 1979, has begun to show signs of finally running its course."

Federal officials have indicated that one of the positive signs cited by Mr. Reagan today, a four-month improvement in the readings of the leading economic indicators, is expected to slip negatively in the latest reading, to be released Thursday.

"While there may be an occasional blip," Mr. Reagan declared of the economic signs, "the pattern is firmly established."

Repeatedly, he called on voters in November to re-endorse the changes begun with his election in 1980.

"We can put this nightmarish economic calamity behind us if we have the strength to stick to our course," he said, urging the election of Mr. Trible, a three-term Congressman, a Reagan supporter who is in a close, hard-fought contest with the Democratic candidate, Lieut. Gov. Richard J. Davis.

Replies to Democrats

In defending his program from Democratic charges that he has compounded the nation's economic problems, Mr. Reagan denounced what he termed the "Big Bang theory" of this political season, that "the economic crisis emerged full-blown by spontaneous generation just seconds after I took the oath of office."

This brought laughter from the crowd of a few thousand party loyalists at the Richmond Arena that was interspersed with brass bands and several exuberant contingents of local high school students. Partisan pleasure was evident in the hall when Mr. Reagan criticized the Democrats for increasing the number of new branches of Government "like toadstools after a rainstorm" and for running Government "like a washing machine out of balance."

Mr. Reagan kept looking to economic conditions of the past in explaining and defending the present, saying that the inflation rate had more than doubled in the Carter years and that he had now reversed that. Democratic candidates contend that the lower inflation rate only resulted from rising unemployment rooted in the Reagan economic program.

But the President, frowning and striking the personal tone that is now his campaign trademark in dealing with the jobless issue, insisted: "Words cannot tell how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't."

There was no "quick and easy cure" for this problem, Mr. Reagan said, taking aim at the Democrats again, and accusing them of composing hypocritical campaign "sermonettes" on compassion when, he said, they should be facing the blame for "the mess we're in."

9/20/82
GOP to Byrd

Reagan Charges Liberals Caused Economic Plight

By Michael Isikoff
and Patricia E. Bauer
Washington Post Staff Writers

RICHMOND, Sept. 29—President Reagan ventured into the heart of conservative Virginia today to deliver a rousing attack on the "liberal Washington establishment," and cast this fall's congressional elections as a national referendum on his economic policies.

Speaking to 3,500 cheering partisans in a flag-bedecked wrestling arena here, Reagan called for the election of Republican Rep. Paul S. Trible to succeed retiring Sen. Harry F. Byrd Jr., an independent. "You have a 50-year tradition in Virginia that crosses party lines," the president said, citing the five decades that Byrd or his father has sat in the Senate. "The best way to continue that tradition on beyond 50 years is to send Paul Trible to the U.S. Senate."

The president's speech marked his first stop on a 10-day campaign offensive aimed at bolstering Republican candidates whose support has been eroded by discontent over Reagan's economic policies and the nation's highest unemployment in 41 years.

The fall elections, Reagan said today, offer a "clear choice about the kind of nation we will be—whether we will continue our sure and steady course to put America back on track or whether we will slide backward into another economic binge like the one which left us with today's pounding, national hangover."

Virginia Republicans were optimistic that Reagan's appearance boosted Trible, a 35-year-old Newport News congressman who is locked in a virtual dead heat with Democratic Lt. Gov. Richard J. Davis.

A recent statewide poll found that Reagan, whose support has slipped

See VIRGINIA, A18, Col. 1

Meese says Hogan has Reagan's support for Senate. Page C2

Reagan Alleges Liberal Establishment Created Economic Plight in Country

VIRGINIA, From A1

elsewhere, is still popular in Virginia, where voters approved of his administration by a 49 percent to 40 percent plurality.

Alfred Cramer, the state's Republican Party chairman, called Reagan's visit "a shot in the arm" for the Trible campaign. State GOP headquarters had distributed thousands of free tickets to area schools and party loyalists, such as Louise Picardat, an elderly Richmond woman who showed up with a pair of friends "because we're crazy about Ronald Reagan."

"He's doing the best job he can," she said. "Like he said on the television last night, there are thousands of jobs in the newspapers for anybody who wants them."

Reagan's speech continued the theme he began in a Tuesday night press conference and today he added some of the toughest rhetoric he has used against his Democratic critics.

Their "decades of overindulgence," he said, were the cause of the country's economic ills and an unemployment rate expected to hit 10 percent next month.

"It seems to me that the people who created the mess we're in—the same politicians who took us down

the path of guaranteed economic disaster—are the last ones who should be delivering sermonettes on the cause of unemployment," Reagan said.

Following a spirited welcome by high school bands and sequined baton twirlers and pompon girls, the president took the podium for a speech that contained a few gaffes. He confused former Republican governor John N. Dalton, who was sitting behind him, with Sen. John N. Warner, who was not present. Later, he declared that his presidency had begun on Jan. 20, 1980—a year before his inauguration.

At least one heckler was forcibly ejected and later charged with a breach of the peace after he attempted to read aloud a lengthy statement during the president's speech. A group of schoolboys drowned the protester's remarks with chants of "U-S-A, U-S-A."

"Aren't we happy we live in a country where somebody can dissent?" Reagan said, adding: "Of course, I'd like to have a chance to convert them."

Besides energizing Trible supporters, Reagan served as lure at a private \$500-a-ticket roast beef and wine reception at a Holiday Inn that

attracted more than 100 party notables. Among them were last year's defeated gubernatorial candidate J. Marshall Coleman, now a Washington lawyer, as well as some of the state's conservative, independent business leaders such as former Peterburg legislator W. Roy Smith and Richmond investment banker J. Smith Ferebee.

The Richmond reception was followed tonight by a major Trible fund-raiser at Washington's Sheraton-Carlton Hotel geared as business political action committees.

Trible Press Secretary Neil Coctiaux said events of the day were expected to bring in \$155,000, including about \$100,000 from the Washington fund-raiser, to which 200 PAC representatives were invited.

Reagan also used the Richmond visit to shower some election-year largesse on the state, announcing a \$125,000 grant for Hampton Institute, one of the state's predominantly black colleges.

Trible's Democratic opponent, Lt. Gov. Davis, has spent much of his campaign attempting to shed a liberal image and had avoided direct attacks on Reagan's administration. "He's my president as well as my op-

See VIRGINIA, A19, Col. 1



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ELECTIONS

82

Trible / GOP Rally

9/30/82

Reagan pins fiscal woes on liberals

By Jeremiah O'Leary
WASHINGTON TIMES STAFF

RICHMOND — President Reagan said yesterday the dramatic economic reverses suffered in the Carter administration were the culmination of decades of overindulgence by the liberal Washington establishment.

Speaking to a Virginia Republican rally, Reagan said, "The choice that the American voters have this year is just as important as the one they had two years ago. It is a clear choice about whether we will continue our sure and steady course to put America back on track or whether we will slide backward into another economic binge like the one which left us with today's pounding, national hangover."

Reagan said in the four years of Democratic monopoly of government between 1976 and 1980, governments spun out of control like a washing machine out of balance.

"Programs grew automatically,"

Reagan declared. "Regulations became more complex and added untold billions in new costs. Deficits caused our national debt to bulge rapidly toward the one trillion dollar mark. New departments sprang up like toadstools after a rain-

Trible campaign given boost by Reagan. Page 3B

storm and Washington increasingly swallowed up the prosperity of the entire nation."

Continuing his economic attack on the Democrats with national elections only a month away, Reagan charged that young couples dreamed of near-survival instead of new homes and that the only sure thing was the unstoppable fattening of the United States government.

"This legacy was the inevitable result of the liberal Democratic philosophy that the federal government could be all things to all people," Reagan said, "for every new tax there were always plenty of new ways to spend it. The Washington estab-

lishment believes that the only good dollar was the one taken out of taxpayer's pocket. Today, all America is paying the tragic penalty for those excesses."

Reagan said he shared the suffering and frustration of the 11 million people who are out of work and said every American should be shocked at the economic chaos that created today's needless results.

"For months now," the president told the cheering Virginians, "I've been biting my tongue while I've listened to those strident speeches about how we have purposely thrown people out of work. It seems to me that the people who created the mess we're in are the last ones who should be delivering sermonettes on the cause of unemployment."

The president said the election season has brought a clamor of negative voices that the budget cuts are too deep, that taxes are too low and that their favorite special interests have been hurt. He said the liberal Democrats still oppose his administration's reform measures

despite the Democratic failures of the past.

Reagan charged that the alternatives offered by the liberals have mostly been recommendations to repeat their own past failures of artificially stimulating the money supply, more spending on what they call job programs but at the same time raising taxes.

"To my liberal friends I say: you can't create a desert, hand a person a cup of water then call that compassion," Reagan said. "You can't pour good billions of dollars into dead-end, make-work jobs and call that opportunity. You can't build up years and years of degrading dependence by our citizens on the government and then dare to call that hope."

Relishing the applause of a friendly audience where he endorsed congressional Republican candidates, Reagan said, "You can't drive our people to despair with prices that wipe them out or taxes which sap their energies and then boast that you have given them fairness."

Wallace nominated with black support



Black Tie, Riding Breeches Out

Reagan Tries To Shed 'Friend Of Wealthy' Image

By STEVEN R. WEISMAN
New York Times News Service

WASHINGTON — Black-tie dinners are out. So, for the time being, are Ronald Reagan's riding breeches.

These are only the more superficial changes at the White House this fall as the President and his staff seek to refute the suggestion that Mr. Reagan is too friendly to the wealthy and too indifferent to those suffering from unemployment.

Despite opinion polls showing that Americans remain hopeful about his economic program, aides to Mr. Reagan are worried that the "fairness" issue has taken its toll, especially as Democrats charge that administration anti-inflation policies have thrown people out of work.

As the campaign heats up, Mr. Reagan's advisers are thus trying to defuse the perception of the President hobnobbing with millionaire friends. They are looking for ways to project a sense of caring about jobs, and about the problems of average Americans, while Mr. Reagan asks them to "stay the course."

"Let's face it, we don't have a lot of arrows in our quiver," one White House official said privately.

Here, in any case, are some of the ways Mr. Reagan is projecting his views on the issue, according to White House officials.

Symbolism: Not only are black-tie dinners, riding breeches and other trappings of the rich out, but the White House is also attempting to think positively. Monday, for example, Mr. Reagan was in Columbus, Ohio, to campaign for Republicans and have lunch with workers in a factory cafeteria.

The visit to the Accu Ray Corp., a manufacturer of computer systems, also enabled Mr. Reagan to emphasize that high technology offers hope to the ailing industrial economies of the Northeast and Midwest. Before the election, Mr. Reagan may visit another high technology establishment, perhaps in California.

"You've got to be very careful with symbolism because it can look too hokey," said a White House official. "Reagan can't go spend a night at the home of a coal miner. It wouldn't be credible."

Endorse Legislation to Produce Jobs: Not "make work" government-subsidized jobs, of course. For example, Mr. Reagan opened his recent news conference by calling for passage of an "export trading bill" that he said would create "several hundred thousand new jobs without costing taxpayers a cent."

This was apparently the first time Mr. Reagan had uttered a word about the bill, which changes certain banking and antitrust laws to enable businesses to band together and form trading companies.

Few at the White House were able to give details about the bill, which in fact was first proposed by President Carter. An administration official also doubted that it would create the jobs Mr. Reagan spoke of.

In a separate effort to emphasize jobs and job training for the future, the administration recently endorsed a bill it had previously opposed to grant tax credits to computer companies that donate computers to schools.

Meet the Charge Head-On: Lately Mr. Reagan, refusing to concede what an aide called "the moral high ground" to his critics, has charged that Democrats favor a "compassion" and "fairness" that is meretricious. A model of the approach came in Mr. Reagan's speech in Richmond last week:

"To my liberal friends I say: You can't create a desert, hand a person a cup of water and call that compassion. You can't pour billions of dollars into dead-end, make-work jobs and call that opportunity. You can't build up years and years of degrading dependence by our citizens on the government and then dare to call that hope.

"And believe me, you can't drive our people to despair with prices that wipe them out or taxes which sap their energies, and then boast that you have given them fairness."

Send a Message to the Employed: "The people who are unemployed won't be for us," said a White House official. "We've got to aim our message to the people who have jobs, and convince them that they're better off than before because we have brought down inflation."

To this end, Mr. Reagan marshals statistics showing that the purchasing power of the average American family has increased in the last 20 months because prices are no longer rising at previous rates.

At his news conference, the President said "the overwhelming majority of Americans, especially those 99 million who are working, are beginning to see some real hope." He later said that the purchasing power of a welfare check had gone up because of the improved inflation picture.

The problem, White House aides concede, is that Americans seem generally unaware that there has been a drop in inflation. Also, many surveys show that Americans are more worried about losing their jobs than about the cost of living.

Bring the Personal Touch: "I don't think the American people have any doubt that Ronald Reagan cares about the suffering that's going on," said a White House official.

Mr. Reagan uses almost every speech these days to

drive the message home, frequently citing the day when his father lost his job in the Depression. Last week, looking grim, he told his Richmond audience: "Words cannot tell how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't."

Exude Hope and Confidence: To many Reagan aides, the biggest obstacle to a recovery is lack of confidence by consumers. These aides feel also that one of Mr. Reagan's biggest assets is his optimism.

Thus the President, at every turn, speaks of his confidence that recovery will come soon. The drawback here is that Democrats make comparisons with Herbert Hoover and prosperity "just around the corner." Mr. Reagan nonetheless sees America, as he said recently, "at the dawning of a season of hope."

IN-17-20-82

Balanced Budget Vote Is Looming On House Floor

Conservatives Use a Rare Discharge Petition to Free Measure From Committee

By DENNIS FARNEY
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Conservatives tossed a highly explosive election issue onto the floor, by forcing an eventual vote on a constitutional amendment that would repeal federal budgets. The outcome of that vote is uncertain. It is scheduled after the election for November 3 and December. Democratic leaders might to discuss schedul-

proposal from the House where the Democratic set up, the conservative based parliamentary discharge petition. The House majority obtained, the measure discharged and brought to the floor. It would compel the president to sign the bill, although it could be vetoed if

Reagan Again Flays Democrats' Record, Sees 'Clear Choice' in November Elections

By RICH JAROSLOVSKY
Staff Reporter of THE WALL STREET JOURNAL

RICHMOND, Va. — President Reagan charged that the Democrats had led the nation "down the path of guaranteed economic disaster" but that his own policies are beginning to undo the damage.

In a rally here on behalf of Republican candidates, the president accused Democrats of creating all the economic ills that currently bedevil his administration. Reiterating assertions he made in his news conference Tuesday night, he recounted the high inflation and interest rates recorded from 1976 to 1980, when the Democrats controlled both the White House and Congress, and said "America went backward during those four Democratic years."

The appearance was part of the White House campaign strategy that aims to attack Democratic candidates in this year's elections by linking them to what Mr. Reagan called "the economic wreckage" left behind by the Carter administration. The president said yesterday that the elections will provide the opportunity for "a clear choice" between "our sure and steady course to put America back on track" and what he called the Democratic desire to "slide backward into another economic binge."

The president sounded upbeat about the economy's current prospects, declaring that "this devastating recessionary virus . . . has begun to show signs of finally running its course."

Mr. Reagan hailed "positive signals" on the economy, noting that the government's index of leading economic indicators has been rising for the past four months. He didn't directly mention that administration

aides have said the next report, due today, probably will show a dip in the index. However, he added that "while there may be an occasional blip, the pattern is firmly established" in an upward direction.

The prime beneficiary of the president's appearance here was Rep. Paul Trible, the Republican nominee for the U.S. Senate. Rep. Trible is locked in a close battle with Democratic Lt. Gov. Richard Davis in a race that national Republican leaders say is one of their best chances to pick up a new Senate seat. The incumbent, Sen. Harry Byrd Jr., who is retiring, often votes with Republicans on specific issues but was elected as an independent and has voted with the Democrats in organizing the Senate.

President Reagan received a warm welcome at the GOP rally, which was heavily populated with children let out from school for the event.

Though he isn't a candidate this year, Mr. Reagan made a special effort in his speech to rebut charges that he lacks compassion for the needy and the unemployed. People who say he lacks compassion, the president said, "don't know what they're talking about." Addressing himself to liberal critics of his economic policies, the president said, "You can't create a desert, then hand someone in the middle of that desert a cup of water and call that compassion."

Mr. Reagan asserted that the Democrats don't offer any alternatives to his plans except "to repeat their own past failures—artificially stimulate the money supply, more spending on what they call job programs, but at the same time raise taxes. In short, everything they were doing from 1977 to 1980."

election

Reagan Urges Referendum on His Economic Policies

By ELLEN HUME, *Times Staff Writer*

RICHMOND, Va.—Blaming the Democrats for an "economic binge" that has left the nation with "a pounding national hangover," President Reagan Wednesday urged voters to make this fall's elections a referendum on his policies.

"The choice that the American voters have this year is just as important as the one they had two years ago," Reagan told 3,000 Republican loyalists at the Richmond Arena. He said voters could choose the Republicans' "sure and steady course" or "slide backwards into another economic binge" with the Democrats.

Partisan Foray

Reagan's partisan foray into the former capital of the Old Confederacy was designed to raise money and support for Republican Senate candidate Rep. Paul S. Trible Jr. It was the start of a 10-day series of campaign appearances Reagan has scheduled in Ohio, New Mexico, Nevada, Texas and California to promote Republican candidates.

In Washington, Democratic National Committee Chairman Charles T. Manatt called Reagan "the great prevaricator of the 1980s" for blaming the nation's economic ills on the Democrats.

"If President Reagan thinks he inherited an economic mess when he took office, it could not hold a candle to the economic mess he has created since taking office," Manatt charged at a press conference.

Manatt, noting that unemployment is nearing 10% for the first time in 40 years, urged voters to register their opposition to the Reagan Administration's policies by voting for Democratic candidates Nov. 2.

"Keep Trying" and "Go Team" signs bobbed in the Richmond Arena bleachers Wednesday as the audience, many of them high school students in military cadet attire, cheered the President's remarks.

Blames Democrats

"To those who are faint-hearted and unsure, I have this message," Reagan said. "If you're afraid of the future, then get out of the way. Stand aside. The people of this country are ready to move again."

Reagan charged that while Democrats controlled the White House and Congress from 1976 to 1980, "we suffered our most dramatic economic reversal since the Depression."

Sounding economic themes he

launched at his televised news conference Tuesday, Reagan called the Democrats responsible for rising inflation and interest rates and declining productivity before his Administration took over Jan. 20, 1981.

"For months now, I've been biting my tongue while I've listened to all those strident speeches about how we have purposely thrown people out of work," Reagan said. "It seems to me that the people who created the mess we're in—the same politicians who took us down the path of guaranteed economic disaster—are the last ones who should be delivering sermonettes on the cause of unemployment."

Disputed Statistics

Manatt took sharp issue with Reagan's statistics and contended that the economy had been starting to improve in the six months before Reagan took office.

"When the Reagan Administration took office in the beginning of 1981, unemployment was falling while employment was rising," he said. "Not until the contradictory economic policies of the Administration plunged the economy into a deep recession in mid-1981 were these positive employment trends reversed."

Unemployment was 7.4% and inflation 12.4% in 1980, before Reagan took office. Now, unemployment is 9.8% for the most recent August period and inflation is running at an annual rate of 5.1%.

Reagan Delivers Harshest Attack Yet On Democrats Over Economic Woes

New York Times News Service

RICHMOND, Va. — President Reagan, campaigning to protect the Republicans' control of the Senate, yesterday delivered a solidly partisan attack on the Democrats as primarily responsible for "today's pounding national hangover."

In a campaign speech that was sharply defensive of his economic program in the face of the continuing recession, Mr. Reagan portrayed the Nov. 2 congressional elections as posing the issue of "whether we slide backward into another economic binge."

Campaigning for the Virginia Republicans' U.S. Senate candidate, Rep. Paul S. Trible Jr., the President delivered his harshest blast of rhetorical blame yet at the Democrats.

He dwelled on the nation's pre-Reagan economic problems, repeatedly denouncing "liberal Democrats" as having perpetrated "decades of overindulgence," and accusing the Carter administration of causing "our most dramatic economic reversal since the Depression."

The political speech here at a Republican rally was the latest refinement in the President's emerging campaign theme: that the national economic troubles, which have resisted his prescriptions for the last year, are the "tragic penalty" of the previous "Democratic monopoly" of government.

Commenting on his own stewardship thus far, Mr. Reagan disputed both Democrats and a number of critical economists in declaring,

"This devastating recessionary virus — one that many economists believe started and has continued since 1979 — has begun to show signs of finally running its course."

Federal officials have indicated that one of the positive signs cited by the President yesterday — a four-month improvement in the readings of the leading economic indicators — is expected to slip negatively in the latest reading, due to be released today.

"While there may be an occasional blip," the President declared of the economic signs, "The pattern is firmly established."

Repeatedly, he called on voters this November to re-endorse the changes begun with his election in 1980.

"We can put this nightmarish economic calamity behind us if we have the strength to stick to our course," the President said, urging the election of Trible, a three-term congressman and Reagan supporter who is in a close, hard-fought contest with the Democratic candidate, Lt. Gov. Richard J. Davis.

In defending his own program from Democratic charges that he has compounded the nation's economic problems, Mr. Reagan waxed cosmological and denounced what he termed the "Big Bang theory" of this political season — that "the economic crisis emerged full-blown by spontaneous generation just seconds after I took the oath of office."

There was laughter at this from the crowd of a few thousand party

loyalists that was spiced by the brass bands and exuberance of several contingents of local high school students. The President went on to portray more of a steady-state universe of Democratic collapse. Partisan pleasure was evident in the hall when the President verbally pummeled the opposition for sprouting new branches of government "like toadstools after a rainstorm" and for running government "like a washing machine out of balance."

Repeatedly, the President looked to economic conditions of the past in explaining and defending the present, saying that the inflation rate had more than doubled during the Carter years and that he had now reversed that. Democratic candidates contend this lower inflation only resulted

from rising unemployment rooted in the Reagan economic program.

But the President, frowning and striking the personal tone that is now his campaign trademark in dealing with the jobless issue, insisted: "Words can not tell how painful it is to me that each day for millions of Americans is one of hurt and indignity because they want to work and can't."

There was no "quick and easy cure" for this problem, Mr. Reagan said, taking aim at the Democrats again, and accusing them of composing hypocritical campaign "sermonettes" on compassion when, he said, they should be facing the blame for "the mess we're in."

Reagan Campaign Effort Is Meandering, Becoming Too Partisan, Advisers Assert

By RICH JAROSLOVSKY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Presidential advisers are deeply concerned that President Reagan's campaign on behalf of Republican candidates is faltering.

As at least some of them see it, Mr. Reagan hasn't been able to drive home the central messages of the GOP appeal, has al-

lowed himself to get sidetracked into dealing with issues that aren't favorable to Republicans and is coming across as far more partisan than either he or Republican advisers want him to.

"The major themes of this campaign have already been laid out," one strategist said, identifying them as the assertions that Mr. Reagan's economic policies will work if

the public has patience and that his political foes offer no alternatives except a return to policies that have failed.

"But the major themes haven't been repeated enough," the aide said, and have sometimes been lost in an abundance of other presidential pronouncements. He and other White House aides suggested, for instance, that Mr. Reagan probably hurt himself and the GOP with his sharp attack in Columbus, Ohio, this week on the movement for a nuclear-arms freeze.

Mr. Reagan, apparently speaking off the cuff, asserted that the movement was inspired and is being manipulated by "some who want the weakening of America." Aides fear that the statement may hurt Republican candidates with voters who turn out to vote for the arms-freeze referendums on several state and local ballots next month.

Similarly, some of Mr. Reagan's advisers worry about the tone of his recent attacks on Democrats. His aides are united in wanting him to make the alleged lack of responsible Democratic economic proposals a major issue.

But some express concern that he has been too harsh and personal in his attacks. They want him to appear more "presidential" and less overtly partisan.

Mr. Reagan tried to do that yesterday at a White House pep talk for GOP congressional candidates. He emphasized that he was elected with Democratic as well as Republican votes and alleged that "a gulf has developed" between Democratic leaders and millions of more "responsible" rank-and-file Democrats.

But the president's appeal to bipartisanship was overshadowed by an interruption from G. Richard Arnold, the GOP candidate for Congress from California's 16th District. Mr. Arnold disrupted the president's re-

marks with allegations over Mr. Reagan's support of a big tax increase this year, his plans to restrict arms shipments to Taiwan and the presence of members of the Trilateral Commission, an international group, in the Reagan administration. After trying to answer the charges, Mr. Reagan lost his temper and exploded, "shut up!"

Mr. Arnold, who is challenging incumbent Democratic Rep. Leon Panetta, has scheduled a news conference for today at which he reportedly plans to announce a lawsuit against his own party, charging that Republican campaign funds aren't being used for the purposes donors intended them for.

The president will try again today to right his campaign when he leaves on a five-day trip to the West. He'll stump today for Nevada Gov. Robert List, who is in a difficult re-election battle, and for Chic Hecht, who is running against incumbent Democratic Sen. Howard Cannon.

Tomorrow, when the release of new unemployment data could spell still more trouble for Republican candidates, the president will meet in San Diego with Mexican President-elect Miguel de la Madrid. Mr. Reagan will spend the weekend at his Santa Barbara, Calif., ranch; on Monday, he'll stop in Dallas to raise funds for Rep. Jim Collins, the challenger to Democratic Sen. Lloyd Bentsen, and then return to Washington.

Central Pacific Shares

BAKERSFIELD, Calif. — Central Pacific Corp. said its board authorized the purchase of as many as 100,000 shares of the company's common stock in the open market periodically.

The stock would be reserved for general corporate purposes. The bank-holding company has 3,056,988 shares outstanding.

Art Buchwald

The President Takes Off the Gloves

It is no secret that Ronald Reagan works best from a script. Therefore, the other day, just before he went out on the road to campaign for Republican candidates, his writers handed him a bunch of new pages to read.

"OK, Ronnie, now here's the story line. You've been President of the United States for two years, and no matter what you've tried to solve the country's economic problems, nothing has worked. So you're ticked off because people are starting to blame you for their troubles. You're no longer going to be Mr. Nice Guy."

Ronnie studied the script. "Gosh, you really want me to say that the Democrats are responsible for the rotten mess we've been in for the last 40 years?"

"Right. But you must do it with feeling. The people have to believe that you inherited the biggest financial disaster of anybody who ever sat in the Oval Office. You've tried to do something about it but the fat Democratic spenders in Congress have stood in your way. Can you do it with feeling?"

★

"Gee whillikers. It's so out of character for me. What's my motivation for becoming a demagogue?"

"You're on the hot seat because the 1982 Senate and House elections are coming up, and the Democrats are laying the blame on you for a stagnant economy, high interest rates and two-digit unemployment. If you don't come out fighting you'll lose a Republican Senate and 40 or 50 seats in the House."

"I get it. By attacking Congress, I'm still a good guy because I'm trying to save the country."

"That's the way we wrote it. Now in this scene you are talking to the people who still believe in you, but occasionally there is a heckler in the audience who starts yelling for a job while you're talking. You never

get flustered by him. You say, 'Look in the want ads.'"

"I like that line."

"It never fails to get the audience on their feet."

Ronnie went over the pages. "How about this one where I say, 'The fall elections offer a clear choice about the kind of nation we will be—whether we will continue our sure and steady course to put America back on track, or whether we will slide backward into another economic binge like the one which left us with today's pounding national hangover.' That's a big mouthful for me to say."

★

"We'll leave it in for Richmond, Va. If it doesn't get a laugh we can always drop it out on your next campaign stop."

Ronnie kept turning the pages. "Jumping bullfrogs, I see you have me blaming Washington for all our problems. Suppose they say I'm part of the problem now."

"Ignore what they say. We figure your best bet is to attack Jimmy Carter for the mess you inherited. The way we've written it, whatever you can't blame on Carter you blame on Tip O'Neill. This is the part of the picture where you really go for the jugular. Can you do it, Ronnie?"

"I'm going to try my darnedest, if you're sure the

'Nuclear Disaster' Topic of Talk

Dr. Helen Caldicott will discuss "Nuclear Disaster" at 8:15 p.m. today in Occidental College's Thorne Hall.

A showing of the film, "The Last Epidemic," will precede her talk.

Tickets, at \$4, may be obtained by calling 259-2737.

people will still root for me."

"They'll root for you, Ronnie, because the way we've written it you're the white hat, and the Democrats are the bad guys. The more you say it, the more they'll believe it."

"Are all these facts in the script correct?"

"Don't worry about facts. If you read it with conviction people will believe you whether the facts are true or not. OK, get on your horse and let's start the cameras and see how it plays."

"QUIET ON THE SET. TAKE ONE, 'THE GIPPER FIGHTS BACK.' ROLL 'EM.'"

Robinson's FALL SALE AND CLEARANCE

**STARTS TOMORROW.
BE SURE TO SEE OUR SPECIAL
8-PAGE SECTION IN
TODAY'S PAPER, PART 1A,
FOR TERRIFIC VALUES
IN EVERY DEPARTMENT.**

Robinson's FALL SALE AND CLEARANCE

**STARTS TOMORROW
SPECIAL SHOPPING HOURS: FRIDAY 10-9:30
(DOWNTOWN LOS ANGELES AND PALM SPRINGS 10-7:30) SATURDAY 10-7.
SUNDAY 11-6 (INCLUDING DOWNTOWN LOS ANGELES AND PALM SPRINGS)**

EDITOR'S REPORT

Happy Fiscal Year!

By William Randolph Hearst Jr.

The 97th Congress rang out the old fiscal year and rang in the new with some last-ditch maneuvering and frantic politicking. The lawmakers made it under the wire, but just barely, so we did not have to close down our government.

The 11th-hour action by Congress in passing a huge continuing resolution was necessitated by the fact the fiscal year began October 1. It ended at midnight the night before. Since only one of 13 fiscal 1983 appropriations bills had passed both houses of Congress, the continuing resolution was required to provide funding for the federal government until Congress returns after the Nov. 2 election for its lame-duck session.

But election-year politics played a major part in forcing Congress to adopt the stopgap spending measure. With all 435 House seats and 33 Senate seats up for grabs, members of both houses were anxious to return home to campaign.

In addition, conflict between the White House and the Congress over levels of spending for a number of programs has slowed down the appropriations process. It is easier for some members of the House and Senate to seek re-election without having to defend

the way they voted on certain spending measures.

That is why President Reagan on Sept. 16 asked Congress to return Nov. 29 for a post-election session to handle the money bills.

In a letter to Senate Majority Leader Howard Baker, the president said that "attempting to run the federal government without a proper budget — with a series of temporary continuing resolutions and the associated overall budgetary uncertainty — is both bad economics and bad management." I couldn't agree more.

Senator Baker and House Speaker Tip O'Neill both took a dim view of a lame-duck session, but both said they would accede to President Reagan's request. The president, of course, has the power to call Congress into session. It is provided in Article 2, Section 3 of the Constitution.

If the lame-duck session is confined to the passage of appropriations bills, it can be productive. What I mean to say is that it can be productive if the appropriations are properly limited and in keeping with President Reagan's economic programs, whose goal is to reduce expenditures and save taxpayers' money.

As we all know, however, there is always the danger in a democratic government like ours that such a session can become burdened with all kinds of special-interest legislation and amend-

ments and accomplish very little.

One of the reasons the Senate has been so slow to come to grips with spending matters is that it was tied up for six weeks with attempts by Senator Jesse Helms to push through school-prayer and anti-abortion legislation. The measures were filibustered by liberal senators of both parties.

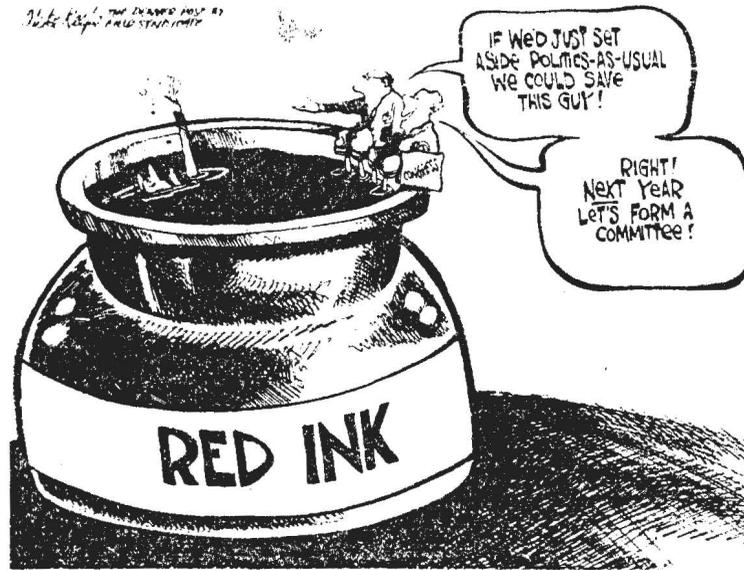
The Congress of the United States is not the most efficient or effective legislative body in the world. To that I say, as Sir Winston Churchill did about the democratic form of government, that despite its inefficiencies, it's the best we know of.

This week in which the new fiscal year began was marked by two other significant developments. President Reagan hit the hustings to generate enthusiasm for Republican candidates, and he held one of his best press conferences.

He went to Virginia to campaign for Rep. Paul S. Trible Jr., the Republican candidate for the Senate who is running against the Democratic lieutenant governor, Richard J. Davis. The president pounded again and again on the theme of fiscal responsibility, blaming the Democrats for "today's pounding national hangover."

Contrary to the attitude of some gloom-and-doom economists, he was optimistic about the future. His optimism, as I see it, is based on the hope that he can eventually succeed in cutting costs of government that have been soaring for half a century. His hope can be fulfilled if more Republican supporters are elected Nov. 2, and if he continues to get the cooperation of the fiscally responsible members of Congress who helped him in the last year and a half.

He said in Richmond "This devastating recessionary virus, one



that many economists believe started and has continued since 1979, has begun to show signs of finally running its course." Let's hope he is right.

President Reagan's performance at his 13th news conference was one of his best. He responded to questions with the good humor for which he has become so well known, as well as with candor and dignity.

The questions covered most of the waterfront of foreign and domestic problems. They were not easy questions, but they were made to look so by the ease with which the president fielded them.

The economy received major attention, as it did in Virginia and will throughout the campaign. He said his economic programs were pushing this nation back from the "brink of disaster." Furthermore, "The things that have been accomplished by this administration were not accomplished before, and all

the things that are not resolved now started long before we got here."

The president was immediately criticized by Tip O'Neill and others who said the presidential optimism was simply a partisan ploy. Such criticism is to be expected in the free atmosphere of the American political arena. But I would remind critics that the inflationary spiral that has hovered so ominously over our heads for 50 years is an unhappy fact of life, not a recent figment of anyone's imagination.

President Reagan is trying to do something about it. Another fact of life is that the Democrats have not come up with any alternatives to the economic measures referred to as Reaganomics. In my opinion he had every right the other night to challenge the Congress to get off its duff and help him out.

If the challenge is accepted, fiscal 1983 could indeed be a Happy New Year. ■

JOE SCOTT ON POLITICS

Campaign '82: Bad to worse

One has a nauseous feeling about the fall campaign. The central part of the dialogue, and the reporting, is being framed around television commercials instead of what the candidates believe. Events last week fortified this impression.

The Bradley-Deukmejian debate, seen only by the most dedicated political junkies because commercial TV sells products, not public affairs, offered a clue. The would-be governors wasted one another over allegations of distortions in TV spots, rather than offering even a single proposal for solving the state's budgetary crisis.

More to the point is Jerry Brown's mushroom-cloud commercial to demonstrate his support for a bilateral nuclear-freeze initiative. Brown, frustrated by a Pete Wilson commercial on the nuclear-arms race which he felt ducked the freeze issue, decided to escalate.

The week-long \$200,000 spot was intended to soften Wilson up before this Wednesday's foreign-policy TV debate between the Senate candidates. It immediately conjured up the infamous commercial created by Tony Schwartz for Lyndon Johnson in 1964 to suggest, without mentioning his name, that Barry Goldwater could not be trusted to prevent nuclear war.

The Schwartz spot, which ran only once, showed a little girl counting the petals on a daisy during a countdown toward a vivid nuclear explosion. Then Johnson

"We must love one another or

William Randolph Hearst Jr. is editor in chief of Hearst Newspapers

David S. Broder

Giving Reagan a Chance

Most people, says Democratic pollster Peter D. Hart, want to cast "a positive vote" in November, a vote that expresses their hopes for an improving economy—not their fears of even harder times ahead.

That's understandable. On this opening Sunday of the NFL season, even us poor Redskins fans are allowed to hope. But it's interesting to hear a Democratic strategist say what Hart did, because it illuminates the problem—and the paradox—the Democrats face in this election.

By some historical standards, the 1982 victory ought to come gift-wrapped to the Democrats, with a card reading, "Compliments of Ronald Reagan and the Republican Recession."

The historical precedents appear awesome. As conservative political analyst Kevin Phillips has pointed out, "The last time the mid-term elections were fought with autumn unemployment at 7 percent or over—in 1958—the GOP lost almost 50 seats." Unemployment now is 9.8 percent. "And," notes Phillips, "the last time that mid-term elections took place with unemployment over 10 percent—in 1938—the Democrats lost 70 House seats."

Those historical precedents explain why people who use economic-political models, like Yale political scientist Edward Tufte, are

predicting a 40-seat GOP loss in November.

But those precedents are under what you might call unprecedented challenge this year. Phillips himself is skeptical of any such Democratic sweep, and he has lots of company among politicians and political reporters. It can be pointed out, for example, that the heavy losses Phillips noted came in the sixth year of the presidencies of Dwight D. Eisenhower and Franklin D. Roosevelt. Those sixth-year elections are often very tough for the party in power, and not just because of unemployment.

In 1966, six years after the Democrats took over the White House, they lost 48 House seats—not to unemployment but, to inflation and Vietnam. In 1974, six years after the Republicans regained the presidency, they lost 48 seats—largely because of Watergate.

On the other hand, the first mid-term election after a change of party control of the presidency is often a piece of cake politically for those in power. The Republicans under Dwight D. Eisenhower lost only 18 seats in 1954; the Democrats under John F. Kennedy lost only five seats in 1962; the Republicans under Richard M. Nixon lost only 12 seats in 1970; and the Democrats under Jimmy Carter lost only 16 seats in 1978. Going back a bit further, the

Democrats under FDR actually added nine House seats in 1934—even though unemployment was far worse than it is today.

The pattern could hardly be clearer: in the last four elections held two years after a change of party control of the presidency, the average loss has been 13 House seats. In the last four elections held six years after such a change, the average loss has been 53 seats.

That says something important about voter psychology. Less than two years into a new president's term, voters tend to be charitable in their judgments. Or, at least, they seem to want to avoid repudiating their own wisdom in putting the new man and his party in power.

That plainly does not mean that a new president has blank-check immunity from repudiation at the polls, no matter how grim conditions may be. Herbert Hoover saw the Republicans drop 53 seats in the first mid-term election after he took office—but the stock market crash that crippled him came in the ninth year of his party's reign.

History seems to suggest that there is some element deeply imbedded in public consciousness that provides fertile ground for the Republican campaign plea to "give the Reagan program a chance." I think that is what Peter Hart

meant when he said that voters want to cast "a positive vote."

But, as he was quick to point out, there are ways to vote positively—and still vote Democratic. A committee of the House Democratic Caucus, representing a broad cross-section of the party, put out a manifesto this week hitting the "unfairness" of many Reagan-Republican policies.

A Democrat who is skillful enough to translate that into a message to "give it a chance—but make it fair," would find a strong positive response, according to the Hart polls. Voters, he says, do not want to repudiate Reagan, but they do want his program modified to correct what is widely perceived as its favoritism toward the rich.

But that is a somewhat complicated message to deliver when it relates to budget and tax and spending issues. And because so many voters have been "stunned," in Hart's view, by the roller-coaster ride on the Reagan economy, it's hard to get their attention.

The Republicans are keeping it very simple. Their ads say, "We made the right change in '80. And we are staying right with it in '82." In the present climate, hope and simplicity may triumph over skepticism and subtlety.

W. Post

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