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mc003
(JUDGE)

The President has seen 9/25

SEPTEMBER 23, 1986

14944555

BRIEFING FOR SUPPORTERS OF THE
ADMINISTRATION'S DEFENSE POLICIES

THANK YOU, MARI. AND THANK YOU ALL FOR
COMING HERE TODAY TO THE ROOSEVELT ROOM.

THIS ROOM WAS NAMED, OF COURSE, FOR TWO
GREAT PRESIDENTS, ONE A REPUBLICAN,
THE OTHER A DEMOCRAT WHO BOTH UNDERSTOOD
THE VITAL IMPORTANCE OF KEEPING AMERICA
STRONG SOMETHING I KNOW EVERYONE IN THIS
ROOM UNDERSTANDS. AND LET ME SAY HOW

GRATEFUL ALL AMERICANS ARE TO THE
CONTRIBUTIONS YOU AND YOUR ORGANIZATIONS
HAVE MADE TO BUILDING A STRONGER AMERICA.

RESTORING AMERICA'S STRENGTH HAS BEEN
ONE OF OUR ADMINISTRATION'S HIGHEST GOALS.
WHEN WE TOOK OFFICE, WE FOUND THAT WE HAD
SHIPS THAT COULDN'T SAIL AND PLANES THAT
COULDN'T FLY FOR LACK OF TRAINED MEN AND
WOMEN AND ADEQUATE SUPPLIES OF SPARE PARTS.

- 2 -

WE FOUND THAT FOR YEARS THE UNITED STATES
SAT ON ITS HANDS WHILE THE SOVIET UNION
ENGAGED IN A MILITARY BUILD-UP, THE LIKES
OF WHICH THE WORLD HAD NEVER SEEN.

THE AMERICAN NUCLEAR DETERRENT, UPON WHICH
WORLD PEACE DEPENDS, HAD BEEN ALLOWED TO
SLIP TOWARD OBSOLESCENCE. AND ACROSS THE
EARTH, SOVIET-SPONSORED REGIMES HAD BEEN
IMPOSED IN COUNTRIES AS DIVERSE AS ANGOLA,
AFGHANISTAN, AND NICARAGUA.

IN THE LAST 5-1/2 YEARS WE'VE BEGUN TO
TURN THAT DESPERATE SITUATION AROUND.
WE'VE RESTORED THE MORALE, TRAINING, AND
EQUIPMENT OF OUR ARMED FORCES. AND LET ME
JUST SAY THAT AROUND THE WORLD AND HERE AT
HOME I'VE MET MANY OF OUR YOUNG MEN AND
WOMEN IN UNIFORM OVER THE LAST SEVERAL
YEARS. EVERYONE WHO WORKS WITH THEM WILL
CONFIRM THIS THOSE SERVING TODAY ARE THE
BEST DARNED BUNCH WHO'VE EVER SERVED.
AND I'M PROUD OF THEM ALL.

IN THE LAST 5-1/2 YEARS, WE'VE BEGUN THE NECESSARY MODERNIZATION OF OUR NUCLEAR DETERRENT. WE'VE BEGUN RESEARCH ON STRATEGIC DEFENSE, THE ONE GREAT HOPE THAT WE MIGHT SOMEDAY RID THE WORLD OF THE PRISON OF MUTUAL NUCLEAR TERROR. AS I TOLD THE UNITED NATIONS GENERAL ASSEMBLY YESTERDAY, WE ARE PREPARED -- RIGHT NOW -- TO ENTER AN AGREEMENT WITH THE SOVIET UNION ON RESEARCH, DEVELOPMENT, TESTING, AND DEPLOYMENT OF STRATEGIC DEFENSE. IN PURSUIT OF A SAFER WORLD, WE ARE DETERMINED TO MOVE TOWARD A FUTURE OF GREATER AND GREATER RELIANCE ON STRATEGIC DEFENSE. THE ONLY QUESTION FOR THE SOVIETS IS, DO WE MOVE TOWARD STRATEGIC DEFENSE TOGETHER, OR ALONE.

IN THE LAST 5-1/2 YEARS, AMERICA HAS ALSO TAKEN A STAND WITH EMBATTLED DEFENDERS OF FREEDOM AROUND THE WORLD.

IN AFGHANISTAN, ANGOLA, CAMBODIA, AND NICARAGUA, WE'VE SAID THAT WE STAND WITH THOSE WHO WOULD TURN BACK THE NIGHT OF TOTALITARIAN TYRANNY. IN THIS I WISH I COULD SAY THAT WE HAD UNITED BACKING IN THE CONGRESS, BUT YOU KNOW THAT THE TRUTH IS DIFFERENT, PARTICULARLY REGARDING OUR SUPPORT OF FREEDOM FIGHTERS IN THIS HEMISPHERE. EVEN THOUGH BOTH HOUSES OF CONGRESS HAVE APPROVED CRITICALLY-NEEDED MILITARY ASSISTANCE FOR THE FREEDOM FIGHTERS, THIS BILL HAS BEEN DELIBERATELY STALLED ON CAPITOL HILL. FREEDOM FIGHTERS WILL PAY WITH THEIR LIVES FOR THIS POLITICS OF OBSTRUCTIONISM. WE'RE DETERMINED TO BRING THEIR BARRICADES DOWN AND TO LET THE LIGHT OF HOPE THROUGH TO THE NICARAGUAN PEOPLE. AND WE WILL.

BUT, ALL IN ALL, IN THE LAST
5-1/2 YEARS, WE'VE COME A LONG WAY. YOU SAW
THIS WHEN MR. GORBACHEV AND I MET IN GENEVA
LAST NOVEMBER. AS I SAID YESTERDAY AT THE
U.N., DESPITE DIFFERENCES, WE RESOLVED AT
THAT MEETING TO WORK TOGETHER FOR REAL
REDUCTIONS IN NUCLEAR ARMS AS WELL AS
PROGRESS IN OTHER AREAS. THE SOVIETS ARE
STILL RELENTLESS ADVERSARIES, AS THEIR
TOTALLY UNWARRANTED ARREST OF AN INNOCENT
AMERICAN REPORTER 3 WEEKS AGO DEMONSTRATES
AN ACTION WHICH JEOPARDIZES ALL AREAS OF OUR
RELATIONS. BUT AT THE ARMS REDUCTION TABLE,
THEY NOW APPEAR TO TREAT MEETINGS AS MORE
THAN JUST ANOTHER PROPAGANDA FORUM. THIS,
I BELIEVE, IS BECAUSE OF THE NEW WILL THE
UNITED STATES HAS SHOWN FOR THE PAST
5-1/2 YEARS. THE SOVIETS HAVE BEEN
CONVINCED THAT WE'RE SERIOUS ABOUT
REBUILDING OUR STRENGTH.

BUT ALL THIS PROGRESS HAS NOW BEEN
PLACED IN JEOPARDY BY ACTIONS TAKEN IN THE
HOUSE OF REPRESENTATIVES ACTIONS JUST AS
SERIOUS AS THE ATTEMPT TO BLOCK AID TO THE
FREEDOM FIGHTERS. IF PERMITTED TO STAND,
THESE ACTIONS WOULD PULL THE RUG OUT FROM
UNDER OUR ARMS NEGOTIATORS IN GENEVA AND
IMPERIL OUR NATIONAL SECURITY. THE HOUSE
VOTED TO BAN TESTS OF ANTI-SATELLITE
SYSTEMS, EVEN THOUGH THE SOVIETS HAVE A
SYSTEM IN OPERATION AND WE DON'T.
THEY VOTED TO STOP US FROM PRODUCING A
DETERRENT TO MODERN SOVIET CHEMICAL WEAPONS.
THEY VOTED TO SLASH OUR REQUEST FOR THE
STRATEGIC DEFENSE RESEARCH -- AN INITIATIVE
THAT HELPED BRING THE SOVIETS BACK TO THE
BARGAINING TABLE IN GENEVA.

THEY VOTED TO DENY FUNDS TO MOVE BEYOND THE LIMITS OF SALT II, A TREATY THAT COULD NOT BE RATIFIED, THAT WOULD HAVE EXPIRED ^{BY NOW} IF IT HAD BEEN RATIFIED, AND, THAT THE SOVIETS HAVE REPEATEDLY VIOLATED. AND FINALLY, THE HOUSE WOULD PROHIBIT ESSENTIALLY ALL TESTING OF NUCLEAR WEAPONS. ALL OF THIS IS BAD FOR OUR NATIONAL SECURITY AND FOR ARMS REDUCTION TALKS, AND IF THE DEFENSE BUDGET ARRIVES ON MY DESK LOOKING ANYTHING LIKE THAT, I WILL VETO IT.

ALL OF THESE ISSUES ARE IMPORTANT. EACH HOUSE ACTION UNDERMINES OUR PEACE AND SECURITY, BUT I'D LIKE TO USE MY TIME TODAY TO DISCUSS ONE AREA I TOUCHED ON YESTERDAY THAT I BELIEVE NEEDS MORE ATTENTION. WITH THE SOVIETS ORCHESTRATING A MAJOR PROPAGANDA CAMPAIGN TO GET US TO DECLARE A MORATORIUM ON NUCLEAR TESTING, IT'S TIME TO SET THE RECORD STRAIGHT ON WHY WE NEED TO TEST. THERE ARE FOUR IMPORTANT REASONS.

FIRST, NUCLEAR TESTING IS ESSENTIAL TO GUARANTEE THAT OUR WEAPONS — (THE KEY TO DETERRING NUCLEAR AGGRESSION) — ACTUALLY WORK. WE INSIST ON THE MOST RIGOROUS FIELD TESTS FOR NON-NUCLEAR WEAPONS, LIKE AIRPLANES, TANKS, AND GUNS. NUCLEAR WEAPONS ARE FAR MORE COMPLEX. THEY, TOO, MUST BE TESTED. SOME TIME AGO, FOR EXAMPLE, WE FOUND THAT THE SAFETY ON THE WARHEAD FOR THE POLARIS MISSILE WOULDN'T RELEASE. WITHOUT THE TESTING THAT HELPED US FIX THAT, MOST OF OUR SEA-BASED DETERRENT WOULD HAVE BEEN INEFFECTIVE. WITHOUT TESTING, WE COULDN'T REDUCE THE SIZE AND IMPROVE THE EFFECTIVENESS OF OUR WARHEADS AND MAKE THEM SAFER. SO, UNTIL WE CAN NEGOTIATE THE ELIMINATION OF NUCLEAR WEAPONS WITH THE SOVIETS, WE MUST HAVE TESTS TO MAKE SURE THAT OUR DETERRENT WORKS AND THAT IT IS SAFE.

SECOND, WE USE NUCLEAR TESTS TO DESIGN NON-NUCLEAR WEAPONS AND EQUIPMENT — FOR EXAMPLE, SATELLITES, SHIPS, TANKS, AND SENSORS — SO THAT THEY CAN BETTER WITHSTAND A SOVIET NUCLEAR ATTACK. THIS INCREASES THE CHANCES THAT OUR MILITARY CAN SURVIVE AND STILL FIGHT, WHICH REDUCES THE SOVIET INCENTIVE TO ATTACK US AND OUR ALLIES IN THE FIRST PLACE.

THIRD, TESTING HELPS US KEEP AHEAD OF SOVIET EFFORTS, INCLUDING NON-NUCLEAR EFFORTS, TO NEUTRALIZE OUR DETERRENT. SEVERAL YEARS AGO, IMPROVED SOVIET AIR DEFENSES THREATENED TO MAKE OUR B-52's OBSOLETE, SO WE BEGAN PRODUCTION OF THE B-1, WHICH CAN GET THROUGH THOSE DEFENSES. BUT SOME WEAPONS DESIGNED FOR THE OLD B-52's WEREN'T RELIABLE AT THE ALTITUDES AND SPEEDS THE B-1 FLIES. TESTING WAS ESSENTIAL TO DEVELOPING WEAPONS WITH PROVEN RELIABILITY.

FOURTH, TESTING ENSURES THAT THE SOVIETS WON'T SURPRISE US WITH BREAKTHROUGHS THAT MIGHT ALTER THE STRATEGIC BALANCE. THE SOVIETS HAVE RACED FOR YEARS TO MODERNIZE AND EXPAND THEIR WEAPONS SYSTEMS. WE'RE STILL PLAYING CATCH-UP, AND THIS IMBALANCE IS A THREAT TO WORLD PEACE. IT WOULD BE AN EVEN GREATER THREAT IF THE SOVIET'S SCORED MAJOR BREAKTHROUGHS.

EVEN IF WE WERE TO AGREE TO A MORATORIUM OR TEST BAN, WE CANNOT BE SURE THE SOVIETS WOULD HONOR IT OR THAT IT COULD BE VERIFIED. IN THE EARLY SIXTIES, THE SOVIETS BROKE OUT OF A 3-YEAR MORATORIUM WITH THE MOST INTENSIVE SERIES OF NUCLEAR TESTS IN HISTORY. IT TOOK US MORE THAN A YEAR TO RESTORE OUR TESTING FACILITIES TO THEIR CONDITION BEFORE THE MORATORIUM. ANY AGREEMENT TO LIMIT TESTING MUST BE VERIFIABLE.

WE'VE MADE A NUMBER OF PROPOSALS TO
IMPROVE VERIFICATION OF CURRENT TREATIES.
THE SOVIETS SHOULD ACCEPT THESE PROPOSALS
OR MAKE ONES OF THEIR OWN AND STOP PLAYING
PROPAGANDA GAMES.

OUR HIGHEST ARMS CONTROL PRIORITY IS TO
GET THE SOVIETS TO AGREE TO DEEP ARMS
REDUCTIONS IN THE U.S. AND SOVIET NUCLEAR
ARSENALS. SOVIET EMPHASIS ON THE TESTING
ISSUE IS A DIVERSION FROM THIS URGENT TASK.
THE HOUSE'S BAN ON TESTING, ON THE OTHER
HAND, IS A BACKDOOR TO A NUCLEAR FREEZE,
WHICH WOULD MAKE REAL ARMS REDUCTIONS ALMOST
IMPOSSIBLE. SOME CONGRESSMEN SEEM TO
BELIEVE THAT PEACE AND AMERICAN WEAKNESS
MEAN THE SAME THING. DIDN'T IT EVER OCCUR
TO ANYONE WHAT THE SOVIETS MUST BE THINKING.
"IF WE WAIT LONG ENOUGH, THEY'LL DO OUR WORK
FOR US."

THANK YOU, AND GOD BLESS YOU.

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112003
(GILDER)

The President has seen 743
SEPTEMBER 23, 1986
44937650

BRIEFING ON TAX REFORM

THANK YOU ALL VERY MUCH AND WELCOME
TO THE OLD EXECUTIVE OFFICE BUILDING.

IT'S GREAT TO BE HERE WITH SOME OF OUR
STAUCHEST SUPPORTERS OF TAX REFORM.

WE'VE COME A LONG WAY SINCE THAT DAY,
NEARLY A YEAR-AND-A-HALF AGO, WHEN I ASKED
CONGRESS TO TAKE UP THE TASK OF REFORMING
OUR ANTIQUATED TAX CODE.

THE FIRST THING WE HEARD WAS A CHORUS
OF VOICES SAYING IT COULDN'T BE DONE --
THERE WAS NO WAY A SIMPLE, FAIR, AND
PRO-GROWTH TAX REFORM COULD SURVIVE
THE TREACHEROUS JUNGLES OF SPECIAL INTEREST
POLITICS. THEY SAID THAT THE WISHES AND
HOPES OF THE AMERICAN PEOPLE COUNTED FOR
VERY LITTLE IN THIS CITY ON THE POTOMAC --
WHAT COUNTED WAS PRESSURE GROUPS AND
LOBBYISTS AND DEALS CUT BEHIND THE SCENES.

- 2 -

WELL, THEY FORGOT ONE THING: AMERICA
DIDN'T BECOME GREAT BY BEING PESSIMISTIC
AND CYNICAL. WE DIDN'T BECOME THE LEADER
OF THE FREE WORLD AND THE MIGHTIEST ECONOMIC
FORCE ON THIS PLANET BY SHRINKING FROM
CHALLENGES. THE DOOM AND GLOOMERS ARE
BASICALLY OUT OF TOUCH WITH THE SPIRIT
OF AMERICA -- THAT CAN-DO SPIRIT THAT
SEES EVERY PROBLEM AS AN OPPORTUNITY,
EVERY OBSTACLE AS A CHALLENGE TO BE
OVERCOME.

THAT POSITIVE SPIRIT -- AND YOUR
EFFECTIVE SUPPORT -- HAVE HELPED US POWER
THROUGH THE OPPOSITION ARRAYED AGAINST
TAX REFORM AND WIN A SERIES OF STUNNING
VICTORIES IN THE CONGRESS. IN FACT,
A HEADLINE IN THE WASHINGTON POST TOLD
THE WHOLE STORY: "THE IMPOSSIBLE BECAME THE
INEVITABLE."

WE ARE ON THE THRESHOLD OF FINAL PASSAGE OF A REVOLUTIONARY TAX CODE THAT CAN OPEN UP THE FLOODGATES OF GROWTH, INVENTION, AND ENTERPRISE, THAT CAN MAKE OUR FUTURE AS BIG AS OUR DREAMS.

AS I SAID, WE ARE ON THE THRESHOLD -- BUT WE ARE NOT THERE YET. WE SHOULD REMEMBER, AS THE GREAT SEER AND SAYER, YOGI BERRA, ONCE SAID, "THE GAME ISN'T OVER TILL IT'S OVER." THE SPECIAL INTERESTS HAVE MASSED FOR A LAST-DITCH EFFORT TO KILL TAX REFORM BEFORE IT BECOMES THE LAW OF THE LAND.

YOU KNOW, TAX REFORM HAS BEEN DECLARED DEAD SO MANY TIMES BY THE PUNDITS THAT I'D BE WORRIED IF THEY WEREN'T PREDICTING TROUBLE AHEAD. BUT WE CAN'T AFFORD TO BECOME COMPLACENT. THIS IS THE DECISIVE BATTLE -- THIS IS WHERE ALL WE HAVE FOUGHT FOR WILL FINALLY BE WON OR LOST.

THE SPECIAL INTERESTS REALIZE IT'S THEIR LAST CHANCE TO STOP THE BILL, BECAUSE IT'S THE BEST CHANCE FOR THE AMERICAN PEOPLE TO GET THE FAIR, PRO-GROWTH TAX REFORM THEY DESERVE. IN THE DAYS AHEAD, WE'RE GOING TO HAVE TO GIVE IT A 100 PERCENT EFFORT -- ONE FINAL ALL-OUT PUSH OVER THAT GOAL LINE.

LET'S NOT FORGET WHAT IS AT STAKE HERE. FIRST OF ALL: TAX REFORM WILL MEAN A TAX REDUCTION FOR MOST TAXPAYERS. THE PRESENT 14 RATES WILL BE COLLAPSED INTO 2. OVER 80 PERCENT OF ALL AMERICANS WILL PAY THE LOWER RATE OF ONLY 15 PERCENT -- OR WILL PAY NO TAXES AT ALL. THE TOP RATE WILL BE SLASHED TO 28 PERCENT, THE LOWEST IN OVER 50 YEARS, AND WE'RE KEEPING TAX BRACKETS INDEXED TO MAKE SURE THAT INFLATION NEVER AGAIN GIVES THE TAX-AND-SPEND CREW IN CONGRESS A FREE RIDE BY AUTOMATICALLY PUSHING AMERICANS INTO HIGHER TAX BRACKETS.

ONE OF OUR PRIMARY GOALS HAS BEEN FAIRNESS FOR FAMILIES. THAT'S WHY THE STANDARD DEDUCTION WILL GO WAY UP, AND THE PERSONAL EXEMPTION -- THE ONE THAT TAXPAYERS DEDUCT FOR THEMSELVES AND EACH ONE OF THEIR DEPENDENTS -- THAT EXEMPTION WILL ALMOST DOUBLE TO A FULL \$2,000 BY 1989. THAT MEANS THAT, WHEN EVERYTHING IS ADDED UP, THE TYPICAL FAMILY WILL END UP WITH \$200 MORE IN TAX SAVINGS EVERY YEAR.

AT THE SAME TIME, SOME 6 MILLION WORKING POOR WILL BE DROPPED OFF THE TAX ROLLS ALTOGETHER, MAKING THIS ONE OF THE BEST ANTI-POVERTY PROGRAMS THIS COUNTRY HAS EVER SEEN.

I'VE SAID ALL ALONG THAT THE FINAL TAX REFORM BILL HAD TO KEEP INCENTIVES FOR AMERICAN INDUSTRY TO INVEST IN JOBS AND THE FUTURE. THIS BILL DOES. IT KEEPS IMPORTANT INCENTIVES FOR BUSINESS INVESTMENT.

AND WHILE MAKING SURE EVERY BUSINESS PAYS A FAIR-SHARE MINIMUM TAX, IT BRINGS THE CORPORATE RATE DOWN TO 34 PERCENT.

BY CLOSING LOOPHOLES AND LOWERING RATES, WE'RE GOING TO BRING AMERICA'S INVESTMENT MONEY OUT FROM UNDER THE SHELTERS AND BACK INTO THE PRODUCTIVE ECONOMY WHERE IT BELONGS. WE WILL NO LONGER USE THE TAX CODE TO MAKE ECONOMIC AND SOCIAL POLICY -- INSTEAD WE'RE GOING TO LET MARKET FORCES SHAPE OUR ECONOMY INTO A SLEEK AND EFFICIENT POWERHOUSE OF GROWTH.

WITH TAX REFORM, AMERICA WILL HAVE THE LOWEST MARGINAL RATES AND THE MOST MODERN TAX CODE IN THE INDUSTRIALIZED WORLD -- ONE THAT ENCOURAGES RISK-TAKING, INNOVATION, AND THAT OLD AMERICAN SPIRIT OF ENTERPRISE.

WE WILL BE REFUELING THE AMERICAN GROWTH ECONOMY WITH THE KIND OF INCENTIVES THAT HAVE HELPED CREATE RECORD NUMBERS OF NEW BUSINESSES AND 11-1/2 MILLION JOBS IN 45 MONTHS. THE TREASURY DEPARTMENT ESTIMATES THAT THE GREATER GROWTH SPURRED ON BY TAX REFORM WILL CREATE 2-TO-3 MILLION MORE JOBS IN THE NEXT DECADE.

BUT TAX REFORM COULD HAVE AN EVEN MORE PROFOUND AND IMPORTANT EFFECT ON WORLD GROWTH. A BRITISH NEWS MAGAZINE, THE ECONOMIST, HAS DESCRIBED IT AS THE BEGINNING OF A "TAX REVOLUTION" THAT WILL "STALK THROUGH THE WEST," AS OUR INDUSTRIALIZED PARTNERS CUT TAX RATES IN THEIR OWN COUNTRIES IN ORDER TO REMAIN COMPETITIVE WITH THE AMERICAN DYNAMO.

MOST ECONOMISTS AGREE THAT AMERICA WON'T BE ABLE TO GROW AND PROSPER INDEFINITELY IF THE REST OF THE WORLD ECONOMY IS DRAGGING BEHIND.

WE HAVE ALREADY SEEN THE SLOWING EFFECTS ON OUR ECONOMY OF SLUGGISH WORLD GROWTH. WITHOUT FASTER GROWTH, OTHER COUNTRIES SIMPLY CAN'T AFFORD TO BUY AS MANY OF OUR GOODS AND SERVICES -- AND THAT HURTS AMERICAN WORKERS.

TAX REFORM IS ONE OF OUR BEST CHANCES TO CONVINCE THE OTHER INDUSTRIALIZED NATIONS TO JOIN US ON THE GROWTH PATH, TO CARRY THIS REVOLUTION OF HOPE AND OPPORTUNITY AROUND THE WORLD, AND CREATE A STRONG, SOUND, AND GROWING WORLD ECONOMY.

ALL THIS IS ON THE LINE: FAIRNESS FOR FAMILIES, TAX RATE CUTS FOR MOST AMERICANS, ONE OF THE BEST ANTI-POVERTY PROGRAMS IN HISTORY AND 2-TO-3 MILLION NEW JOBS FOR AMERICANS.

IF CONGRESS VOTES AGAINST THIS BILL,
IT WILL BE VOTING AGAINST AMERICA'S
FAMILIES, / AGAINST AMERICA'S WORKING POOR, /
IT WILL BE THUMBING ITS NOSE AT AMERICA'S
TAXPAYERS AND IT WILL BE VOTING TO THROW
2-TO-3 MILLION NEW JOBS OUT THE WINDOW.

AMERICA IS AT A CROSSROADS -- EITHER
WE GO THE WAY OF FAIRNESS, JOBS,
OPPORTUNITY, AND GROWTH, OR SLINK BACK ALONG
THE PATH OF POLITICS AS USUAL. CONGRESS
SHOULD HAVE NO DOUBTS, THE AMERICAN PEOPLE
ARE WATCHING CLOSELY. THEY ARE COUNTING ON
US AND WE DARE NOT BETRAY THEIR JUST HOPES
FOR A BETTER FUTURE. IF WE LET THEM DOWN,
THEY WILL NEVER FORGIVE US -- WE WILL NEVER
FORGIVE OURSELVES.

I WANT TO SEND A MESSAGE TO ALL MEMBERS
OF CONGRESS: FOR THIS VOTE ESPECIALLY:
VOTE YOUR CONSCIENCE, VOTE TO GIVE THE
AMERICAN PEOPLE THE FAIR SHARE TAX REFORM
THEY WANT, DESERVE, AND EXPECT.

THANK YOU ALL VERY MUCH AND GOD BLESS
YOU.

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(Gilder/ARD)
September 22, 1986
6:00 p.m.

RK

PRESIDENTIAL REMARKS: BRIEFING ON TAX REFORM
TUESDAY, SEPTEMBER 23, 1986

Thank you all very much and welcome to the Old Executive Office Building.

It's great to be here with some of our staunchest supporters of tax reform. We've come a long way since that day, nearly a year-and-a-half ago, when I asked Congress to take up the task of reforming our antiquated tax code.

The first thing we heard was a chorus of voices saying it couldn't be done -- there was no way a simple, fair, and pro-growth tax reform could survive the treacherous jungles of special interest politics. They said that the wishes and hopes of the American people counted for very little in this city on the Potomac -- what counted was pressure groups and lobbyists and deals cut behind the scenes.

Well, they forgot one thing: America didn't become great by being pessimistic and cynical. We didn't become the leader of the free world and the mightiest economic force on this planet by shrinking from challenges. The doom and gloomers are basically out of touch with the spirit of America -- that can-do spirit that sees every problem as an opportunity, every obstacle as a challenge to be overcome.

That positive spirit -- and your effective support -- have helped us power through the opposition arrayed against tax reform and win a series of stunning victories in the Congress. In fact, a headline in the Washington Post told the whole story: "The

Impossible Became the Inevitable." We are on the threshold of final passage of a revolutionary tax code that can open up the floodgates of growth, invention, and enterprise, that can make our future as big as our dreams.

As I said, we are on the threshold -- but we are not there yet. We should remember, as the great seer and sayer, Yogi Berra, once said, "The game isn't over till it's over." The special interests have massed for a last-ditch effort to kill tax reform before it becomes the law of the land.

You know, tax reform has been declared dead so many times by the pundits that I'd be worried if they weren't predicting trouble ahead. But we can't afford to become complacent. This is the decisive battle -- this is where all we have fought for will finally be won or lost. The special interests realize it's their last chance to stop the bill, because it's the best chance for the American people to get the fair, pro-growth tax reform they deserve. In the days ahead, we're going to have to give it a 100 percent effort -- one final all-out push over that goal line.

Let's not forget what is at stake here. First of all: Tax reform will mean a tax reduction for most taxpayers. The present 14 rates will be collapsed into 2. Over 80 percent of all Americans will pay the lower rate of only 15 percent -- or will pay no taxes at all. The top rate will be slashed to 28 percent, the lowest in over 50 years, and we're keeping tax ^{BRACKETS}~~rates~~ indexed to make sure that inflation never again gives the tax-and-spend

crew in Congress a free ride by automatically pushing Americans into higher tax brackets.

One of our primary goals has been fairness for families. That's why the standard deduction will go way up, and the personal exemption -- the one that taxpayers deduct for themselves and each one of their dependents -- that exemption will almost double to a full \$2,000 by 1989. That means that, when everything is added up, the typical family will end up with \$200 more in tax savings every year.

At the same time, some 6 million working poor will be dropped off the tax rolls altogether, making this one of the best anti-poverty programs this country has ever seen.

I've said all along that the final tax reform bill had to keep incentives for American industry to invest in jobs and the future. This bill does. It keeps important incentives for business investment. And while making sure every business pays a fair-share minimum tax, it brings the corporate rate down to 34 percent. By closing loopholes and lowering rates, we're going to bring America's investment money out from under the shelters and back into the productive economy where it belongs. We will no longer use the tax code to make economic and social policy -- instead we're going to let market forces shape our economy into a sleek and efficient powerhouse of growth.

With tax reform, America will have the lowest marginal rates and the most modern tax code in the industrialized world -- one that encourages risk-taking, innovation, and that old American spirit of enterprise. We will be refueling the American growth

economy with the kind of incentives that have helped create record numbers of new businesses and 11-1/2 million jobs in 45 months. The Treasury Department estimates that the greater growth spurred on by tax reform will create 2-to-3 million more jobs in the next decade.

But tax reform could have an even more profound and important effect on world growth. A British news magazine, The Economist, has described it as the beginning of a "tax revolution" that will "stalk through the West," as our industrialized partners cut tax rates in their own countries in order to remain competitive with the American dynamo.

Most economists agree that America won't be able to grow and prosper indefinitely if the rest of the world economy is dragging behind. We have already seen the slowing effects on our economy of sluggish world growth. Without faster growth, other countries simply can't afford to buy as many of our goods and services -- and that hurts American workers.

Tax reform is one of our best chances to convince the other industrialized nations to join us on the growth path, to carry this revolution of hope and opportunity around the world, and create a strong, sound, and growing world economy.

All this is on the line: Fairness for families, tax rate cuts for most Americans, one of the best anti-poverty programs in history and 2-to-3 million new jobs for Americans. If Congress votes against this bill, it will be voting against America's families, against America's working poor, it will be thumbing its

nose at America's taxpayers and it will be voting to throw 2-to-3 million new jobs out the window.

America is at a crossroads -- either we go the way of fairness, jobs, opportunity, and growth, or slink back along the path of politics as usual. Congress should have no doubts, the American people are watching closely. They are counting on us and we dare not betray their just hopes for a better future. If we let them down, they will never forgive us -- we will never forgive ourselves.

I want to send a message to all Members of Congress: For this vote especially: Vote your conscience, vote to give the American people the fair share tax reform they want, deserve, and expect.

Thank you all very much and God bless you.

OP1026
(JUDGE)

The President has seen *7/2/86*

SEPTEMBER 23, 1986

14924855

DINNER FOR EUREKA COLLEGE

THANK YOU, MR. PRESIDENT (GEORGE HEARNE, PRESIDENT OF EUREKA). AND THANK YOU EVERYONE. WE'RE HERE TONIGHT FOR SOMETHING THAT NANCY AND I HOLD CLOSE TO OUR HEARTS -- EUREKA'S REAGAN SCHOLARSHIPS.

PLEASE FORGIVE ME IF I REMINISCE FOR A FEW MOMENTS. WHENEVER I THINK OF EUREKA, I'M FILLED WITH A WAVE OF NOSTALGIA FOR THAT CAMPUS 'NEATH THE ELMS. EVERYTHING GOOD THAT HAS HAPPENED TO ME OVER THE YEARS BEGAN THERE, AS IT HAS FOR SO MANY OTHERS. IT WAS A WONDERFUL TIME IN MY LIFE THAT WASN'T ALL TAKEN UP ON THE FOOTBALL FIELD -- ALTHOUGH I DID LET FOOTBALL AND OTHER EXTRACURRICULAR ACTIVITIES EAT INTO MY STUDY TIME. AND AS A RESULT, MY GRADE AVERAGE WAS CLOSER TO THE C LEVEL REQUIRED FOR ELIGIBILITY THAN IT WAS TO STRAIGHT A's. *I think it was B-*

- 2 -

SO WHEN I GOT THAT HONORARY DEGREE A FEW YEARS AGO FROM EUREKA, I TOLD THE AUDIENCE I FELT A LITTLE FUNNY -- CAUSE I ALWAYS HAD THIS SNEAKY SUSPICION THAT THE FIRST DEGREE THEY GAVE ME WAS HONORARY.

BUT I LEARNED A LOT AT EUREKA, (AND NOT JUST ABOUT ECONOMICS) WHICH WAS MY MAJOR. ALTHOUGH THAT'S WHERE I FIRST LEARNED THAT YOU COULD PLACE ALL THE ECONOMISTS END TO END AND THEY'D NEVER REACH A CONCLUSION. THAT'S A LESSON THAT SERVES ME WELL IN MY CURRENT OCCUPATION... AS AN EMBARRASSER OF ECONOMISTS.

AS I SAID, I LEARNED A LOT AT EUREKA. I LEARNED, FOR EXAMPLE, ABOUT HUMILITY. IT CAME AS NATURALLY AS GOING FROM HIGH SCHOOL FOOTBALL HERO TO ^{*2nd OR 3rd*} ~~FIFTH~~-STRING FRESHMAN BENCHWARMER. AND, AS WITH MY ECONOMICS LESSONS, I'VE HAD OPPORTUNITIES TO USE IT SINCE THEN.

(RAY MILLAND STORY)

BUT ONE THING I'LL ALWAYS CHERISH ABOUT EUREKA -- (BESIDES LESSONS IN FOOTBALL AND HUMILITY) -- IS THAT THE COLLEGE TOOK A CHANCE ON ME. MY FAMILY COULDN'T PAY FOR THE SCHOOLING. WE WEREN'T FROM THE WRONG SIDE OF THE TRACKS, BUT WE WERE SURE CLOSE ENOUGH TO HEAR THE WHISTLE BLOWING.

BUT WHAT I COULDN'T EARN IN SUMMERS, THE COLLEGE MADE UP FOR WITH SCHOLARSHIPS, JOBS WASHING DISHES AND, YES, LETTING ME DEFER PART OF MY TUITION. THOSE WERE DEPRESSION YEARS, AND EUREKA ALMOST WENT BROKE, BUT STILL THEY HAD THE FAITH TO KEEP ME ON.

THAT'S WHY I'M SO HAPPY ABOUT THE SCHOLARSHIP PROGRAM THAT YOU HAVE DONE ME THE HONOR OF GIVING IN MY NAME.

IT GIVES STUDENTS THE OPPORTUNITY TO WORK FOR THEIR SCHOOLING, / AND IT ALSO GIVES THEM SOMETHING ELSE I WAS LUCKY ENOUGH TO HAVE /- A MENTOR, SOMEONE WHO WILL TAKE AN INTEREST IN THEM AND IN THEIR FUTURE.

IN MY CASE, IT WAS SID ALTSCHULER. SID WAS A KANSAS CITY BUSINESSMAN, AND I TAUGHT HIS SMALL DAUGHTERS TO SWIM THE SUMMER AFTER I GRADUATED. WELL, ONE EVENING, SITTING BY THE RIVER, SID BEGAN TO TALK ABOUT THE FUTURE AND FINALLY HE SAID TO ME, "WHAT DO YOU THINK YOU'D LIKE TO DO?" AND, OF COURSE, I DIDN'T KNOW. BUT HE DIDN'T LET IT DROP THERE. HE MADE ME THINK ABOUT IT. AND FROM THAT THINKING, AND FROM TALKING WITH SID IN THE EVENINGS BY THE RIVER, I FINALLY REALIZED THAT WHAT I WANTED MOST WAS TO GET INTO THE ENTERTAINMENT BUSINESS AND RADIO SEEMED TO BE THE FIRST STEPPING STONE. FROM THERE, MAYBE I COULD JUMP INTO ACTING.

THERE ARE SOME HERE IN WASHINGTON WHO WISH
I'D DECIDED TO JUMP IN THAT RIVER INSTEAD.
BUT THAT WOULDN'T HAVE HELPED THEM
I WAS THE LIFEGUARD.

WELL, SID ALTSCHULER ISN'T HERE,
BUT TWO MENTORS FOR THESE SCHOLARS ARE
AL HAIG AND SELWA ROOSEVELT, AND I JUST WANT
TO SAY THANKS TO THEM, AND LET ME ALSO SAY
THANKS TO SOMEONE WHO ISN'T PART OF THE
MENTOR PROGRAM, BUT WHOM I KNOW HAS TAKEN
A SPECIAL INTEREST IN ONE OF OUR SCHOLARS --
STROM THURMOND.

AND THANKS TO ALL OF YOU. THE KIND OF
GENEROSITY YOU'RE SHOWING THIS EVENING IS
THE KIND THAT BUILT NOT JUST EUREKA COLLEGE,
BUT AMERICA ITSELF.

THANK YOU, AND GOD BLESS YOU.

#

~~The President has read 9/1~~

(Judge/ARD)
September 22, 1986
12:30 p.m.

PRESIDENTIAL REMARKS: DINNER FOR EUREKA COLLEGE
TUESDAY, SEPTEMBER 23, 1986

Thank you, Mr. President (GEORGE HEARNE, PRESIDENT OF EUREKA). And thank you everyone. We're here tonight for something that Nancy and I hold close to our hearts -- Eureka's Reagan Scholarships.

Please forgive me if I reminisce for a few moments. Whenever I think of Eureka, I'm filled with a wave of nostalgia for that campus 'neath the elms. Everything good that has happened to me over the years began there, as it has for so many others. It was a wonderful time in my life that wasn't all taken up on the football field -- although I did let football and other extracurricular activities eat into my study time. And as a result, my grade average was closer to the C level required for eligibility than it was to straight A's. So when I got that honorary degree a few years ago from Eureka, I told the audience I felt a little funny -- cause I always had this sneaky suspicion that ^{THE} ~~my~~ first ^(DEGREE THEY GAVE) ~~one~~ was honorary.

But I learned a lot at Eureka, and not just about economics, which was my major. Although that's where I first learned that you could place all the economists end to end and they'd never reach a conclusion. That's a lesson that serves me well in my current occupation... as an embarrasser of economists.

As I said, I learned a lot at Eureka. I learned, for example, about humility. It came as naturally as going from high school football hero to fifth-string freshman benchwarmer. And,

[RAY MILLAND STORY]

But one thing I'll always cherish about Eureka -- besides lessons in football and humility -- is that the college took a chance on me. My family couldn't pay for the schooling. We weren't from the wrong side of the tracks, but we were sure close enough to hear the whistle blowing. But what I couldn't earn in summers, the college made up for with loans, scholarships, and AND YES LETTING ME DEFER PART OF MY TUITION. jobs washing dishes. Those were Depression years, and Eureka almost went broke, but still they had the faith to keep me on.

That's why I'm so happy about the scholarship program that you have done me the honor of giving ^{IN} ~~my~~ my name. It gives students the opportunity to work for their schooling, and it also gives them something else I was lucky enough to have -- a mentor, someone who will take an interest in them and in their future.

In my case, it was Sid Altschuler. Sid was a Kansas City businessman, and I taught his small daughters to swim the summer after I graduated. Well, one evening, sitting by the ^{RIVER} lake, Sid began to talk about the future and finally he said to me, "What do you think you'd like to do?" And, of course, I didn't know. But he didn't let it drop there. He made me think about it. And from that thinking, and from talking with Sid in evenings by the ^{RIVER} lake, I finally realized that what I wanted most was to GO INTO THE ENTERTAINMENT BUSINESS ^{TO GET INTO THE ENTERTAINMENT BUSINESS} ~~go into~~ ^{AND, SOMETIMES} ~~radio~~ ^{radio} ^{1st STEPPING STONE} ~~radio and, if I could, jump~~ ^{MAYBE I COULD JUMP} ~~from there~~ into acting. Although some here in Washington wish I'd decided to jump in that ^{RIVER} lake instead. But THAT WOULDN'T HAVE HELPED THEM - I WAS THE LIFE GUARD.

Well, Sid Altschuler isn't here, but two mentors for these scholars are -- Al Haig and Selwa Roosevelt, and I just want to say thanks to them. And let me also say thanks to someone who isn't part of the mentor program, but whom I know has taken a special interest in one of our scholars -- Strom Thurmond.

And thanks to all of you. The kind of generosity you're showing this evening is the kind that built not just Eureka College, but America itself.

Thank you, and God bless you.