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THE WHITE HOUSE

WASHINGTON

May 28, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Presidential Address: Winnebago

County Courthouse

Counsel's Office has reviewed the above-referenced Presidential address, and finds no objection to it from a legal perspective.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/24/85 ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 am, Tues., May 28

SUBJECT: PRESIDENTIAL ADDRESS: WINNEBAGO COUNTY COURTHOUSE

(May 24 5:30 pm draft)

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REMARKS:

Please submit your comments, recommendations or edits directly to Ben Elliott with an information copy to me. Thanks.

RESPONSE:

Low Mark Colo

PRESIDENTIAL ADDRESS: WINNEBAGO COUNTY COURTHOUSE OSHKOSH, WISCONSIN THURSDAY, MAY 30, 1985

Thank you. Thank you all.

Well, it's good to be in Oshkosh, b'gosh.

The night before last, the television networks were kind enough to give me a few minutes to talk to you about our system of taxation. I announced our plan to put more resources into the hands of the American people by making our tax code more simple, fair, and efficient -- the most sweeping change in our tax laws in more than three decades. I knew we were on the right track when the high-priced tax attorneys started shedding tears after the speech. And now that I've come to Main Street America, now that I've seen a smile on the face of Oshkosh -- I know we said the right thing. I'm delighted to be with you and to join in the fun.

My friends, if you'll permit me, I'd like to begin by conducting a little poll using an impartial and scientifically-selected sample -- you. Would you mind answering some questions? For example:

Do the people of Oshkosh want our tax system to be complicated and unfair?

Do you want steeply-rising tax brackets that punish achievement and hurt the American family?

Or, would you like a dramatic simplification that eliminates loopholes and makes our tax system straightforward and fair?

And would you like to see a tax plan that, for most individuals, makes tax rates not higher, but lower?

You know, I've been conducting this poll informally all across the country. The answers are just the same everywhere I know of except for one city -- Washington, D.C. Sometimes folks back there are a little slow to cotton on. I may need some help getting it through to them that the American people consider it high time for a change in our tax law. May I count on you to give me a hand?

Our tax proposal is a true first -- a plan to bring about fairness, incentives, rewards, and simplicity in taxation. And I happen to believe it's a true American Tax Plan, because it will mean lower taxes and expanded opportunities for the great majority of the American people. Remember how blue you felt last tax day, April 15th, as you prepared to sign that complicated document that turned over a big chunk of your income to bureaucrats you'd never even met? Remember what your kitchen or dining room table looked like, with forms and receipts and tax tables spread out across it?

Under our tax proposal, most of you will never have to go through anything like that again. Form 1040 will be shrunk down to a few lines, and up to 60 percent of all Americans won't have to fill out a form at all -- it will be just that easy. Permit me to tell you how it will work. And don't worry, I can keep it short and simple, because it is short and simple.

To begin with, we intend to replace the present, steeply rising system of 14 different tax brackets with a flatter,

three-step design that will allow you to keep more of each additional dollar you earn. Currently, tax rates range all the way up to 50 percent. Under our proposal, the three rates would be 15, 25, and 35 percent -- period.

The lowest rate of 15 percent would apply to taxable income up to \$29,000. The next rate, 25 percent, would apply to taxable income from \$29,000 to \$70,000. And the top rate, 35 percent, would take effect on taxable income over \$70,000. No matter how much you earned after that, Uncle Sam would never get more than 35 cents of your dollar.

The next part of our plan is specifically designed to help the American family. You may remember that, back in 1948, the personal exemption was set at \$600. Today, 37 years later, after inflation during the 1970's eroded the value of the dollar and made it so much more expensive to raise children or care for elderly parents, the personal exemption has risen all the way to -- well, just to \$1,000. Frankly, my friends, that's absolutely ridiculous.

To give your families the break they've so long deserved, we intend to increase the standard deduction to \$4,000, and to nearly double the personal exemption for every taxpayer and dependent from \$1,040 to \$2,000. And we're going to raise it right away, starting January 1, 1986. Gee, that sounds so good, I have to say it again: we intend to double the personal exemption to \$2,000 effective at once. And by the way, that \$2,000 would also be increased to protect against any rise in inflation.

Suppose your family wants to save some extra money and invest it in an I.R.A.? Right now our tax system limits I.R.A.'s to \$2,250 per household. Again, my friends, that makes no sense. Homemakers are just as dignified and worthy as any other workers. In economic terms, they produce goods and services that are invaluable. And by nurturing our children, caring for us when we get sick, and looking after the elderly, they, perhaps more than any others, give our country its strength and heart.

Here's where we get the next part of our tax plan, also designed to help the family. Under our proposal, every husband and wife will have the same access to I.R.A. accounts -- up to \$4,000 a year for each couple.

You can begin to see how much easier this will make it for families, here in Oshkosh and around the country, to make ends meet. Consider a family of four struggling at the poverty line with an income of \$12,000. By raising the level at which people begin to pay taxes and by doubling the personal exemption, our plan would ensure that the family would pay no taxes at all -- none.

Or consider a larger, working family of six, earning the median income of \$26,000. By taking advantage of our proposal, that working family could reduce its taxable income to only \$8,000 and pay 15 percent of that amount, just \$1,200, for an effective tax rate of only 5 percent.

All the way up and down the income scale, the overwhelming majority of American families will find themselves with more resources to devote to their children; to pay for their home and

perhaps, here in Oshkosh, to buy a boat; and to put away for retirement. That sounds pretty good to me. Does it sound good to you, too? You know, they may have heard you all the way to the Congress.

Another problem with the tax system as it stands now is that it looks like Swiss cheese. Now, Wisconsin is famous cheese country, so you know just what I'm talking about -- big holes no matter how you slice it. We intend to eliminate the deduction for State and local taxes, which at present serves as a subsidy for a few high-tax States. Even after we do so, however, most people in those States will still be paying the same taxes or lower. And under our proposal, tax breaks for things like windmills, chinchilla farms, and so-called "educational" ocean cruises will all be eliminated or drastically reduced.

My friends, we want to do away with a tax code that reflects years of lobbying efforts by the powerful and rich. Instead, we want a tax code aimed at Main Street Americans -- one that will help people like the worker at the Oshkosh Truck Corporation and his family; the youngster who has just graduated from Oshkosh West High and is starting work as a clerk at Klines; and the teller at Firstar Bank and her children.

But as we throw out the bad in the old tax system, we'll be sure to keep the good. The home mortgage interest deduction reflects our Nation's historic commitment to the value of home-ownership. We intend to keep it. Likewise, we will retain preferential treatment for Social Security and veterans'

disability payments and keep in place the current itemized deductions for contributions to charity.

On the business side, our tax plan will be just as sweeping -- one that will clear the way for surging business formation, job creation, and the technological innovation that fosters so much of our economic growth. The tax plan for business includes a reduction in the maximum corporate tax rate, down from 49 to just 33 percent; the institution of a minimum tax to make certain that all corporations pay a fair share; and a reduction in the maximum tax on capital gains.

Many of you will remember the late congressman from Wisconsin, our dear friend Bill Steiger. Back in 1978, Bill engineered a cut in the maximum capital gains tax from 48 to 28 percent. Almost instantly, the amount of venture capital available in our country rose sharply, making it possible to expand existing companies and to form new ones, creating new jobs in the process. The very next year, more than 100 new companies were formed in California's Silicon Valley alone. And in the years since, we've seen the number of American companies making offerings to raise capital increase more than ten-fold and the actual amount of capital raised increase 15-fold.

Building on Bill Steiger's achievement, in 1981 we cut the top capital gains tax down to 21 percent, and now we want to cut it again, down to 17-1/2 percent. This new cut will foster still more growth and job creation -- a renaissance of American entrepreneurship.

America was born in the midst of a great revolution sparked by oppressive taxation. There was something about the American character -- open, hard-working, and honest -- that rebelled at the very thought of taxes that were not only heavy, but unfair.

Today, the proud American character remains unchanged. But slowly and subtly, surrendering first to this political pressure and then to that, our system of taxation has turned into something completely foreign to our nature -- something complicated, unfair, and in a fundamental sense, un-American. My friends, the time has come for a second American revolution.

From Oshkosh to Miami to Santa Fe, we, the people, must unite. Those who have been elected to positions of public trust must show true leadership and political courage. For the sake of our traditions of liberty, for the sake of our strength and prosperity as a Nation, but most of all, for the sake of our families, we must take this next vital step toward freedom.

Together, let us resolve here today, on this, the eve of the Second American Revolution, that this great task shall be accomplished.

Thank you, God bless you, and God bless the wonderful town of Oshkosh.

THE WHITE HOUSE

WASHINGTON

May 30, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Remarks: Ford's Theater Reception

Counsel's Office has reviewed the above-referenced draft remarks. The third sentence in the second full paragraph on page 2 should be deleted. Senator Webster may well have been among the Americans entering the theater "tired and worn," but he would have been a good bit more tired than the rest. He died eleven years before the theater opened.

cc: David L. Chew

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WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

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WHITE HOUSE STAFFING MEMORANDUM

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RESPONSE:

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PRESIDENTIAL REMARKS:

The sidential remarks: FORD'S THEATER RECEPTION SUNDAY, JUNE 2, 1985

Thank you. Thank you all.

It is indeed an honor for Nancy and me to be here tonight, and I know I speak for everyone in the audience when I thank the cast for that wonderful performance. John Forsythe and Linda Evans, you've been splendid hosts -- and I wonder whether we could meet backstage after the show. You see, Nancy and I have a little wager on the next episode of "Dynasty."

David Copperfield, would you please show me how you did that disappearing trick? On second thought, maybe you'd better not.

There are a couple of people in this town that I'd be tempted to try it out on.

As James Whitmore has told us, Ford's Theater opened in 1863 -- and whatever you may have heard, there's no truth to the rumor that I was part of the opening act.

But in those days this stage was illuminated by gaslight, the streets outside were made of dirt, and four blocks away there lived a simple country lawyer -- a tall, lanky, and homely man -- whose duty it had become to conduct our Nation through a bitter Civil War.

Some months, the fighting came within miles of Washington itself. Union soldiers often pitched camp on the South Lawn of the White House, while in the cellar of a building just 10 minutes from here by foot, Confederate officers were held

prisoner. Everywhere in this capital city, the War made itself felt.

During those hard years, Ford's Theater offered the people of Washington relief from their burdens and worries. Here they gathered to be entertained, to be lifted out of themselves, to be given new strength.

Tonight we can almost see them, those Americans of more than a century ago. They enter the theater tired and worn. Senator Daniel Webster of New Hampshire may be among them. Or perhaps they are joined by Vice President Andrew Johnson . . . or Secretary of State Seward . . . or General Ulysses Grant, just back from the front. Maybe, this evening, Mr. Lincoln himself has come.

The house lights go dim, the orchestra strikes up, and the curtain rises on a comedy. At first the laughter of the audience is strained. Then it begins to come more easily. By the end of the first act it has become relaxed, and when the performance ends, the people lose themselves in grateful applause. As they leave this theater that night so long ago, they are uplifted and refreshed.

Ford's Theater showed during those years that whatever the issues and the demands upon our strength we must, for our own sakes, give to the arts their due place.

Today Ford's Theater is still giving to hundreds of Americans each year the delights of music, comedy, and drama. With each performance, this theater testifies to the central place of the arts in the life of our Nation.

In supporting Ford's Theater, each of you is providing a fine example of the kind of private generosity that has given America such a rich cultural life. The Board of Governors, the sponsors, the patrons -- each of you has our gratitude. Tonight special thanks go to Ford's Theater co-chairwomen, Mildred O'Neill and Carol Laxalt and to the chairwoman of this festival, Mary Jane Wick.

It has been said that, "Art . . . is the shadow of humanity." Well, thanks to each of you, this historic theater is able to go on casting those magnificent and powerful shadows.

Thank you, and God bless you.

THE WHITE HOUSE

WASHINGTON

May 31, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Remarks: Reception Preceding Fundraiser for Senator Denton

Counsel's Office has reviewed the above-referenced remarks, and finds no objection to them from a legal perspective.

cc: David L. Chew

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WHITE HOUSE STAFFING MEMORANDUM

DATE: _5/31/85	ACTION/CONCURR	ENCE/CO	OMMENT DUE BY:	3:00 P.M.		
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REMARKS:						

Please provide any comments/changes directly to Ben Elliott, with an info copy to my office by 3:00 p.m. TODAY.

RESPONSE:

Beceived 22

PRESIDENTIAL REMARKS: RECEPTION PRECEDING FUNDRAISER
FOR SENATOR DENTON
BIRMINGHAM, ALABAMA
THURSDAY, JUNE 6, 1985

Thank you all very much.

I'm very glad to be here with you today. I almost told

Jerry I couldn't make it, but then he told me if I didn't, I'd

have to play him in a game of tennis -- and as we all know, Jerry

plays for blood. So I decided that discretion is the better part

of valor and came.

Seriously, I wouldn't miss an opportunity to come down here and show my support for Jerry, because we need him in the Senate. Jerry and I came to Washington the same year, 1980, but I want to make sure he's re-elected so he can stay on in Washington and keep things in order after I leave.

I've learned quite a bit from Jerry, too. If you see me blinking my eyes a lot during press conferences, it's because I'm telling Sam Donaldson what I really think of him.

I know how generous all of you have been with your contributions and your time and energy helping to raise money for Jerry. It reminds me of the story about the farmer who bought a parcel of land down by a creek bottom. It was covered with rocks and brush, but he went to work. He cleared the brush, hauled away the rocks, he cultivated, he fertilized, he planted, and he created a beautiful spot.

And then one Sunday, proud of what he had accomplished, the farmer asked his minister to drop by after the service to see

what he had done. The reverend came out and was truly impressed.
"That's the tallest corn I have ever seen. Praise the Lord."
"Oh, and those beans, praise the Lord." The good reverend went on that way about every crop, praising the good Lord for what He had done. Eventually, the farmer grew pretty edgy, and finally he couldn't take it any longer. "Reverend," he said, "You're right, the Lord has done a lot, but I wish you could have seen this place when the Lord was doing it all by Himself."

Well, we can't do it without your help either. And I just want to thank you all personally. Now I'm going to go into the next room and make my speech. They say a speech should be like a girl's hemline: long enough to cover the subject but short enough to keep your interest. You'll be able to see if I get it about right.

THE WHITE HOUSE

WASHINGTON

May 31, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Presidential Remarks:

Fundraiser for Senator Denton

Counsel's Office has reviewed the above-referenced proposed remarks. In the third full paragraph on page 4, I think it is potentially misleading to describe the Equal Access Act as "school prayer legislation." As you know, the Equal Access Act guarantees to student religious groups the same rights to hold meetings that are afforded other student groups, during non-instructional time. Most people would consider "school prayer legislation" to entail something broader. The Department of Justice has opined that the Equal Access Act will survive constitutional challenge; the same cannot be said for "school prayer legislation."

I suggest substituting something along the following lines: "Last year he secured passage of the "Equal Access Act," which ensures that student religious groups have the same rights to conduct meetings as any other student group."

With respect to the last sentence of the second paragraph on page 5, I am not convinced that it is good politics to point out how little Senator Denton will be paying in taxes.

cc: David L. Chew

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET



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WHITE HOUSE STAFFING MEMORANDUM

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REMARKS

Please provide any comments directly to Ben Elliott, with an info copy to my office by noon tomorrow. Thanks.

RESPONSE:

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PRESIDENTIAL REMARKS: FUNDRAISER FOR SENATOR DENTON BIRMINGHAM, ALABAMA THURSDAY, JUNE 6, 1985

Thank you. Thank you all very much.

You know, listening to Jerry, I was reminded of what a general said of the soldiers who fought in the Second World War. He called them our "secret weapon." "Just the best darn boys in the whole world." Well, whenever I'm with Jerry I see that one of the best darn boys grew up into one of the best darn officers, and is now one of the best darn Senators in the United States Congress.

Jerry and I came into office the same year, 1980, and for the last 4-1/2 years he's been a pillar of support for our efforts to keep America strong and free and true. He was rated the most conservative Senator by the National Journal. That's my kind of Senator. His voting record has been rated 100 percent by the American Conservative Union, the U.S. Chamber of Commerce, Conservatives Against Liberal Legislation -- I like the name of that one -- the National Alliance of Senior Citizens, the Christian Voters' Victory Fund, and others. The magazine, Conservative Digest, took a poll of its readers, and Jerry Denton was their second most admired Senator. Knowing Jerry, he's probably wondering where he slipped up.

But that's all right, Jerry, because we're going to make sure you have at least another 8 years to make number one.

Jerry is more than one voice, one vote in the Senate. He is one of the most persuasive leaders on the Hill, and he is also

one of the most effective spokesmen I know for the interests of his State, this proud and growing State of Alabama, which, as he says so well, is marching confidently into the future. One example of Jerry's abilities in looking out for Alabama is the Tenn-Tom Waterway, which, due in great part to his support and leadership, was completed below budget and ahead of schedule.

We're also joined tonight with three very able State

leaders -- State Republican Chairman, Emory Folmer, who also did
a tremendous job as our State Chairman in the campaign, and from
the Republican National Committee, Perry Hooper and Jean Sullivan.
I want to recognize as well Congressmen Bill Dickinson and Sonny
Callahan. I don't know if Sonny claims any relation to Harry
Callahan, but I just want to say that your being here really
makes my day. Both of you.

Jerry has been telling me about the progress of Operation
Open Door, the program that's been set up to bring Democrats into
the Republican fold. So let me pause right here and congratulate
you, Sage Lyon. Welcome on board the Grand Old Party. Nowadays,
we also call it -- the Great Opportunity Party. Switching to the
Republican Party is rapidly becoming a venerable tradition -Sonny and Emory are both Republican converts, and, well, so is
the President of the United States. I know from personal
experience how hard it can be to make the change from Democrat to
Republican -- I also know that there comes a time when you look
in your heart and realize that it may be hard to change, but it's
just something you've got to do.

Party loyalty sure can be mighty fierce, though. I remember a story of one of the first Republicans running in the South — it might have been right here in Alabama. One guy came up to him at a rally and told him flat out there was no way he'd ever get his vote. "Why my father was a Democrat," he said, "his father was a Democrat, and his father before him was a Democrat. That's why I'm a Democrat." So the candidate asked, "What if your father had been a jackass, and his father had been a jackass and his father before him. What would that make you?" "That's simple," the guy shot back, "that would make me a Republican."

But I think all that's changing, because, while a lot of
Democrats have stood fast by their principles, the Party has been
pulled out from under their feet by the left wing. A lot of
registered Democrats supported Senator Denton and me in 1980.
We're very grateful, and we just want to say to any registered
Democrats out there who might not be so happy about the direction
their Party is heading, if you're looking for a new home, the
Republican Party has the welcome mat out and its doors wide open.
Come on over.

Today, June 6th, is a double anniversary. It marks the day, 41 years ago, that the Allies won Normandy Beach, and the day, 39 years ago, that Jerry won his lovely bride, Jane, and convinced her to marry him. Congratulations to you both.

That coincidence kind of makes you think how closely intertwined our families, our faith, and our communities are with the freedom we cherish. The family is the guardian of our most treasured possessions -- our values of fidelity, loyalty,

chastity, and love, and our belief in human dignity and the incalculable worth of each individual life -- and through the family, each generation passes these values on to the next as a sacred inheritance. It is the family that civilizes us, that keeps us human, and ensures that our future will be humane.

Totalitarian ideologies, in their drive to subvert human nature, will always be hostile to the family and its transcendent loyalties; but free and democratic nations must be sure to honor, protect, and nourish their families as if their very survival depended on it -- because, in truth, it does.

In his 4-1/2 years in the Senate, Jerry has been an untiring advocate of the family. And I might say, his seven children and eight grandchildren attest to the fact that he practices what he preaches.

Jerry established and chairs the Senate Caucus on the Family, he has been a leader in the fight against child abuse, and his Adolescent Family Life Act has been on the books since 1981, helping to combat the growing tragedy of adolescent pregnancy. And Jerry knows that families don't hand over to the State all rights to their children when they walk through the front door on the way to school. Last year, with the passage of the "Equal Access Act," he became the first Member of Congress to get school prayer legislation enacted into law. Thomas Jefferson said, "The God who gave us life, gave us liberty." Thanks to Jerry's determined efforts, our schoolchildren now have a little more liberty to thank their God for both these great gifts.

Last week I announced our plan to completely overhaul our Nation's tax structure and replace it with one that is fairer, simpler, more compassionate, and most importantly, one that gives the American family a long-overdue break. As I said then, our proposal is the strongest, pro-family initiative in postwar history. First, it will take the tax lid off our economy and make America an engine of economic growth and job creation.

We've called it America's Tax Plan, and I'm convinced that it is, quite simply, the most effective jobs creation bill that ever came before the United States Congress. We are not going to rest until every American who wants a job has a job, until the doors of opportunity are opened so wide that everyone, from the inner cities to the rural farms, can walk right on through.

We're also going to give immediate tax relief to America's families by practically doubling the personal exemption, raising the standard deduction, lowering income tax rates, and making tax-deductible I.R.A. accounts fully available to homemakers, so that spouses who choose to stay home and take care of the children are no longer penalized. A family of four wouldn't pay a cent in Federal income tax on the first \$12,000 of earnings, and only 15 cents on the dollar for the next \$29,000 of taxable income. Now a family with seven children like Jerry's -- well, it would be a while before they payed any income taxes at all.

Our tax proposal will right the injustices in the old system, help families, and increase economic opportunity. There are two things our tax plan will not do, however. It will not expand the deficit and it will not raise taxes. I'm glad that some forward-looking, progressive Democrats in Congress have decided to join hands with us and work alongside their Republican colleagues to remold our tax system along the lines of fairness, simplicity and economic growth. Since "Rosty" and I went on T.V. urging tax change, Washington has been deluged under a mountain of letters and telegrams, most with one very simple message -"America: Go for it." All I have to say is, keep those cards and letters coming in, folks.

I can only hope that this emerging spirit of bipartisanship will also transfer to the transcendent moral issue of our time -the support and protection of freedom from the worldwide assault
of communism. Sooner or later, we are all forced to shed any
illusions we may have had about Communist regimes. Jeremiah
Denton knows from experience that communism means, quite
literally, hell on Earth. We are all seeing that communism has
become synonymous with terror, brutality, prison camps, and mass
murder.

Some would like to ignore Nicaragua's connection to the international terrorist network -- the P.L.O., the Libyans and the followers of the Ayatollah Khomeini, who now, thanks to the Sandinista Communists, have a base of operations on the American mainland, just 3 hours by air from our Southern border. Some would like to ignore the incontrovertible evidence of the Communists' religious persecution -- of Catholics, Jews, and Fundamentalists; of their campaign of virtual genocide against the Miskito Indians; of their attempted subversion of their free, democratic neighbors.

When it comes to the Communists in Nicaragua, some have adopted a hear no evil, see no evil, speak no evil attitude. But as the refugees come flooding out of Nicaragua, it becomes harder and harder not to hear their cries of anguish, see the suffering of their shattered lives; and it becomes all but impossible not to speak out against the tragedy the Communists are inflicting on their country.

Daniel Ortega's money-run to the Soviet Union should have come as no surprise. The number of times he's flown over there, you'd think they'd installed shuttle service between Managua and Moscow. Still, for many, it was Ortega's last trip to the Soviet Union, following hard on the heels of the House's vote to deny funds to the Nicaraguan Freedom Fighters, that punctured their final illusions and made it clear that the Nicaraguan Communists are no more, and no less, than agents of Soviet expansionism and the sworn enemies of freedom.

This, as I mentioned, is a day of anniversaries, proud and happy ones; but a few weeks ago on the other side of the globe, another terrible and bitter anniversary was noted -- the 10th anniversary of the fall of South Vietnam to the Communists. Today the Vietnamese Communists can celebrate the transformation of their nation into one of the poorest countries on Earth. They can celebrate the creation of new Vietnamese gulags, 10 years of torture and forced relocations, and the flight of over a million refugee boat people.

I can imagine how Jerry felt about the media coverage of the Communists' celebrations. I know how I felt. But there was one

bittersweet moment that I will never forget. One of the T.V. commentators, at the end of his stay there, remarked that he couldn't understand it, but everywhere he went in South Vietnam, as soon as the people found out he was an American, they would rush up to him with smiles and shouts of joy, using all the English at their command to say over and over again, "America, number one."

Ten years later, after a prolonged season in hell, the memory of freedom still survives. The young children may have known only the darkness of Communist tyranny, but even they have parents and older relatives, to tell them of South Vietnam before the fall and bring a ray of hope into their lives. The Vietnamese people say America is number one, because America tried to give freedom a chance in Vietnam, and 10 years later, the people for whom our brave American soldiers fought and died and sacrificed are still profoundly grateful.

For almost 8 years, Jeremiah Denton endured the inhuman trials and tortures of a North Vietnamese prison camp, but his faith and the love of his family and country not only gave him the courage to survive, but to alert the world to the horrors of the Vietnamese gulag. He became in those 8 years not only a great hero to his country, but a hero to the cause of human freedom.

He learned then that the struggle for liberty is the struggle for life itself; and he learned that Abraham Lincoln's words were never truer -- that the United States is still the "last, best hope of man on Earth."

I think Jeremiah Denton said it best, when after 8 years of unimaginable suffering and hardship, he stepped from that plane and onto his home soil. And I think we can all say with him today the simplest, truest words ever spoken, "God Bless America."

Thank you. God bless you all, and God bless America.

THE WHITE HOUSE

WASHINGTON

June 5, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Presidential Remarks:

Fundraiser for Senator Denton

Counsel's Office has reviewed the above-referenced remarks, and finds no objection to them from a legal perspective.

cc: David L. Chew

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ACTION/CONCURRENCE/COMMENT DUE BY: Noon Wednesday, June 5

WHITE HOUSE STAFFING MEMORANDUM

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remarks to reflect the Supreme Court decision on school prayer. Please submit your comments to Ben Elliott with an information

copy to my office. Thank you.

RESPONSE:

DATE: 6/4/85

IN HIS 4-1/2 YEARS IN THE SENATE,

JERRY HAS BEEN AN UNTIRING ADVOCATE OF THE

FAMILY. AND I MIGHT SAY, HIS SEVEN CHILDREN

AND EIGHT GRANDCHILDREN ATTEST TO THE FACT

THAT HE PRACTICES WHAT HE PREACHES.

JERRY ESTABLISHED AND CHAIRS THE SENATE
CAUCUS ON THE FAMILY, HE HAS BEEN A LEADER
IN THE FIGHT AGAINST CHILD ABUSE, AND HIS
ADOLESCENT FAMILY LIFE ACT HAS BEEN ON THE
BOOKS SINCE 1981, HELPING TO COMBAT THE
TRAGEDY OF ADOLESCENT PREGNANCY. (AND JERRY
KNOWS THAT FAMILIES DON'T HAND OVER TO THE
STATE ALL RIGHTS TO THEIR CHILDREN WHEN THEY
WALK THROUGH THE FRONT DOOR ON THE WAY TO
SCHOOL. I KNOW THAT THERE HAS BEEN A STRONG
PUSH HERE IN BIRMINGHAM TO HELP RESTORE
VOLUNTARY PRAYER IN PUBLIC SCHOOLS. AS THIS
WEEK'S SUPREME COURT DECISION SHOWS,
WE STILL HAVE AN UPHILL BATTLE BEFORE US.

SO I HOPE WE CAN ALSO COUNT ON THE SUPPORT OF ALABAMA'S ENTIRE CONGRESSIONAL DELEGATION FOR OUR NATIONAL PRAYER AMENDMENT.

LAST YEAR, WITH THE PASSAGE OF THE

"EQUAL ACCESS ACT," JERRY MADE SURE THAT

STUDENT RELIGIOUS GROUPS HAVE THE SAME

RIGHTS AS OTHER STUDENT GROUPS. THOMAS

JEFFERSON SAID, "THE GOD WHO GAVE US LIFE,

GAVE US LIBERTY..." THANKS TO JERRY'S

DETERMINED EFFORTS, ALABAMA'S SCHOOLCHILDREN

NOW HAVE A LITTLE MORE LIBERTY TO THANK

THEIR GOD FOR BOTH THESE GREAT GIFTS.]

LAST WEEK I ANNOUNCED OUR PLAN TO COMPLETELY OVERHAUL OUR NATION'S TAX STRUCTURE AND REPLACE IT WITH ONE THAT IS FAIRER, SIMPLER, MORE COMPASSIONATE, AND MOST IMPORTANTLY, ONE THAT GIVES THE AMERICAN FAMILY A LONG-OVERDUE BREAK. AS I SAID THEN, OUR PROPOSAL IS THE STRONGEST, PRO-FAMILY INITIATIVE IN POSTWAR HISTORY.

THE WHITE HOUSE

WASHINGTON

June 6, 1985

MEMORANDUM FOR BEN ELLIOTT

DEPUTY ASSISTANT TO THE PRESIDENT DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM:

JOHN G. ROBERTS

ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT:

Remarks: Dropby Briefing for Economic

Editors Regarding Tax Plan (6/5 --

10:45 p.m. Draft)

Counsel's Office has reviewed the above-referenced remarks, and finds no objection to them from a legal perspective.

cc: David L. Chew

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/6/85	ACTION/CONCURRENCE/COMMENT DUE BY: NOON TODAY 6/6/85								
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Please provide any edits directly to Ben Elliott by noon today, with an information copy to my office. Thank you.

RESPONSE:

(Gilder/BE) June 5, 1985 10:45 p.m.

PRESIDENTIAL REMARKS: DROPBY BRIEFING FOR ECONOMIC EDITORS ON TAX PLAN FRIDAY, JUNE 7, 1985

Thank you all very much. I know Secretary Baker has already briefed you, and Don Regan will be talking to you after I finish. These CEO's always want to have the last word. I was also hoping to have Dan Rostenkowski here to give a talk after my briefing —but I'm told he has trouble getting out of his office these days, what with all those cards and letters addressed to "Rosty" piling up inside his door.

Americans all across the country, from every walk of life, have embraced our tax plan because they see it as fairer and simpler -- something they've been waiting for a long, long time. For too long our tax code has been a dark shadow on our Government institutions, a tax system we all recognize as contrary to our basic American values, but one we have been told we have to tolerate as a necessary evil. Now, however, we are seeing that much of the evil is unnecessary, and that we can, if we have the political will, create a new tax design that America can be proud of.

America's Tax Plan is a giant step in that direction. Its first benefit wouldn't even be economic but, perhaps, something just as profound. It would strengthen the American people's confidence in their Government institutions. It would demonstrate that their elected leaders are just that -- leaders -- and not the captive followers of the special interest groups. You can sense a different mood in this town these days.

Washington realizes that the time for excuses is over. The people are watching, and they expect results.

One result they're looking for is relief for the long-suffering American family. Since World War II, the personal and dependent exemptions have been whittled away by inflation. The huge expansion of our tax burden has been shouldered largely by the family, and it's straining under the load.

Our family relief plan has several main components: we're raising the standard deduction, practically doubling the personal exemption, lowering marginal income tax rates significantly, and giving homemakers equal access to tax deductible I.R.A.'s. We're also expanding the Earned Income Tax Credit for low-income wage earners, and indexing it to inflation. The result will be that most families will have an easier time making ends meet, and families on the bottom end of the ladder will be virtually exempt from taxation.

Opportunity is the keystone of American history, but recently, that promise has been eroded by excessively high tax rates. With its insatiable appetite to tax and spend, Government has transformed the difficult but rewarding climb up the ladder of success into a bitter and exhausting enslavement on the tax treadmill. That's all going to change. America's tax system will no longer be poverty's accomplice. We're taking the tax lid off the opportunity society and making the benefits of the American Dream available to all.

Of course, opportunity also means an expanding, healthy economy, and that's where our pro-growth initiatives come in.

First, we're cutting marginal income tax rates by an average of 19 percent. If economic growth is what you're after, there's no surer way of getting there.

The historical relationship between marginal tax cuts and invigorated economic growth is very consistent. Germany languished after World War II, until Ludwig Erhard's tax cuts helped revitalize its economy; and 20 years of continuous tax cutting was instrumental in catapulting postwar Japan out of stagnation and into the front ranks of the world's economic leaders. In this country we have had three dramatic examples of lower marginal rates liberating economic growth: Andrew Mellon's tax cuts in the twenties; John F. Kennedy's famous cuts in the sixties; and of course, in recent experience, we saw our dramatic, almost 25-percent, across-the-board tax cut lift the American economy out of malaise and give us surging economic growth.

America's Tax Plan would give us one of the lowest tax rates in the industrialized world -- and that, along with our vibrant economy, will make us the investment capital of the world.

Some, I know, are concerned about the elimination of the Investment Tax Credit and the restructured depreciation system. But we feel our plan would have a more positive effect on economic growth. First, our proposed depreciation system would in some ways be more generous than A.C.R.S. -- primarily because it is indexed to inflation, and thus businesses wouldn't have to worry about fluctuations in their effective tax rates and a decline in the real value of their write-offs. Our plan would

also reduce the distortions in economic efficiency caused by the Investment Tax Credit and other provisions so that the market, not the Government, would determine the flow of capital. By not allowing taxpayers to take most of their deductions up front, cancelling I.T.C. would discourage tax shelters and encourage investments with real economic, rather than simply tax, advantages.

As part of our growth agenda, we're also cutting the capital gains tax. The two previous capital gains cuts in 1978 and 1981 -- to put it as quotably as possible -- saved the life of the American economy. Today every corner of American industry is being transformed, being made more productive and competitive, by the technological revolution. But excessively high capital gains taxes in the seventies almost strangled the technological revolution at its birth. Venture capital -- the high-powered money to finance the riskiest and most daring projects -- had all but dried up, to a mere \$39 million in commitments in 1977.

When the capital gains tax was cut, venture capital shot to all-time highs, increasing over 100-fold to \$4.2 billion in 1984 alone. America has pulled far out ahead of the technological competition, and cutting capital gains again will make sure we stay there.

We're closing the door on unjustifiable tax shelters so that we can open the door on innovation, opportunity, and growth.

Under our present tax code, too many of our precious resources are diverted into tax loopholes and dodges like "Jojoba [ho-HO-bah] bean shelters," "race horse write-offs," and "Cayman

Island trusts." This is not only unfair to the vast majority of taxpayers who end up paying for these shelters with higher tax rates, it's economically short-sighted. It's time that we pulled our investment money out of tax shelters and reinvested it in America's future.

We've also pared down deductions for business entertainment expenses, because it doesn't seem right that a wage earner who has to cart his tuna sandwich to work every day in a lunch box should be subsidizing exorbitant business lunches at luxury restaurants. Our plan still allows for legitimate expenses, but for those who complain that they won't be able to live quite so high off the corporate account, we have some advice -- brown bag it. I'm sure American business can find a lot of smarter ways to put its money to work than investing so heavily in executive lunches.

One part of our plan that is frequently misunderstood is our provision for write-offs of intangible drilling costs for the oil industry. Today, we already import almost a third of our oil from abroad, and those imports make up by far the largest component of our trade deficit. Scuttling the I.D.C. deductions would dry up oil exploration in this country. The Energy Department has estimated that we would lose nearly half a million barrels a day. Do we really want to increase our energy dependency on foreign imports, give the ailing OPEC cartel a shot in the arm, and increase our trade deficit? It is imperative to both our national security and our economic health that we ensure reliable, consistent energy sources right here at home.

Another item that has drawn fire is our elimination of the deduction for State and local taxes. This is first and foremost a question of simple fairness. The undeniable fact is that the current deduction benefits wealthy citizens at the expense of those less fortunate. The great majority of low- and middle-income taxpayers, even in the high-tax States, do not itemize, and therefore get no benefit from the State and local tax deduction. Only the wealthy benefit from deductibility -- or do they?

Perhaps if the high-tax States didn't have this Federal crutch propping up their big spending policies, they might have to cut taxes to stay competitive. Some of the elected representatives from the high-tax States don't seem to like that idea much, but I suggest they take a poll of their constituents -- see if the people of their State think a tax cut is such a bad idea.

We should get out of the habit of thinking of our economy as static and frozen in place. Our tax proposal is a dynamic model for the future. Any change of such scope and magnitude is going to require some adjustments. For most Americans it will be a very pleasant adjustment to lower rates and new and more plentiful opportunities. For others it would mean adjusting their wasteful tax shelter investments into productive investments in the U.S. economy. To still others, in high-tax States, it might very well mean tax cuts and the adjustment to lower tax rates. For all Americans, it will mean adjusting to a

growing, expanding, super-energized economy, an economy of hope and opportunity that just won't quit.

Why should we settle for less?
Well, thank you very much and God bless you all.