

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Scurlock:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Arthur W. Scurlock, Jr.  
President  
Smith-Boughan, Inc.  
Post Office Box 1235  
Lima, Ohio 45802



## SMITH-BOUGHAN, INC.

335 South Copus Road, P.O. Box 1235, Lima, Ohio 45802  
(419) 991-8040

March 16, 1982

The Honorable Michael K. Deaver  
Deputy Chief of Staff and  
Assistant to the President  
The White House  
Washington, D. C. 20500

Dear Sir:

First let me explain, I have consistently supported President Reagan's efforts to balance the budget and reverse the horrible trends that existed prior to his administration. I continue to support those efforts, even though it already has created a severe impact on my personal resources and has curtailed much of my company's ability to obtain work. I am a small mechanical contractor in the midwest.

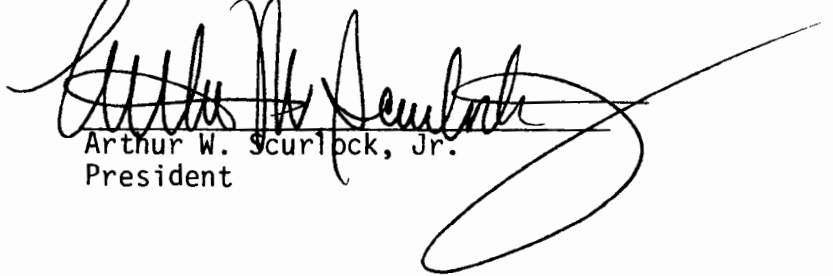
The construction industry, as a whole, has taken a severe beating during this turndown. Housing starts are virtually at a standstill, plant expansions and office building construction are practically stopped and government type construction has been dealt a severe blow.

Now the President wants to deal us another blow, which will create a new wave of bankruptcies in the construction field, which is already the highest since the depression. The administration is proposing to take away the completed contracts method of accounting. Frankly, I feel it is grossly unfair to ask our industry to bear so much of the brunt of these cutbacks, reforms, etc.

My appeal is simple: Please do not change the present methods of accounting for the construction industry.

Sincerely

SMITH-BOUGHAN, INC.



Arthur W. Scurlock, Jr.  
President

AWS:wem

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Miss Meeks:

Thank you for your recent letter concerning the Volunteer Mileage Bill. I appreciate the interest which prompted you to bring your views to my attention. You can be sure that your comments will be given serious consideration by the appropriate members of the Administration.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Miss Betty B. Meeks  
1467 Cunard Road  
Columbus, OH 43227

1 Feb. 1982

1467 Cunard Rd.  
Columbus, Ohio 43227

Mr. Michael Deaver, Chief of Staff  
White House  
Washington, D. C. 20500

Dear Mr. Deaver:

As a member of Suburban Woman's Club and other organizations involved in volunteer work, I hope you will pass on to Mr. Reagan my interest in his supporting the volunteer mileage exemption bill.

Even though we do not get paid for our volunteer time, we feel that many more people would volunteer in some needed area if they could deduct mileage expense which sometimes is considerable.

Very truly yours,

*Betty B. Meeks*

Betty B. Meeks

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Dr. DeFiore:

Thank you for your recent letter. I appreciate having the opportunity to review your comments and proposals concerning Federal policies and programs in the field of education.

As you may know, President Reagan has long advocated tax relief for parents who send their children to non-public schools. He believes that a scheme of tuition tax credits would not only be consistent with his efforts to afford tax relief to all segments of American society, but would also provide for greater freedom for parents in making important family decisions. Currently, the President and the members of his Administration are developing proposals to submit to Congress which would reduce the burdens of educational costs on the American family in the form of a tuition tax credit.

Again, thank you for your letter. You can be sure that your views will be brought to the attention of the appropriate Administration officials.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Dr. Leonard DeFiore  
Superintendent of Schools  
Archdiocese of Washington  
Catholic Schools Office  
717 Fifth Street, N.W.  
Washington, D.C. 20001



**ARCHDIOCESE OF WASHINGTON**

**CATHOLIC SCHOOLS OFFICE**

**717 FIFTH STREET, N.W.**

**WASHINGTON, D. C. 20001**

**(202) 789-0074**

March 12, 1982

Mr. Michael K. Deaver  
Deputy Chief of Staff  
The White House  
Washington, D. C. 20500

Dear Mr. Deaver:

I know that the Cabinet Council is seriously considering tuition tax credit legislation in this Congress.

As one who worked for the Reagan-Bush Committee, and then returned to my normal duties in Catholic education, I cannot stress too strongly how important this issue is for those whose children attend non-public schools.

This issue is one support for which is correct both politically and ideologically, in addition to being sound public policy. I urge your strong support for tuition tax credits now.

Sincerely,

Leonard DeFiore, Ed.D.  
Superintendent of Schools

LDF/tb

john reid.

March 22, 1982

Dear Mike:

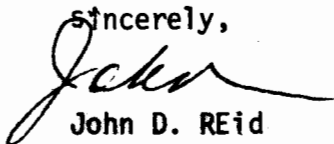
This is just a quick note I thought I would dash off before I leave for Los Angeles tomorrow morning. As you can see for the errors already, i am typing this myself and not doing too well.

I know you have been terrible busy but I just wanted to make sure you got my message that I left with Shirley, that is that Carolyn and I would be thrilled to accept your kind invitation to attend the State Dinner for Queen Beatrix on April 19. If for some reason something may have changed please let me know as I am now in the process of making plane reservations. You were so kind & thoughtful to think of us for such an auspicious occasion, I can hardly believe it.

One thing you might suggest is your current favorite hotel. We are leaning toward the Fairfax but Fritz thought of the Jefferson that he stayed in on the way back from Honduras. Let me know your thoughts.

I will be looking forward to hearing from you soon.

WAA

sincerely,  
  
John D. REid

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Gessler:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEAVER  
Assistant to the President  
Deputy Chief of Staff

Mr. H. E. Gessler  
Executive Secretary  
Western Insulation Contractors  
Association  
83 Hazel Lane  
Piedmont, CA 94611





WESTERN INSULATION CONTRACTORS ASSOCIATION

March 10, 1982

The Honorable Michael K. Deaver  
Deputy Chief of Staff and Assistant  
to the President  
The White House  
Washington, D. C. 20500

Dear Mr. Deaver:

It has recently come to our attention that our federal government's Administration has undertaken actions to revise the "completed contract method of accounting." We are not in sympathy with this action and want you to know that this will be harmful to our association members and certainly will not increase tax revenues for the government.

We represent over 3000 people through 80 insulation contractors with annual revenues of around 240 million dollars. However, many of our members are small with limited resources and the early declaration of liability under your plan deprives our contractors of working capital. We should point out that working capital is the most significant financial category in construction and can be distinguished from many other types of business in this regard.

The insulation contractor depends on the completed contract method and the resultant use of working capital. Restricting working capital by imposing a tax on interim contract proceeds will result in defaults, reduction in the scope of member business and force them to seek outside financing for their projects.

Please utilize your good office to prevent these changes by calling for public hearings.

Yours very truly,

WESTERN INSULATION CONTRACTORS ASSOCIATION

A handwritten signature in cursive script, reading "H. E. Gessler".

H. E. Gessler  
Executive Secretary

HEG:b

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Alexander:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEAVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Kenneth C. Alexander  
President  
Harrison International Corporation  
Post Office Box 1029  
Greenville, South Carolina 29602

HARRISON INTERNATIONAL CORPORATION

KENNETH C. ALEXANDER  
President

March 12, 1982

The Honorable Michael Deaver  
Counselor to the President  
1600 Pennsylvania Avenue, N. W.  
Washington, DC 20500

Dear Mr. Deaver:

Based upon the practical considerations of the construction industry, the present regulations of the Department of the Treasury allow a contractor the option to use the completed contract method for tax computation purposes. The present proposal to mandate the percentage of completion method and to eliminate the option of using the completed contract method would work grave hardships in the construction industry.

Oftentimes, the completed contract method provides the only fair and equitable way to calculate tax computations. Because of the extreme difficulty in construction of determining the precise progress of a job, and forecasting the costs of completion, the percentage of completion method is often not realistic. The completed contract method provides the contractor and the government with an actual, rather than guess work, method of computing taxes due.

Accordingly, I strongly urge your support in opposition to the proposal to eliminate the contract completion method as an option. Your support in this regard would be greatly appreciated.

Respectfully yours,



Kenneth C. Alexander

KCA:rc

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Bechtel:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Charles L. Bechtel  
President  
Harold J. Becker Company, Inc.  
3946 Indian Ripple Road  
Dayton, Ohio 45440



## HAROLD J. BECKER CO., INC.

MOISTURE PROTECTION  
WATERPROOFING SHUR-TITE DAMPPROOFING  
ROOFING — CAULKING & SEALANTS  
ARCHITECTURAL CONCRETE SANDBLASTING — SPECIAL COATINGS

March 17, 1982



The Honorable Michael K. Deaver  
Deputy Chief of Staff & Assistant  
to the President  
The White House  
Washington, D.C. 20500

Gentlemen:

I am writing you in regard to the completed contract method of accounting. The elimination of this method of accounting for the construction industry could very possibly spell disaster for at least 50 percent of our members, simply because it is totally impossible, in most specialty subcontract items, to estimate exactly what the job will cost, especially when the projects run into unnecessary delays caused by local government, material shortages, and change orders.

The completed contract method of accounting allows us to know what all our costs are, and our profit, before paying a tax on it. I sincerely request that you work as hard as possible to help us keep the completed contract method of accounting. I am also including 4 reasons, as developed by our national committee, which support our need for the completed contract method of accounting.

1. Unknown variables not found in other industries results in an ambiguous profit margin in the construction industry, where final financial figures are not known until the job is completed and accepted.
2. Contractors must expend large sums of capital in advance of any contract, therefore stretching the financing capacity of construction contractors on a regular basis.
3. Virtually all construction contracts have retainage provisions. Consequently, the profit element of a construction contract is not received until retainage is released.
4. The completed contract method has worked successfully in the construction industry for over 60 years. Elimination of this option could result in defaults, reduction of a contractor's business operations, or the possibility of forcing a contractor

(Cont.)

DAYTON OFFICE  
3946 Indian Ripple Road - 45440  
Phone: (513) 426-4951

COLUMBUS, OHIO BRANCH  
Phone (614) 464-0106

LEXINGTON BRANCH  
1360 Pridemore Court 40505  
Phone (606) 252-4920

INDIANAPOLIS BRANCH  
6249 Hickory Road - 46259  
Phone: (317) 862-6502

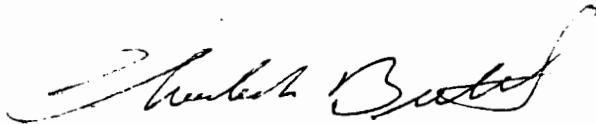
March 17, 1982

(Cont.)

4. to seek outside financing -- an action that may not be economically feasible, especially in light of the current economic climate.

Respectfully,

HAROLD J. BECKER CO., INC.

A handwritten signature in dark ink, appearing to read "Charles L. Bechtel", written over a horizontal line.

Charles L. Bechtel  
President

CLB/ss.

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Donovan:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Tracy W. Donovan  
2800 Calvert  
Lincoln, NE 68502

**Tracy W. Donovan**

2800 Calvert Lincoln, Nebraska 68502

March 16, 1982

Counsel to the President  
Mr. Michael Deever  
1600 Pennsylvania Avenue, N.W.  
Washington, D. C. 20500

Dear Mr. Deever:

I strongly urge your support in opposition to the proposal to eliminate the completed contract method for tax computation purposes for the construction industry.

It is impractical. It is extremely difficult in construction to determine the precise progress of the job and forecasting the costs of completion. The percentage of completion method is not realistic.

It is inaccurate. The completed contract method provides the contractor and the government with an actual rather than guess work method of computing taxes due.

It is a hardship on an extremely large industry in serious economic times. The construction industry, one of the hardest industries hit by the economic slowdown, will be more severely impacted by the elimination of the option to use the completed contract method for tax computation purposes. It will have an adverse effect on the already difficult cash flow problem faced by the industry. Entire accounting systems will have to be restructured and, to guidelines which are difficult at best to agree upon. Taxes will be paid based upon guess work.

Again, I strongly urge your support in opposition to the proposal to eliminate the contract completion method as an option.

Respectfully yours,



Tracy W. Donovan

TWD/ab



THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Ed:

Thank you for your letter. It was good to hear from you again.

I enjoyed reading your words of counsel regarding foreign policy. You and I have long labored to advance the President's goal of the defense of freedom both at home and abroad. I appreciate the time you have taken to lend your expertise to our discussions here in Washington. I will be sure to keep your comments in mind during our deliberations here.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

The Honorable Ed Fredricks  
Senator of the State of Michigan  
State Capitol  
Lansing, MI 48909

THE SENATE  
LANSING, MICHIGAN

ED FREDRICKS  
23RD DISTRICT  
STATE CAPITOL  
LANSING, MICHIGAN 48905  
517-373-6920

616-392-8418  
616-399-2810

COMMITTEES ON:  
STATE AND VETERANS' AFFAIRS  
HEALTH AND SOCIAL SERVICES  
UPPER PENINSULA INDUSTRIAL  
AND ECONOMIC AFFAIRS,  
VICE-CHAIRMAN

February 16, 1982

Mr. Michael K. Deaver  
Assistant to the President  
Deputy Chief of Staff  
The White House  
Washington, D.C. 20500

Dear Mike:

When President Reagan recalled during the state of the union message others who had stood there before him, the only non head of state he mentioned was General Douglas MacArthur. This would seem appropriate, since, as British military analyst B.H. Liddle Hart noted, MacArthur rated "in a class above other Allied commanders in any theater" and even his "faults...were of a kind that is often characteristic of genius."

I mention this because I think MacArthur serves as an ideal for President Reagan, and that there is something rigidly conventional about our foreign policy from which MacArthur would depart. For example, MacArthur told President Kennedy in 1961 that anyone who would send American troops to Laos should have his "head examined." MacArthur's initial reaction to the July, 1953 Korean truce was that Vietnam would fall: "This is the death warrant for Indochina."

MacArthur had a grasp of that elusive quality of tactic, timing and a sense of the winning tide, which I believe the President also has. But the President has not personally focused on foreign policy enough to exercise it with authority.

For years our foreign policy has awaited the Soviet Union's (or its surrogate's) next move; where will the Soviets engage us next? We must be prepared. El Salvador is a case in point. Would the President have done as well in 1980 if he had let Carter define the issues? Of course not; in fact, even the location of presidential debates becomes a matter of negotiation. Kennedy in 1960 created a false issue ("get the country moving again") and Nixon was drawn into it and defeated. So it has been for years with foreign policy.

MacArthur, on the other hand, was a master tactician in choosing the battleground. In fact, this was a major component in his victory strategies.

Mr. Michael K. Deaver  
February 16, 1982  
page two

In New Guinea (WWII), for example, he skipped over massive Japanese forces at Hansa Bay and Wewak to land at Hollandia; the Japanese lost huge portions of their army simply struggling through the teeming jungles to get to him. Inchon in the Korean conflict was a similar case---his own generals and staff aides were terrified of the Inchon tides, but for that very reason the enemy never guessed he would make the move he did.

Is there a parallel today? I believe there is. We must engage the Communist offensive where we, not the Communists, believe it is most advantageous. If we win the ones we choose, we do not have to engage them everywhere. We must get off the defensive. The President's reaction to nuclear weapons in Europe was defensive. So is the reaction in El Salvador. Should we keep 332,000 troops in Europe if there is no will in Europe to fight? Do we maximize our impact in a place where the Communists have such a military and psychological edge?

If MacArthur had attacked at Hansa Bay or Wewak, who could have criticized? The Japanese had to be defeated, and he would have attacked where most of them were. But he gained a much greater advantage by applying maximum power where Japan was strategically weak.

What is today's parallel? We must begin to choose the battle grounds. Where? Angola. We should assist Jonas Savimbi in his pro-western guerilla fight. The following tactical and strategic advantages would accrue:

1. We are against the establishment for a change. In El Salvador or Europe, we must continually apologize for the mistakes of the establishment, and if we are successful, all we have done is preserve the status quo. That is expected of us, so in a sense we can only lose or draw. In Angola, we would have the advantage of the insurgents. We cannot be criticized for establishment mistakes, and we are not necessarily expected to win. There is little there for which we could be blamed. So we in effect can either win or draw. We can repeat this action in Kampuchea or Afghanistan. We get higher impact for our efforts.

2. We provide only the balance of power. In both World Wars I and II, the participants fought for years before the United States came in. We came fresh into wars in which both sides were tired. By providing the difference, our influence exceeded our contribution. That is one reason why we came out of those wars with high prestige. Partly because of the fact that we were impressed with ourselves after these two wars, we were ready to go alone in Korea and Vietnam. But our failures were due in part to the fact that we went alone. We must move with a powerful favorable tide. We cannot carry Europe and Central America alone. We may have to tell Europe we will pull out troops unless we see greater commitment on their part, and we may have to tell El Salvador that the human rights question is a heavy weight on our cause there.

3. An insurgency almost by definition has an edge. It has required a considerable inherent force to have threatened an established government in the first place. It does not normally have the advantages of a government.

Mr. Michael K. Deaver  
February 16, 1982  
page three

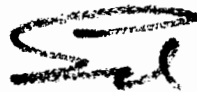
It has become a threat to the established government in spite of its handicap. In El Salvador we are positioned against this impetus, while in Angola we would be aligned with it. An important ingredient of winning lies with this.

MacArthur once said, "Asiatics adore a winner, despise a loser." Alexander Solzhenitsyn observed, "The entire period from 1945 to 1975 can be viewed as another war that was lost by the West without a battle..." A foreign policy adviser to former Iranian President Bani-Sadr put it this way: "The U.S. image among the Arab people is associated with...humiliation, defeat, fear and refugees." And Jeane Kirkpatrick has noted that we almost always lose at the United Nations.

If the free world had stopped Hitler when he entered the Rhineland in 1936, Reich historian William Shirer has documented well that Hitler would have retreated, and Shirer further believes that his generals would probably have overthrown him from within. Tens of millions of lives might have been saved. But instead, the opposite happened. Hitler's general staff was appalled at the inaction of Germany's adversaries, Hitler's prestige soared, his grip tightened, and by the time Munich came he could hardly be challenged.

With bold, imaginative moves, we too may have an opportunity to reverse the losing tide, so that this time world war may be averted. The stakes are higher this time.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ed Fredricks', with a stylized, somewhat abstract flourish.

Ed Fredricks

P.S. Mike, given that I have published a book on MacArthur (1968), and have served 5 years in the Foreign Service (you may remember I stopped by at the Chosun Hotel in Seoul during Governor Reagan's October, 1971 visit to Korea), and have supported President Reagan since before he announced for President, I would greatly appreciate it if you would pass this letter in to him. I am also enclosing a copy of a recent Human Events article which I wrote. Thanks.

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Walker:

Thank you for your letter. I appreciate the time you have taken to give me the benefit of your views. You can be sure that your comments will be brought to the attention of the appropriate members of the Administration.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. E. Perot Walker  
3009 Park Avenue  
Lafayette Hill, PA 19444

2: 12.

Sir,

Enclosed is a clipping from a newspaper concern-  
ing the Sentencing of the Interior. This kind of article  
appears more & more often. It reflects how the people  
feel about him and how they would like to be rid  
of him. He will find that he cannot saddle himself  
to the public by sending out copies of his speech  
to the Associated Press Managing Editors in Toronto.  
What he says will be covered up for what he  
is doing here in the U.S. He didn't tell me a thing  
I didn't already know! There are a great  
many things he did not say or explain!

I hope he will be gone by Nov. Otherwise I  
cannot vote for the Republican.

Sincerely,

Wm. L. Walker

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. McGarry:

Thank you for your letter. I appreciate your interest in serving with the Reagan Administration. In order to pursue the possibilities of attaining a position within the Administration, you should send a copy of your resume along with a cover letter to the Assistant to the President for Presidential Personnel, Mr. E. Pendleton James. His office is within the White House complex.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Donn R. McGarry  
4850 Reimen, S.E.  
Kentwood, MI 49508

Whatever you decide to do in the future, I wish you well.

Now comes the difficult part, as I have never written a letter like this before. Mr. Brewster, I would like to apply or try out for your job. Now that you're done laughing, I'd like to briefly explain my position.

For several years now I have been an employee for a firm that manufactures automotive and defense products.

My main passion and love is in the field of politics. I would dearly love to work for the President, the Republican Party, & the White House. I can do a good job.

First of all, I am young. (won't be 27)  
single, and very ambitious & eager to work



hard, it have followed with in  
both President Johnson, his actions  
and ideals. As now I would like to

make you an offer.

If you are interested in my offer,

read on. All let you "try me out" for

a few days. All fly to Washington at

my own expense, pay for my own let-

ting, and work for free. I feel that

you could give help simple wherever

time and money help an officer a-

can add to the President. I don't ask

name, power, or money. I only wish

to serve the country best interests. I

feel that that is the best qualification

of any person.

If it seems to be worthy of a position,

I will work for one half a year of

your current salary.

Please me the President, the one

crucial. I just don't want to work

for my country. If they offer reward even

the least bit interesting, please let me

know. I am most anxious to  
receive a reply. I am also includ-  
ing with this letter a snapshot of  
myself so you'll have some idea of  
my appearance. The beard is removable.  
I hope to hear from you soon and  
thank you for your time.

Sincerely,  
Donn R. Mc Garry

D. R.

Please forgive my longhand.  
I'm an absolute clutz with a type-  
writer. Thanks again.

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Magnuson:

Thank you for your recent message. I appreciate your support for President Reagan and your concern for the success of his Program for Economic Recovery. Hearing from concerned citizens like you adds a necessary balance to our deliberations here in Washington. You can be sure that I will keep your comments in mind during discussions with my colleagues.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. H. F. Magnuson  
H. F. Magnuson and Company  
Scott Building  
Wallace, Idaho 83873

# H. F. MAGNUSON & COMPANY

*Certified Public Accountants*

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SCOTT BUILDING  
WALLACE, IDAHO

OFFICES  
KELLOGG AND  
COEUR D'ALENE, IDAHO

March 12, 1982

Mr. Michael K. Deaver, Counselor to  
President Ronald Reagan  
The White House  
Washington, D. C.

Dear Mr. Deaver:

Re: Budget Deficit

I am writing you to express my extreme concern about the huge deficits in the Federal budget. I have been reluctant to write you, but this matter is of such importance that it should receive your very serious attention.

I have long admired and supported President Reagan. I have been particularly impressed with his long-standing desire to bring about a balanced budget.

However, I am appalled by his sudden switch and his present support of a budget that is unrealistic and which will provide deficits in excess of \$100 billion in each of the next three years. Our citizens cannot and will not tolerate this situation.

Mr. Deaver, the economy is critical. I urge you to leave the White House and go and talk to some small business people and observe first hand the pressures and ramifications of present high interest rates. These high interest rates cannot be tolerated much longer. It is time for the administration to come forth with a forth right economic program. People cannot wait until Congress does something. There is a need for some action now.

Obviously, you and your staff have noted the tremendous drop in the Dow-Jones market average, indicating the substantial decline in the value of securities, etc. People are getting scared. If this matter is not handled properly and if there is not a responsible solution forthcoming soon, one indicating that budget deficits will come down to a much lower level, the loss of confidence is going to continue.

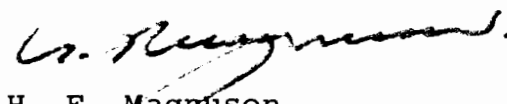
March 12, 1982

If this happens, you will wake up one day real soon and see the New York market down fifty points about three or four days in a row. At that time, the ball game will be all over and you and your associates and President Reagan will pick up the economic pieces and your Administration and a Republican Administration will be short lived.

I urge you to formulate a program, and make the necessary hard decisions now to bring about a realistic budget. I believe that if the public and financial community could see that the Administration was determined to have a substantially lesser deficit, interest rates would decline substantially and confidence and business would improve.

I respectfully urge your attention to this very serious matter.

Sincerely,



H. F. Magnuson

HFM:ed

cc: Senator James McClure  
Senator Steve Symms  
Congressman George Hansen  
Congressman Larry Craig  
Mr. Donald T. Regan, Secretary of the Treasury  
Mr. Paul Volcker, Chairman, Federal Reserve  
Senator Howard H. Baker  
Senator Pete Domenici  
Senator Paul Laxault  
Senator Robert Dole

*Mr. Deaver -  
Please  
to [unclear]*

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Monsignor Tracy:

Thank you for your recent letter. I appreciate having the opportunity to review your comments and proposals concerning Federal policies and programs in the field of education.

As you may know, President Reagan has long advocated tax relief for parents who send their children to non-public schools. He believes that a scheme of tuition tax credits would not only be consistent with his efforts to afford tax relief to all segments of American society, but would also provide for greater freedom for parents in making important family decisions. Currently, the President and the members of his Administration are developing proposals to submit to Congress which would reduce the burdens of educational costs on the American family in the form of a tuition tax credit.

Again, thank you for your letter. You can be sure that your views will be brought to the attention of the appropriate Administration officials.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

The Right Reverend Monsignor James R. Tracy  
Superintendent of Schools  
Diocese of Camden  
Secretariat for Education  
Post Office Box 709  
Camden, New Jersey 08101



# SECRETARIAT FOR EDUCATION

CAMDEN DIOCESAN CENTER

1845 Haddon Avenue

office of  
SUPERINTENDENT OF SCHOOLS

P.O. Box 709  
Camden, N.J. 08101  
Phone (609) 541-2100

March 15, 1982

Michael K. Deaver  
Deputy Chief of Staff  
The White House  
Washington, DC 20500

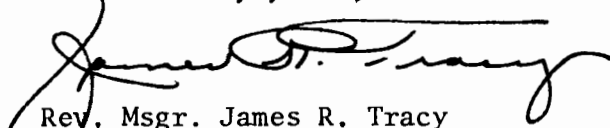
Dear Mr. Deaver:

I strongly urge serious consideration be given to specific legislative proposals from the Administration in support of Tuition Tax Credits along the lines of the Packwood-Moynihan Bill.

In the Diocese of Camden there are almost 30,000 students and a good portion of them come from middle to low income families. In the inner-cities of Camden and Atlantic City, there are schools that are primarily Black and Hispanic, most of whom are not above the poverty level. If parents are to continue to have a choice of the type of education they wish to provide for their children, this tax credit legislation is urgent.

With the hope that a follow up to the commitment made by the President for Tuition Tax Credit will soon be actualized and offering the support of thousands of parents for this legislation, I am

Sincerely yours,



Rev. Msgr. James R. Tracy  
Superintendent of Schools

JRT:few

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Miss Lipponen:

Thank you for your letter. I appreciate your interest in writing.

I am happy to enclose an autographed picture as well as some other materials which I hope you will find useful in your class project.

With best wishes,

Sincerely,

MICHAEL K. DEAVER  
Assistant to the President  
Deputy Chief of Staff

Miss Lea Lipponen  
c/o Mr. Rod Johnson  
Esko High School  
Esko, MN 55733



Esko High School  
Esko, Minnesota 55733  
February 11, 1982

The White House  
1600 Penn. Ave. N.W.  
Washington, D.C. 20500

Dear Mr. Michael Deaver:

I am a student at Esko High School in Esko, Minnesota. We are studying about our country in Geography class. For a class project, we are writing letters to important people throughout America.

Our class would be very grateful if you would please send us an autographed photo and any other information you feel would be of help to us. We will be making a large classroom pictorial and informational display from those we receive.

Thank You So Much For Your Cooperation.

Sincerely Yours,  
*Lea Lipponen*  
Lea Lipponen

Please Send Information to:  
Lea Lipponen  
40 Mr. Rod Johnson  
Esko High School  
Esko, Minnesota 55733

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Godfrey:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. M. A. Godfrey  
President  
Continental Power Services Company  
14755 Grover Street  
Omaha, Nebraska 68144

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Pope:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEEVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Robert H. Pope  
Executive Vice President  
Sheet Metal and Roofing Contractors  
Association of the Miami Valley  
Box 14026 Northridge Branch  
2077 Embury Park Road  
Dayton, Ohio 45414



## Sheet Metal and Roofing Contractors Association of the Miami Valley

Box 14026 Northridge Branch • 2077 Embury Park Road, Dayton, Ohio 45414 • Phone: 513 278-0739

Robert H. Pope  
EXECUTIVE VICE PRESIDENT

March 12, 1982

The Honorable Michael K. Deaver  
Deputy Chief of Staff and Assistant  
to the President  
The White House  
Washington, D. C. 20500

Dear Mr. Deaver:

Current regulation allow contractors to defer tax on income from long-term contracts until the year the contract is completed. The accounting method is a traditional construction accounting technique which dates back to regulations published in 1918 as a result of the 1916-17 Revenue Acts. This accounting method has been used for over 60 years and is recognized as the most appropriate method of accounting for construction in lieu of the industry's unique nature and inherent risks.

The Sheet Metal and Roofing Contractors' Association of the Miami Valley, Ohio opposes the proposal to eliminate the completed contract method of accounting for construction contractors.

1. Unknown variables not found in other industries results in an ambiguous profit margin in the construction industry where final financial figures are not known until the job is completed and accepted.
2. Contractors must expend large sums of capital in advance of any contract, therefore stretching the financing capacity of construction contractors on a regular basis.
3. Virtually all construction contracts have retainage provisions. Consequently, the profit element of a construction contract is not received until retainage is released.
4. The completed contract method has worked successfully in the construction industry for over 60 years. Elimination of this option could result in defaults, reduction of a contractor's business operations, or the possibility of forcing a contractor to seek outside financing -- an action that may not be economically feasible especially in light of the current economic climate.



National associations of ventilating and air conditioning, warm air heating, industrial air handling, architectural sheet metal, roofing and fabricating contractors.



Page 2

It is our hope the Administration will reconsider its position on this matter and recognize the importance of this issue to the economic well-being of the construction industry.

Sincerely,

A handwritten signature in dark ink, appearing to be 'R. H. Pope', written in a cursive style.

Robert H. Pope  
Executive Vice President

RHP/mm

THE WHITE HOUSE

WASHINGTON

March 22, 1982

Dear Mr. Shea:

Thank you for your recent message. I appreciate the concern which prompted you to write.

Administration officials have recently met with representatives of the construction industry regarding possible changes in the completed contract method of accounting. During that meeting industry representatives described what they believed to be the undesirable and unintended consequences of changing the existing law. Officials within the Treasury Department have since undertaken a review of the proposed changes.

I was grateful to have the benefit of your comments and suggestions concerning the completed contract method of reporting taxable income. You can be sure that your message will receive serious attention.

With best wishes,

Sincerely,

MICHAEL K. DEAVER  
Assistant to the President  
Deputy Chief of Staff

Mr. Thomas E. Shea  
Corporate Counsel  
Commonwealth Companies, Inc.  
Post Office Box 82804  
Lincoln, NE 68501



**COMMONWEALTH COMPANIES INCORPORATED**

Thomas E. Shea  
Corporate Counsel

March 15, 1982

Mr. Michael Deaver  
Counselor to the President  
White House  
Washington, D. C. 20500

Dear Mr. Deaver:

Based upon the practical considerations of the construction industry, the present regulations of the Department of the Treasury allow a contractor the option to use the completed contract method for tax computation purposes. The present proposal to mandate the percentage of completion method and to eliminate the option of using the completed contract method would work grave hardships in the construction industry. Oftentimes, the completed contract method provides the only fair and equitable way to calculate tax computations. Because of the extreme difficulty in construction of determining the precise progress of a job, and forecasting the costs of completion, the percentage of completion method is often not realistic. The completed contract method provides the contractor and the government with an actual, rather than guess work, method of computing taxes due.

Accordingly, I strongly urge your support in opposition to the proposal to eliminate the contract completion method as an option. Your support in this regard would be greatly appreciated.

Respectfully yours,

COMMONWEALTH COMPANIES INCORPORATED

Thomas E. Shea  
Corporate Counsel

TES:cah